

BOARDWALK R1.3-BILLION DEVELOPMENT HALTED BY ECGBB DECISION

Emfuleni Resorts today said that its proposal to develop a R1.3-billion mixed use development on currently under-utilised land in the Boardwalk Precinct in Port Elizabeth would not go ahead. This follows the decision of the Eastern Cape Gambling and Betting Board to not extend the casino licence of The Boardwalk, on which the development was fully conditional.

The R1.3-billion development would have been the largest ever single investment in the tourism and hospitality industry in Port Elizabeth, creating thousands of jobs.

Sun International's Group GM Brand and Communications Michael Farr said that the decision to go ahead with the development – on a 13.3 hectare site within The Boardwalk precinct – was entirely conditional on the ECGBB amending the current 15 year term of the casino licence by extending it from 2 October 2025 for a period of not less than a further 20 years. This was essential to grant the Boardwalk Consortium, and Emfuleni, the assurance that they would be guaranteed more than the currently remaining 9 years of its casino licence to generate a return on their significant investment, and to refinance Emfuleni's empowerment shareholders' loans over a longer period thereby enabling better dividend payments to BEE shareholder Zonwabise Resort Holdings.

The Boardwalk Mall was set to include a retail mall, a multi-purpose events venue, entertainment offerings and corporate offices. Emfuleni, together with partners Parktown Capital, believed that the current site offered exceptional opportunities for all.

Emfuleni in October 2015 made application to the Eastern Cape Gambling and Betting Board to amend its casino licence for an additional 20 years beyond its current expiry date of October 2025 in return for this investment. In 2000, Sun International and Emfuleni originally invested over R500-million to build the Boardwalk and a further R1-billion was recently invested in the hotel and conferencing facilities in order to extend its licence to 2025.

The investment proposal was designed to deliver on the Eastern Cape Provincial Government's objectives in terms of job creation and black economic empowerment. As many as 8 500 new jobs were envisaged to be created during a two year construction period and 1 500 jobs during operations.

The new development was planned to include:

- A 35 000m² Mall, offering restaurants, high-end convenience, and niche retail with eateries and entertainment. It was to be arranged around a revised water feature and the new Sun Park that was to be used to support and host special events and entertainment
- A 2 570m² multi-purpose events venue

- A 2 000m² Magic Company including a Laser Tag facility and bowling alley
- 1 832m² of movie theatres
- 4 000m² of corporate offices
- 3 000 Parking Bays

The Boardwalk Consortium also proposed to provide a more effective and relevant entertainment icon for the City: the Sun Park. The Sun Park would have occupied an area of about half a rugby field, around and incorporating the revised fountain water feature. It was designed to be a community-centred entertainment zone to stage and host a wide range of activities from sports events to staged concerts, open-air cinema, wine-tastings and corporate launches/tourism exhibitions. The venue would also have formed part of Sun International's national concert/show circuit.

“An investment of this size – which would have been the largest ever in tourism and hospitality in Port Elizabeth, amply demonstrated our belief and confidence in the long-term potential of the Metro and the Province. However, without the amendment of our casino licence and the commercial viability and security of tenure that would bring, the project cannot go ahead. Taken together with the licensing of Electronic Bingo Terminals (EBTs) in our catchment area and their impact on our revenue, our business is already under too much commercial pressure,” said FarrBody Copy to be copied and pasted here. Be sure to use format painter so font type, size, colour and spacing is consistent.

NOTE TO EDITORS

In October 2015, Emfuleni made an application to the ECGBB in terms of Section 35 of the Eastern Cape Gambling and Betting Act No 5 of 1997 as amended (the Act) to amend The Boardwalk's casino licence:

- To record the description of the licensed premises as being the remainder area which will fall outside the portion to be sold for the Mall development (this is essential to ring-fence the area that is considered “the licensed area” by the ECGBB)
- To amend the current 15 year term of the casino licence by extending same from 2 October 2025 for a period of not less than a further period of 20 years (this is essential to grant the Boardwalk Consortium, and Emfuleni, the assurance that they are guaranteed more than the currently remaining 9 years of its casino licence for a return on their significant investment, and to refinance Emfuleni's empowerment shareholders' loans over a longer period thereby enabling better dividend payments to BEE shareholder Zonwabise)
- To record as a licence condition that the casino licence will be exclusive to Emfuleni in Zone 1 of the Province for the full duration of the licence (this is crucial as the development would not be commercially viable should another casino be relocated to Zone 1).

The Application to the ECGBB was conditional upon the fulfilment of all the commercial and contractual conditions precedent to The Boardwalk Mall project, and the commencement, completion and opening of this project to the public.