



Phil Bates
Licensing Manager
Licensing - Southampton City Council
PO Box 1767
Southampton
SO18 9LA

7 May 2019

Dear Mr Bates,

Application to extend Provisional Statement for Large Casino, Southampton

Thank you for your letter of 17 April 2019.

We write as requested with additional information relating to our written request on 27 March 2019 for an extension to the three-year duration of our Provisional Statement. As the Council is only too well aware, we have unfortunately been unable to develop our large casino due to circumstances entirely beyond our control relating to the development of the Royal Pier scheme. We wish to emphasise that our commitment to this venture remains as strong as ever, notwithstanding the lack of progress so far.

We would also kindly ask the Council to take into consideration that the three-year period was (quite reasonably) set by the Council rather than us, with the pragmatic and sensible purpose of enabling the Council to retain some control over the pace and timing of the delivery of the casino. We are extremely disappointed by the lack of progress and we share the frustration of the Council. We would like nothing better than to start work on the development of our casino tomorrow. However, we do remain optimistic that the overall development will progress given the political will and obvious commercial opportunity and confident that we can deliver all that is within our control.

The extension mechanism in schedule 9 of the Gambling Act provides us with the opportunity to explain the (lack of) progress of the scheme to date and for the Council to grant such further extension as it thinks would be reasonable, again maintaining a degree of control over the pace and timing of delivery. As the Council well knows, this is an ambitious, challenging and exciting venture involving the reclamation from the sea of the very land upon which our casino will be built. However, we remain as committed as ever and very much believe that we will have the opportunity to deliver our casino and help drive forward the Royal Pier scheme as a whole, which we understand is a longstanding and important regenerative development for the City of Southampton.

The Stakeholders

By way of background explanation, our understanding is that the stakeholders in the Conditional Landowners Development Agreement ("CLDA") are (1) the Council (2) The Crown Estate (3) Associated British Ports; and (4) RPW (Southampton) Limited (the "Developer") (together the "Stakeholders"). We further understand that the Developer is controlled by Royal Pier Waterfront SARL ("RPW"), which is part of a Fund managed by KMG Capital Markets based in Cyprus (the "Fund"), and that the Fund finances the development activity of RPW. As one of the Stakeholders itself, we anticipate that the Council has a thorough understanding of this structure. As the Council well knows, the large casino premises lie within the RPW development, with the land itself formed by reclaimed seabed of the River Test.

In response to your specific requests for information:

What has occurred since the award of the Provisional Statement?

Throughout the three years since the Provisional Statement was awarded, we have maintained regular communication with the Developer and Lucent Group (the Fund's asset managers) and have demonstrated that we are ready to move forward with our casino development plans at the first opportunity.

We have invested considerable finance and resource in this venture and we have left the Developer in no doubt at all material times that we wished to see timely progress, but it would seem that the development of our casino has not been an overriding priority for them at this stage. We are not in a contractual position to compel the Developer to progress, but there is plainly a commercial imperative arising out of the value of our casino to the overall development scheme (to any developer of the Royal Pier scheme) and we consider strongly that this will yet prove to be a significant catalyst.

There was a certain amount of activity in the latter part of 2016, with the Developer securing planning consent for the relocation of the "Red Funnel" terminal and agreeing a masterplan for the overall Royal Pier development scheme, which we believe had the support of the stakeholders. We understood this was going to progress to a planning application that included our casino, albeit that there was pressure on the feasibility due to the considerable infrastructure costs associated with the land reclamation. In 2017, however, the Lucent Group and the Fund ran into financial difficulties, which has effectively meant that no further progress has been made.

During 2017, we were made aware that the Fund were seeking new development/investment partners, as they had limited remaining financial resources. In early June 2017, we met with representatives from the ASF Group ("ASF"). ASF are an Australian/ Chinese strategic investor specialising in large regeneration projects. ASF had signed an NDA with the Fund and were undertaking due diligence with a view to acquiring a controlling interest in the Fund. It was rumoured in July 2017 that a deal had been agreed. At the end of 2017, however, we learnt that the deal with ASF had been aborted and the Fund were continuing to seek alternative investors but had no financial resources to invest in the RPW development.

We understand that there was a further attempt by the Fund in the summer of 2018 to resurrect the deal with ASF, but this disintegrated in the autumn of 2018, due we believe to the Fund's unrealistic expectations of the value their interest in the CLDA.

Any current activities to realise the project?

We have maintained close contact throughout with all involved in the RPW development and we continue to push for progress. Our commercial property advisers, AGL, have been in dialogue with the Stakeholders and ASF over the last three years. We understood recently that the Council was understandably considering a review of the CLDA and the possible appointment of another party to help drive forwards the development. As you know, we therefore had a meeting with the Council in March 2019, so that we may understand the very latest status of the Royal Pier scheme and lend support where possible and appropriate.

We would welcome the opportunity to progress our casino development at the earliest opportunity and help revitalise the Royal Pier scheme. The commercial reality is that our aspiration is dependent upon the CLDA operating as was intended and/or a willing developer being in place and ready to invest. Until such time, there are limited activities we can undertake by ourselves to realise the project. The Council will have greater visibility than us, but we think that progress must only be a matter of time given the obvious commercial opportunity presented by the Royal Pier scheme. Meantime, especially during the present uncertain political and economic climate, we are confident that the existence of a provisional statement for our large casino within the Royal Pier scheme has the potential to act as an important and significant catalyst.

The intended position of the project at the end of the extension period

It will be evident to the Council from the explanation above that it is difficult for us to say with any certainty what the position will be at the end of the extension period. We would intend that the development will have been progressed to a stage where all the Stakeholders have a clear understanding of the key project landmarks through to the conclusion of the project and of the expected completion date.

The project requires a reappraisal of the masterplan, which simplifies but accommodates all the Stakeholders' requirements. The casino remains an integral part which will provide considerable investment as was demonstrated during the large casino competition.

We would hope that by the end of the extension period, either the existing developer or a new party can get to a position where the scheme has the credibility to succeed, with an implementable planning consent. Aspers are prepared to fully support this process.

Period of extension


We propose that a period of three years would be appropriate given that, through no fault of our own, we remain in a broadly similar position to when the Provisional Statement was awarded to us. This would allow the Stakeholders sufficient time to appoint a new developer, or to make progress themselves.

A time line of key project landmarks to the conclusion of the project

We are not yet in a position to identify a timeline of key project landmarks pending the development by RPW or any another developer of the Royal Pier scheme. At present, we remain dependent upon RPW being able to fulfil their obligations to develop the scheme.

Once you have had an opportunity to consider this additional information, we look forward to hearing from you to confirm the next steps. Please do not hesitate to let me know if you would like any further information or have any questions.

Yours sincerely,


Derek Playford
Chief Financial Officer