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PIONEER

Slots



SLOTS UNLIMITED PE(PTY)LTD

EXECUTIVE SUMMARY

Introduction

Slots Unlimited (Pty)Ltd t/a Castros is [REDACTED] owned by a black empowerment female. The partners took the decision to apply for a Type-C licence in Zone 1 (Port Elizabeth), after conducting a year-long, in-depth study, focusing on the demographics and economic viability of this town.

Slots Unlimited (Pty)Ltd has prepared its proposal for a Type C Site Licence (LPMs Licence) in the response to the final Request for Proposal ("the RFP") issued by the Eastern Cape Gambling and Betting Board ("the ECGB") in September 2022. This entire proposal has been made to ensure that the ECGB's requirements have been satisfied. The structure of the executive summary conforms the structure outline in part 4.1 of the RFP and to the numbering and sequencing of the content. Supplementary information has also been provided as stipulated within the RFP, and this information is attached and cross-referenced. In adherence to the requirements of Regulation 60(2) of the Act, the company decided to give the name "**Castros**" to the business, which does not depict any dominance of gambling over the rest of the primary business.

The company has security of tenure in the form of a 5-year lease agreement, signed by all shareholders, providing proof of a long-term commitment (Kindly refer to Annexure I – Lease Agreement). The establishment will have a liquor licence that will cater for on-consumption liquor license. The financial models, which demonstrate the sustainability of the proposed primary business and secondary LPM operation, are based upon conservative projections.

We request the following key considerations to be considered by the ECGB in considering **Castros** application for the Type-C licences in question, as we demonstrate both the value-added benefits inherent in the bid, and the sustainability of the proposed business and LPM operations:

- A) The existing services are limited to the sale of goods, foodstuffs and catering services and no entertainment that meets the stringent eligibility criteria stipulated in the applicable legislation for licensed participation in the LPM industry.
- B) There are few, respectable or sustainable entertainment facilities in Rowallan Park—situated about 936m from the proposed site - and the entertainment needs to accommodate its growth potential.
- C) The Applicant and its Management Team have both the capital resources and operational experience required to implement the projects seamlessly and boast the necessary expertise to maximise GGR returns within a socially responsible framework.

SLOTS UNLIMITED (PTY)LTD T/A CASTROS

Registration Number: 2025/859151/07

- D) **Castros** will proactively monitor and assist in the closure of illegal gambling activities as this has a negative impact in the economy.

Applicant and project team

The Applicant

Registered Name:	Slots Unlimited (Pty)Ltd
Trading Name:	Castros
Company Registration No:	[REDACTED]
Income Tax No:	[REDACTED]
Auditors:	TBA
VAT No:	TBA
Address:	622 Old Cape Road, Port Elizabeth

The Applicant has entered into an agreement with Pioneer Slots (Pty) Ltd, its Route Operator of choice. As such, the Management of the Applicant will benefit enormously from Pioneer's proven operating experience in the industry and the substantial resources, both nationally and provincially, upon which Pioneer is able to draw in the conduct of the Group's licensed activities.

The Project Team

Key persons/entities:

1) Glennis Caroline Lee-Tzin Zietsman

ID:

Address:



(Member/Director)

2) Ariel Josephine Jacobson

ID:

Address:



(Member/Director)

