

# Sky City sells hotel stake, ups casino interest

Sky City Entertainment Group is to raise its stake in the country's second largest casino in Christchurch, after selling its stake in a hotel there.

Sky City has sold its stake in the Crowne Plaza Christchurch hotel to an Australian private investor Eureka Funds Management for NZD 61.5 million.

In a separate but related deal, Sky City will raise its stake in Christchurch Casino Ltd to 46 per cent from 41 per cent.

The casino's other major shareholder, Skyline Enterprises, has done the same. The remaining shares are held by a private South Island investment company.

The extra casino shares were picked up from the operator of the Crowne Plaza, InterContinental Hotels Groups Ltd (IHG), via its interest in Premier Hotels, a casino stakeholder.

Sky City chief executive Nigel Morrison said the deal would leave significant cash in the casino kitty.

„Sale of the Christchurch Crowne Plaza at the agreed price is a good outcome for Sky City and the other parties, especially in today's difficult property and funding market.“

The sale of the hotel asset meant Sky City could increase its stake in the Christchurch casino without being required to contribute any additional capital and achieve a significant cash surplus.

„It's a win/win situation for us.“

Both transactions remain subject to certain conditions, including Overseas Investment Office (OIO) approval.

Sky City which has virtually a monopoly on casinos in New Zealand, as well as operations in Darwin and Adelaide and a New Zealand cinema chain, which it withdrew from sale last week after a sale fell through.

Shares in Sky City, a top-10 stock, was trading up 5c or 1.4 per cent at NZD 3.56 at 2pm.