



GENTING CASINOS

UNITED KINGDOM

By email and post

Licensing Team
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17th October 2014

Dear Sirs

Gambling Act 2005 – Large casino licence

We refer to your letter of 7 October 2014 formally asking for comments on the proposal by Southampton City Council (the "Council") to defer the commencement of Stage 2 of the application process regarding the grant of a large casino licence in Southampton ("Stage 2").

We do not feel able to comment fully on the proposed deferral ahead of receiving some important further information which we consider will be relevant to formulating our formal response. This information is reflected in the questions below.

1. Can you please explain the purpose of the meeting on 30 September 2014 between the Council and representatives for Kymeira, Lucent Group and Terence O'Rourke. Please include in your response an explanation regarding who instigated the meeting and the relationship between those represented at the meeting – both as between themselves and as between the attendees and the developer of the proposed site at Royal Pier, RPW.
2. Will you please provide further details of the representations received from Aspers and Grosvenor whom you state have also requested a deferral of Stage 2.
3. Can you please confirm that the notes of the meeting held on 30 September 2014 are complete and accurate. We raise this because some items appear incomplete; for example, the first bullet point states that Mr Nayak reported that "*they had been in discussions with all 4 operators that submitted Stage 1 applications*". However, as is apparent from the Council's website, five applicants had proposed to site a casino in the Royal Pier development: Aspers, Genting, Global Gaming Ventures, Grosvenor and Kymeira.
4. We are also concerned that there may be a challenge to the Council's final decision given the apparent bias the Council has in favour of the casino being situated at Royal Pier. We have previously raised our concerns about the Council's bias in favour of Royal Pier (see, for example, our letter of 8 March 2013, a copy of which is attached). Indeed, as we were unable to obtain an assurance that the bias would be rectified, we took a decision to only apply for a licence for a casino at Royal Pier as to have made an additional application at another site would only have resulted in material wasted time and expense, particularly at Stage 2. For that reason, and as foreshadowed in our letter of 8 March 2013, "*it is likely that prospective applicants will consider that the successful application for the Proposed Licence is predicated on locating the casino at Royal Pier [and] that ... prospective applicants are likely to proceed on that basis*" which is

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precisely what we (and perhaps Aspers and Kymeira) did. More recent events have confirmed that our concerns about the Council's bias in favour of Royal Pier were well-founded. For example, when announcing the companies that had been successful at Stage 1, the Council's website noted that "*The new casino is likely to be located at the proposed £450 million Royal Pier development, although two of the seven bids were for different sites*". There is no basis on which SCC can make such a statement before Stage 2 had been completed (let alone before it has even commenced) and doing so confirms our concerns about the Council's bias. The comment about the likely location of the proposed casino goes even further than the comment in the last bullet point of the notes of the recent meeting that Royal Pier is the Council's "preferred site". We are therefore concerned that an unsuccessful applicant may seek a judicial review of the Council's decision if, as we expect, a licence is in due course awarded to an applicant to operate a casino at Royal Pier.

We hope you can appreciate why the comments above explain why we consider why we cannot properly comment on the proposed deferral of Stage 2 until we have received the answers to our queries set out at paragraphs 1, 2 and 3 above. Once we have received answers, we will be in a position to make our formal comments as requested.

In any event, given the issues identified in paragraph 4 above, we consider that – subject to the answers to our queries – the most appropriate course of action would in fact be to restart the whole application process, including re-opening Stage 1 applications. That would be likely to result in mitigating the possibility of the eventual outcome of Stage 2 of the current process being challenged. Although restarting the entire application process may result in further delay before a decision is announced, in the long run it may actually ensure that the people of Southampton can benefit from a new casino earlier than might otherwise be the case if doing so reduces the likelihood of a challenge to the outcome of the current Stage 2 process. As the Council's overriding objective must be the benefit of residents of Southampton, the Council may practically have no other option. For our part, in light of the information that has subsequently confirmed our suspicions, we based our evaluation of the best approach to Stage 1 on the Council's strong stated preference for Royal Pier, thereby effectively excluding other sites from any realistic prospect of success. In addition, if the clear bias of the Council in favour of Royal Pier were removed that might also reduce the likelihood of the Council's final decision being challenged on the basis that the Council had failed to ensure that the interests of residents of Southampton were adequately provided for. In this respect you will recall that we noted in our letter of 8 March 2013 that "*if it is widely expected that the Council will award the Proposed Licence to an application for a siting the casino at Royal Pier, that might reduce the number of applications and viable alternative proposals, thereby depriving the Council from considering a wider range of possibilities which might deliver better long-term benefits to the city of Southampton and its residents*".

Whilst restarting the entire application process may result in further delay before the Council's decision is announced, we do not consider that it will lead to any delay before the casino will actually open. This is especially true if Royal Pier is the site that is eventually chosen. That is because the works required for the Royal Pier site include land reclamation which has yet to begin, and so construction works appear to be several years away at the earliest. Therefore, the delay (if any) caused by restarting the Stage 1 application process will not lead to any detriment to the residents of Southampton as it will have no material (if any) impact on when a casino is likely to open even if Royal Pier is the chosen site.

We look forward to receiving answers to our queries as soon as possible, at which point we will respond promptly to the proposed deferral of Stage 2. Although you will understand that we must reserve all our rights should the Council decide to defer Stage 2 before we have had an opportunity to properly respond once in possession of all relevant facts, the outline of our expected overall position can be derived from this letter and we hope that will be helpful to the Council.

Yours faithfully,

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