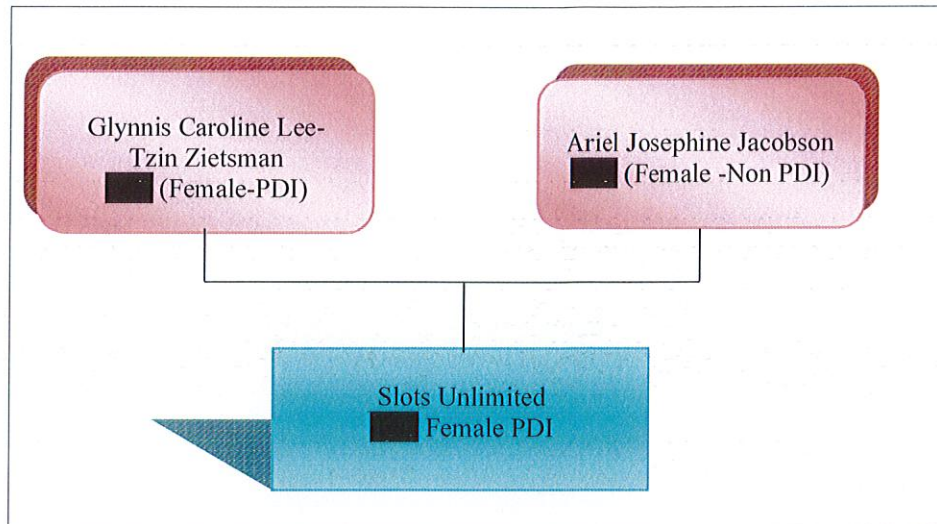
3) Pioneer Slots (Pty) Ltd

Reg. No:

(Route Operator)



The Organogram below outlines the shareholding structure, consistent with the B-BBEE requirements:



1.3 Development and operating experience

The Applicant's Management Team boasts collective experience in operating and managing Primary businesses of different types and the successful operation of tourism and leisure business undertakings. A brief synopsis of the individual credentials of the Management Team is set forth below:

Glennis Caroline Lee -Tzin Zietsman

Mrs Zietsman has been in the gambling industry for more than 10 years, with her compliance background in working for the Route Operator, Boss Gaming, to name just a few. The knowledge and experience that she has built up thru out the years dealing with all the different departments in the variety of casinos, has proven a good track record and is seen to be one that adapt to a constant changing industry.

She musters knowledge and expertise in operating slot machines-skills that include the following:

- Slot machine cash-ups
- Monitoring and attending to client complaints
- Keeping records of slot machine cash books
- Banking and reconciliation of slot machine activities,

Ariel Josephine Jacobson

Mrs Jacobson after completing school in 2018, she began career as a Sales Assistant at Video Galaxy. She later gained further experience working as a Sales Representative and as a Sales Assistant at Crafty Arts.

She then progressed into administrative roles, working as a Personal Assistant at Mercer and later as a Personal Assistant at Metropole Maintenance. These positions helped her develop strong organisational, communication, leadership and problem -solving skills.

She is currently the director and owner of Slots Unlimited where she oversees daily operations, staff management, customer service, marketing, events and the overall growth of the business.

Ariel is a hardworking, motivated and ambitious individual who is passionate about business and continuously strives to learn and achieve greater success.

Pioneer Slots (Pty) Ltd

The extensive knowledge and experience of the Applicant's Management Team will, however, also be significantly complemented by that of Pioneer Slots (Pty) Ltd. reg 2011/103218/07, 15 Mangold Street, Newton Park, Gqeberha which, has a formidable track record in the gaming industry.

Through Pioneer Slots, the Applicant will have access to:

A dedicated provincial component, in the form of the licensed route operator, focusing on site retention and business development;

- licensing and operational compliance;
- technical maintenance, and
- training of site owners and their staff.

A fully-fledged provincial Head Office, comprising 24 staff members, providing on-going assistance and resources in respect of:-

- project planning, establishment of infrastructure and operations, and assistance in the roll-out process
- national licence and compliance issues;
- on-going skills transfer to site-based staff;
- financial administration;
- information technology, and
- human resources.

An established and fully functional Technical & Call Centre component, which provides a 24-hour Call Centre, incorporating: -

- a 24-hour technical helpline;

- customer relations service;
- co-ordination of technical assistance to sites;
- an LPM testing centre;
- an LPM pre-installation testing centre (for quality control purposes), and
- a research and development centre.

