

SKYCITY Entertainment Group Limited

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19 February 2013

Company Announcements Office Australian Stock Exchange Exchange Centre 20 Bridge Street Sydney NSW 2000 AUSTRALIA

Dear Sir/Madam

RE: SKYCITY welcomes release of Auditor-General's report

Please see attached our media release relating to the release of the Auditor General report. A release from the Minister of Economic Development, the Hon Steven Joyce is also attached.

Yours faithfully

Peter Treacy Company Secretary

MEDIA RELEASE 19 February 2013



SKYCITY welcomes release of Auditor-General's report

SKYCITY welcomes the release of the Auditor-General's report that has found 'no evidence to suggest that the final decision to negotiate with SKYCITY was influenced by any inappropriate considerations', says SKYCITY Chief Executive Nigel Morrison.

"We now look forward to re-engaging with the government to conclude these negotiations.

"We remain willing to invest up to \$350 million to develop, own and operate the New Zealand International Convention Centre, provided acceptable returns can be delivered on the total project.

"There is no doubt New Zealand needs to invest more in tourism infrastructure, such as the NZICC.

"In addition to creating a major construction project for Auckland, it will allow New Zealand to compete globally for a fair share of large scale conferences exhibitions and events, which will increase international visitation, deliver much needed jobs and stimulate economic growth in Auckland and across New Zealand," Mr Morrison says.

For further information please contact:

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Hon Steven Joyce

Minister for Economic Development



19 February 2013 Media Statement

Govt welcomes OAG convention centre report

Economic Development Minister Steven Joyce today welcomed the release of the report by the Office of the Auditor-General (OAG) into the expressions of interest process for an international convention centre in Auckland.

"The report dismisses the Greens' claim that SkyCity was given an unfair advantage in the bidding process. The OAG makes it clear it has seen nothing to suggest the final decision to negotiate with SkyCity was influenced by any inappropriate considerations," Mr Joyce says.

"Labour's accusation the Government misled the public on the costs of the negotiations is also without substance as the report states it is inevitable that there will be costs involved in properly negotiating a complex commercial arrangement of this kind."

The report examines all three stages of the process to date and concludes that the initial stage (feasibility and exploratory) and the third stage (current negotiations) are appropriate. It raises procedural issues with the second stage, particularly in relation to officials seeking a clear understanding from SkyCity in regards to the parameters of a possible arrangement before making a recommendation to Ministers.

"However the report accepts that a great deal of careful work was carried out by officials to understand the market, and that officials were acting in good faith. The report stresses that the issues were procedural rather than about the substance of what was being considered," Mr Joyce says.

While the report concludes the EOI process run by Government officials did not meet all Government procurement practices; it notes the unique proposition in which SkyCity would fund the entire capital costs of building a convention centre.

"It makes the point that submitters understood in 2010 that Government finances were constrained and that no other submitter appeared to have been likely to be able to adapt their proposal to enable them to fund the full

construction costs," Mr Joyce says.

"Furthermore the OAG states it has not heard any comment to suggest submitters couldn't understand the reasons why the Government might prefer SkyCity's proposal.

"In reality, SkyCity's bid provided the best location – close to CBD, accommodation and transport – they had experience running a convention centre, and had the most developed plan with the greatest benefit for taxpayers over the four other bidders.

"An international convention centre in Auckland will be a major asset for New Zealand and will generate significant spin-off benefits including a \$90 million annual injection into the economy; an estimated 1000 jobs during construction; and 800 jobs once it is up and running.

"Government officials are working hard to conclude negotiations with SkyCity and will ensure any deal done is in the best interests of New Zealanders.

"Officials will carefully evaluate the report and incorporate its conclusions both in future procurement processes, and as part of the procurement policy work now being developed across Government."

ENDS

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