



## R3-BILLION URBAN ENTERTAINMENT DEVELOPMENT PLANNED FOR TSHWANE

Sun International today announced plans to create a new R3-billion urban entertainment destination at Menlyn in Tshwane's eastern suburbs.

The company is making an application to the Gauteng Gambling Board to amend its Morula casino licence to relocate the casino from Mabopane to Menlyn, Tshwane in order to deliver the full potential of this licence to the City of Tshwane and the Gauteng Province.

Sun International CE Graeme Stephens said that Morula Casino and Hotel had for some time experienced a significant decline in revenues due primarily to its relatively inaccessible location and the growth of non-casino gambling activities in its catchment area. He said that the proposal is to move the casino to an area that is closer to its source markets and well serviced by highway access which would maximize the potential of the licence for provincial and national government, employees and Sun International shareholders.

Based on extensive market research and after evaluating a number of options, the Menlyn area of Tshwane was identified by the company as an area which is a high growth node, easily accessible to the key source markets of Tshwane East, North and Central, and to the region generally through good highway access along the N1 and the Atterbury and Garsfontein offramps.

In the Menlyn area a new large scale mixed-use "*Green City*" project is currently under development, known as Menlyn Maine. This will, in its final form, be an R8-billion, 315,000m<sup>2</sup> precinct, of which R825-million is either already built or under construction. It will have a new shopping mall, a high-end residential component, an office park, hotels and an entertainment node – which is the component that Sun International will provide, with its proposed R3-billion scheme, "*Time Square at Menlyn Maine*".

All of Menlyn Maine's buildings have been designed with the aim of achieving a best practice four-star rating from the Green Building Council of South Africa.

Menlyn Maine is the largest mixed-use precinct ever to be built in Tshwane. If Sun International is successful with its applications to the Gauteng Gambling Board, the new entertainment destination will constitute the most significant investment by the private sector in Tshwane in the history of the city's entertainment industry.

Sun International Chairman, Valli Moosa, said "*It is with pride that Sun International would become part of the largest Green precinct in the country - and this proposed investment is a statement of our confidence in South Africa and in particular the leisure and tourism industry*".

Time Square at Menlyn Maine will offer a 5-star hotel and conference centre with 100 luxury rooms and 10 suites to cater to the diplomatic travel market, support the business traveller and encourage overnight stays in Tshwane and accommodate gambling patrons over weekends. It will also boast an indoor entertainment arena seating 8,000 people for international and local entertainment, concerts, sports events and provide a convention and exhibition facility for Tshwane residents.

In addition to the most recent innovations in gaming, the casino will have up to 3,000 slot machines and 100 tables. Other attractions will include a diverse range of retail shopping, bars and restaurants that will draw visitors from around the Province, with parking for 2,785 vehicles.



*“The proposed Sun International entertainment component will act as a major catalyst for the rest of the project and will bring to the area an urban entertainment facility on a scale that it warrants and deserves” says Stephens.*

Our market research has shown that there is clear demand for the hotel and convention space in Tshwane as well as the proposed entertainment arena. Research into the gaming market indicates that for many customers from Tshwane West, North, Central and East, the location of the existing Gauteng casinos has made reaching them difficult.

This suggests that there will be growth in the market from these areas with a casino based in Tshwane, giving residents the opportunity to enjoy the same ease of access and urban facilities found in other South African cities. It is proposed that the casino will open with 2,000 slots and 60 tables and will have the flexibility to increase its offering once demand is proven.

*“We expect that as many as 10 000 jobs will be created during construction and when operations start, it is estimated that **Time Square at Menlyn Maine** will sustain approximately 2 200 jobs.”*

Taking cognizance of the multiplier effect, the Sun International project expects to deliver cumulative contribution to GDP of as much as R19-billion during construction and over the first 5 years of operations.

The development would also generate considerably more revenue for both provincial and national government by way of taxes and gaming levies. It is anticipated that some R1.7-billion in gaming taxes and VAT would be generated in the first five years of operation at Menlyn Maine. The total estimated revenue to Government from the project over a five year period is estimated at R2.7-billion, while approximately R32-million will be invested in social investment and enterprise development over the same period.

Sun International has concluded an agreement to acquire the necessary land from the developers of Menlyn Maine under an option arrangement conditional upon receiving the required regulatory approvals. Approval has already been received for the necessary land rights, including all relevant zoning. Environmental impact assessments and traffic impact studies have also been completed.

Sun International will, through group companies, have a management contract and hold an effective 74.9% of **Time Square at Menlyn Maine**. It is fully committed to the establishment of meaningful empowerment ownership and the proposal includes a broad-based BEE component and a total effective 25.1% BEE shareholding.

As regards the Morula property, Stephens said: *“Our primary concern in relocating the casino to Menlyn Maine is for the existing staff at Morula, and the impact the move could have on the surrounding communities of Mabopane and Soshanguve.”*

*“We will offer all Morula staff the option of staying with the company in the same or similar job types. Given the relative proximity of the development to Morula, existing staff can be employed at the new location with bus transportation being provided.”*



The company is considering alternative uses for the existing Morula property including the possibility of using it as a hospitality school for the region. It intends to work with local government to establish the most appropriate utilisation of the property.

Sun International is also committed to continue supporting Morula's social investment and enterprise development initiatives – but on an enhanced basis given the greater economic benefits that flow from the relocation.

Should the necessary regulatory approvals be granted, Sun International will immediately commence detailed planning, estimated to require 6 months. Physical construction of the new entertainment destination is estimated to take 30 months and will be completed in one phase.

Said Stephens: *"The proposed development of **Time Square at Menlyn Maine** will deliver an overwhelmingly compelling package of substantial economic and financial returns to all stakeholders with a critical mass of attractions to leverage Tshwane's leisure product and complement other attractions in the area."*

## NOTE TO EDITORS

### Morula

Sun International, through group companies, holds two licences in Gauteng: one at Carnival City in Brakpan and the other at Morula Casino and Hotel in Mabopane, the latter built in 1988.

For some time Morula has experienced a significant decline in revenues due primarily to its location, which is now relatively inaccessible in the context of highway proximity and the new growth areas of Tshwane. More recently the business has been further negatively impacted by the growing electronic bingo and limited payout machine sectors which are targeting the underserved Tshwane market in Morula's catchment area. This has led to a downsizing of the casino and Sun International believes that, in its current location, nothing further can be done to reverse this once-popular and successful property's decline.

### Theming at Time Square at Menlyn Maine

The new complex is to be called Time Square at Menlyn Maine with the theme of 'horology: the art or science of measuring time' for its rich source of visual imagery. The development will be appropriately and sensitively designed to fit the urban fabric of the Menlyn Maine precinct in terms of both its visual impact as well as the anticipated impact from the expected influx of visitors. It will feature a high profile, iconic building with a contemporary feel and, coupled with its variety of integrated activities, is likely to become the focal entertainment and activity hub in the precinct. Although intended to be eye-catching, the building will blend in with the rest of the Menlyn Maine precinct during daylight hours. At night, however, it will transform into an exciting landmark.