

**SKYCITY Entertainment Group Limited**

Federal House 86 Federal Street

PO Box 6443 Wellesley Street

Auckland New Zealand

Telephone +64 (0)9 363 6141

Facsimile +64 (0)9 363 6140

[www.skycitygroup.co.nz](http://www.skycitygroup.co.nz)

19 December 2012

Listed Company Relations  
NZX Limited  
Level 2, NZX Centre  
11 Cable Street  
**WELLINGTON**

**RE: SKYCITY agrees revised regulatory and taxation framework for  
Adelaide Casino and commits to over A\$300 million to  
redevelopment of Adelaide Casino into an integrated entertainment  
complex**

Please find attached our announcement on the above.

Yours faithfully



Peter Treacy  
Company Secretary

## **SKYCITY agrees revised regulatory and taxation framework for Adelaide Casino and commits to over A\$300 million to redevelopment of Adelaide Casino into an integrated entertainment complex**

SKYCITY Entertainment Group today announced that it has reached an agreement, subject to approvals, regarding the future operating, regulatory and taxation environment for Adelaide Casino.

“After two-and-a-half years of negotiations, we are delighted to reach agreement with the South Australian Government which levels the playing field with our regional competitors, and allows us to offer a competitive and contemporary gaming and entertainment offering,” SKYCITY Chief Executive Nigel Morrison says.

The agreement remains subject to legislation and approval from the Independent Gaming Authority (IGA). Once approvals have been received, changes will be made to the following agreements:

- the Approved Licensing Agreement (ALA)
  - addresses key regulatory and operating terms and conditions
- the Casino Duty Agreement (CDA)
  - specifies applicable casino taxes and duties
- other enabling legislation and gambling regulations

The ALA and CDA are expected to take effect from 1 July 2013 with an expiry date of 30 June 2035. This represents a 20 year extension to the current exclusivity expiry date of 30 June 2015. Adelaide Casino licence doesn't expire until 2085.

Key features of the agreement are:

- ▶ An extension of exclusivity provisions to 30 June 2035
  - Adelaide Casino will have exclusivity for Table Games, Automated Table Games and Premium VIP Gaming in the State of South Australia
- ▶ The Agreements provide for compensation to be paid to SKYCITY for the impact of changes by the Government to the exclusivity granted to SKYCITY or to the Casino tax rates
- ▶ Additional Gaming Product
  - Agreement enables Adelaide Casino to increase its gaming capacity:
  - Increase in number of Electronic Gaming Machines
    - Approval to increase total no. of EGM entitlements by 505, up to 1,500
    - Right to purchase additional EGM entitlements through Approved Trading Scheme (ATS)
    - If unable to acquire 505 EGM entitlements through the ATS, SKYCITY may purchase remainder (up to 300 non-tradable premium gaming machine entitlements) from Government
  - Increase in total number of Table Games from 90 to 200
    - Includes up to 300 Automated Table Game terminals, with 20 terminals equivalent to 1 Table Game

▶ New Taxation Regime

- New VIP EGM gaming tax rate of 10.9%
- Increase in non-VIP EGM gaming tax rate from 34.4% to a rate equivalent to the average rate of gaming tax paid by SA Hotels in each preceding year – subject at all times to a maximum of 41%
- Increase in non-VIP table games gaming tax rate from 0.9% to 3.4%
- VIP table games gaming tax rate remains at 0.9% (Domestic and International)
- Casino taxes will be enshrined in a new Casino Duty Agreement

▶ Cashless Gaming

- Adelaide Casino will be able to install card based Cashless gaming technology for all EGMs, Automated Table Games and Table Games
- Will be linked to appropriate host responsibility measures
- Ticket-In Ticket-Out (TITO) will be permitted in VIP Premium gaming areas

▶ Other operational reforms

- Ability to purchase gaming product that has been compliance tested and approved by regulators for use in other Australian states allowing for new exciting games and features, consistent with regional peers

▶ VIP Premium Gaming

- Exclusive to Adelaide Casino in the State of SA
- Both Table Games and EGMs
- VIP Premium players will be defined to include:
  - International visitors (tourists and gaming program players)
  - Interstate visitors (tourists and gaming program players), and
  - Local SA residents playing above agreed annual expenditure thresholds and meeting harm minimisation requirements
- Ability to offer premium gaming products only in VIP Premium rooms
  - Allows for higher max bets, jackpots and cashless gaming transaction limits, and Ticket-in Ticket-out (TITO)
  - Players must be registered members of the approved loyalty program and meet certain expenditure, host responsibility and behavioural criteria

▶ Leading Responsible Gaming Practices

- SKYCITY is a recognised leading Responsible Gaming provider
- As part of this agreement, SKYCITY will:
  - Implement a system of voluntary pre-commitment on all EGMs and Automated Table Games facilitating more 'informed decision making'

- Implement a predictive modeling risk management tool to help identify customers who may be at risk of problem gambling

▶ SKYCITY will make a payment of \$20 million to the State Government

“This agreement regarding the future operating, regulatory and taxation framework delivers the necessary certainty for SKYCITY to commit to an investment of over A\$300 million to transform Adelaide Casino into a world class integrated entertainment complex.

“While development concepts are still being finalised, we will be building Adelaide’s first 6 star boutique hotel, celebrity and signature restaurants, new car park facilities and world-class VIP gaming experiences featuring our ‘Horizon’ branded international suites with adjoining private gaming salons.”

**ENDS**

**For more information please contact:**

**CORPORATE AND INVESTORS**

Aaron Morrison  
GM Business Development and Investor Relations  
+64 21 246 5079

**MEDIA**

GJ Thompson  
GM Corporate Communications  
+64 21 392 571

Kelly Armitage  
Senior Corporate Communications Advisor  
+64 27 213 5079