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Mid-year update to shareholders

Against a backdrop of falling travel numbers globally, and decreasing arrival numbers into New Zealand, Skyline's mid-year Revenue and EBIT results are pleasing. Overall Skyline Enterprises results are ahead of last year and slightly ahead of budget.

Skyline Queenstown is tracking ahead of last year as Queenstown continues to see increased arrivals through the airport, thanks primarily to extra flights from Australia over the winter period. Skyline Queenstown took honours in the New Zealand Tourism Industry Association awards winning the Economic Success category, a credit to the commitment of the team to ensure the business continues to operate highly effectively during the planning process for the rebuild, with the extension scheduled to start 2020. Due to the time lag until consenting and planning approvals are complete, a refresh will be taking place to the existing main building early 2020 to ensure the property continues to maintain expected quality and customer expectations. Work has commenced on the clearing of the trees adjacent to the Skyline Gondola access. The approval for the building plans for the 350 carpark is with QLDC which is due to commence build during 2020.

Skyline Rotorua has had a small drop in Luge ride numbers against last year somewhat impacted by numerous rain days but otherwise trading on par with last year.

In Tongyeong the new tracks are near completion and will allow for the opportunity to relaunch Tongyeong with targeted domestic marketing and social media campaign prior to Korea's winter season with the outcome to boost awareness and points of difference for Tongyeong Luge.

Sentosa luge has started the year strongly and forecasts would indicate this to continue.

Our Canadian Luge properties of Tremblant and Calgary finished the winter season on or about budgeted revenues.

Christchurch Casino is trading at a similar ratio to last year with busy promotions planned ahead of the holiday season. Our accommodation properties in Queenstown, Blue Peaks Lodge and Blue Peaks apartments are trading at a similar level to last year however Dunedin Heritage has had a quieter than expected winter as it would appear Dunedin in general has.

The sale of TTL was concluded post AGM, on the 13th of October. Please find the link for reference https://www.usx.co.nz/uploads/paperclip/documents/1882/original/Sale_of_Totally_Tourism_Ltd_Further_Announcement.pdf?1569882129

The O'Connell's Pavilion redevelopment is progressing well with many of the tenants remaining to trade through the festive and early summer season until closure and commencement of construction in February 2020. This is an 18-month project for completion late 2021.

The Skyline Luge Development team continue to assess and evaluate the viability of numerous opportunities that have been presented for developing luge and gondola sites in Asia, Europe and the UK. With 4 sites potentially opening in 2021, Busan, Sheffield, Kuala Lumpur and Sentosa Coaster the team are focused on ensuring we have the right blend of people with necessary capabilities to meet operational requirements.

Forecasts looking forward are cautiously optimistic for a solid year end with a busy NZ summer season ahead.

The team at Skyline Enterprises wishes you a very Happy Christmas and a prosperous 2020.

Kind regards

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