

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

22 May 2019

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Copy to:

ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
ANNOUNCEMENT OF PLAN TO OFFER ONLINE CASINO GAMING**

Please find **attached** an announcement concerning the company's plan to offer online casino gaming via international iGaming company Gaming Innovation Group Inc.

Yours faithfully



Jo Wong
Company Secretary



MARKET RELEASE

22 May 2019

SKYCITY announces plans to offer online casino gaming via international iGaming company Gaming Innovation Group Inc

SKYCITY Entertainment Group Limited (NZX/ASX:SKC) today announced that its Maltese subsidiary company, SKYCITY Malta Limited, will partner with international iGaming company Gaming Innovation Group Inc (GiG) to provide New Zealanders with an online casino gaming platform.

The proposed 'skycitycasino' online gaming site is expected to be launched in mid-2019 and will be operated from Malta under a .com URL.

Under current New Zealand law, only Government-owned Lotto and the TAB are permitted to offer online gaming from within New Zealand, however many New Zealanders freely participate in online casinos provided by offshore operators.

SKYCITY Chief Executive Graeme Stephens said the skycitycasino online gaming site will offer best-in-class host responsibility and a brand name New Zealanders can trust. Although the online casino will be operated from offshore, it will ensure that its obligations under New Zealand GST legislation are complied with.

The existing online casino market in New Zealand is well established (with a number of sites in operation) with estimates suggesting approximately \$160 million a year is spent by New Zealanders on online casino platforms currently provided by offshore operators*. The offshore companies offering these games are not liable to pay local gaming tax, are unlikely to be paying GST in New Zealand and are not required to comply with the host responsibility practices of land-based operators.

Mr Stephens says SKYCITY would be supportive of any future plans by the Government to regulate the New Zealand online casino market, including introducing an appropriate licensing regime for operators and imposing taxes and mandatory host responsibility requirements.

"Online casinos are widely used by New Zealand customers and this trend will only continue. The world is rapidly moving online and our industry is no exception, so we have to ensure we remain relevant to changing consumer trends and preferences," Mr Stephens says.

"As an established land-based casino operator with significant investments in New Zealand and a track record of compliance in a highly regulated environment, we know a great deal about host responsibility and harm minimisation. We believe the skycitycasino online gaming site offers customers an opportunity to enjoy playing in a safe, secure environment with a brand they know and trust and we will be striving to set the benchmark for any regulation in the future."

Mr Stephens says SKYCITY will be making a conservative entry to online gaming and will actively avoid the sales and marketing tactics adopted by some existing overseas operators.

"This means SKYCITY is not initially expecting to monetise materially from this initiative – it should be seen more as a strategic entry into a space that we believe has long-term relevance."

"We spent a lot of time evaluating and selecting a suitable partner and had a number of options to choose from. We believe GiG provides the right balance of experience, coupled with a new software platform relevant to the future and access to high-quality content for online gaming customers. GiG has experience in partnering with land-based casinos through their relationship with Hard Rock International and is licensed in some of the world's most regulated gaming markets, including the United Kingdom and the United States."

Mr Stephens says SKYCITY has kept its New Zealand regulator, the Department of Internal Affairs, and other key stakeholders abreast of its plans. To ensure compliance with current New Zealand law, a SKYCITY subsidiary company incorporated in Malta will contract with GiG to operate the online casino site from Malta.

"While ultimately a regulated online gaming market is the best solution, we think this is a great first step that allows us entry to a new industry and gives our customers an option they have been looking for," Mr Stephens says.

As part of the agreement, GiG will provide a full-suite online casino solution which includes a technical platform, gaming content, managed services and front-end development. The arrangements will be structured primarily as a revenue share arrangement, with the majority of operating costs variable or directly linked to revenue generation. The SKYCITY subsidiary in Malta will assume a modest level of on-going fixed costs, such as staff, technical support and regulatory and compliance. If SKYCITY ultimately becomes a licensed operator in a regulated New Zealand online casino market, the agreement with GiG allows for SKYCITY to assume the B2C (i.e. customer facing) components of the business in the same way as it does for its current land-based activities.

The skycitycasino online gaming business will be managed by an Online Director (Steve Salmon) based in Europe. Mr Salmon has a wealth of experience in online casino gaming and wagering, including senior leadership roles with industry leaders such as Rank Group plc, a leading multichannel gaming operator in the United Kingdom, and High5 Games, a leading content creator for the land-based, online and social gaming markets.

Although SKYCITY is not anticipating meaningful incremental earnings from its online business pre-regulation of the online casino market in New Zealand, Mr Stephens felt that "consistent with our group strategy, longer-term we see an exciting opportunity to grow and diversify our earnings through provision of a multichannel offering to gaming customers both online and at our land-based casinos in New Zealand."

*2017 Regulus Report

ENDS

For more information please contact:

Media	Investors and analysts
<p>Colin Espiner</p> <p>GM, Communications</p> <p>DDI: +64 9 363 6467 Mobile: +64 27 504 6294 E-mail: Colin.Espiner@skycity.co.nz</p>	<p>Ben Kay</p> <p>GM, Corporate Development & Investor Relations</p> <p>DDI: +64 9 363 6067 E-mail: ben.kay@skycity.co.nz</p>

About GiG

GiG (GIG.OL/GIGSEK) is an established online casino platform provider and technology company based in Malta (with offices in Scandinavia, Spain and Gibraltar) and is listed on both the Oslo and Stockholm stock exchanges.