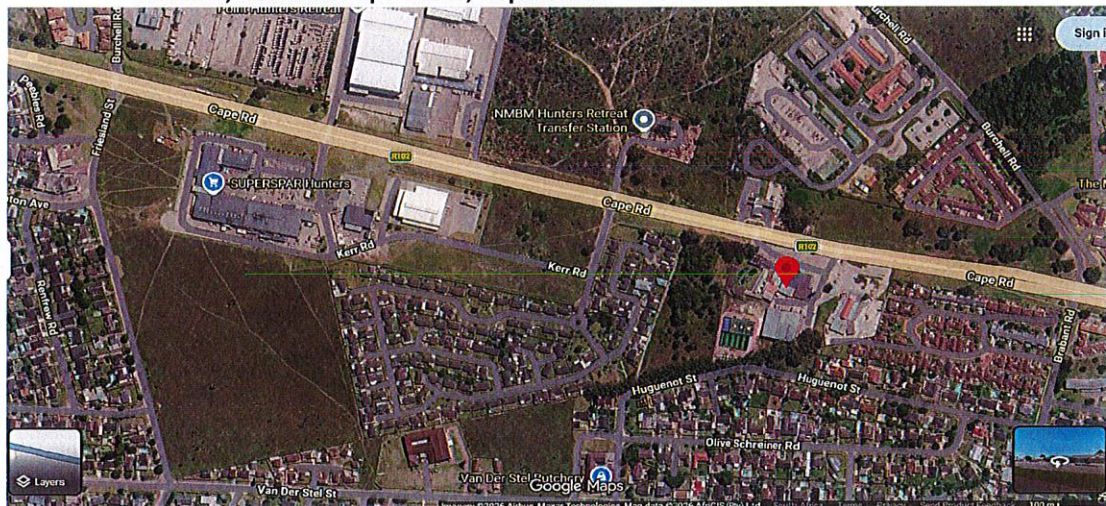
Slots Unlimited (Pty)Ltd has entered into a site agreement with Pioneers slots (Kindly refer to Appendix J – Standard Site Agreement).

1.4 Summary of project concept

Proposed location of Infinity Projects

A lease, in respect of [REDACTED] consisting of 100 square meters has been secured for gaming area at 622 Old Cape Road, Port Elizabeth, in the Nelson Mandela Bay Municipality.

Castros, 622 Old Cape Road, Gqeberha



OTHER GAMBLING
ESTABLISHMENTS

900m from Castros Bar TO Hotspot PE
1.4km from Castros Bar TO Big Five Pub

CHURCH

9m from Castros TO Refinery Life Church

SCHOOL

1.0km from Castros TO Kabega Primary School

Site Lease Agreement (See Annexure I)

a) Project concept and the development schedule

The primary business of **Castros** provide an innovative successful mix of facilities; catering services, and a licensed bar with satellite television and pool tables. The mix will only creatively diversify the business offering over time but also provide patrons with a wide range of gambling, leisure and entertainment facilities, increasing the attractiveness of the venue. The significant contribution of the business toward economic wellbeing of Hunters Retreat in particular, and Gqeberha communities, in general, is further evidenced by the fact that **Castros** will be creating direct, permanent positions for no fewer than 5 persons, mostly if not all, residents of Hunters Retreat, with our first preference being the needy unemployed residents from the immediate surroundings of the site.

With the substantial and diverse entertainment offering to be provided by the primary business, the operation of limited payout machines as a secondary form of business on the site can easily be accommodated without any undue delay. The total site area is 3656 sq. meters, of which 100 sq. meters will comprise the area designated for gaming. The allocation of more space for the primary business is in accordance with the requirements of Regulation 60(2) of the Act.

Highlights of the key features of the project and the impact of the proposed operation on the surrounding environment and society.

We envisage the features of the project to be:

The center of a well-managed facility that operates to the highest levels of accepted gaming practices. As a result of these new facilities, qualifying individuals from the communities (i.e those over 18 and in possession of disposable income for gaming leisure) will be able to enjoy amusement and entertainment facilities in a conveniently located venue.

The final aspect of the project is skills development and training of key management and site employees. With most of the job creation being derived from previously disadvantaged background, the individuals will be exposed to a well-regulated environment and lucrative industry, and it is the objective of the site owner, together with Pioneer Slots, to empower these individuals throughout the period of the proposed license.

Castros is to develop a preferential procurement plan, which will materially advance the development of the local SMME's and their participation in the local economy. Subject only to the on-going availability of the relevant goods and services, **Castros** will procure the majority of goods and services from the SMME's with preference being given to locally based SMME's with BEE credentials.

1.5 Project viability and financial returns

(a) Summary of sourcing, level and nature of financing and the ability to meet financial obligations

It is estimated that Castros will require funding relating to the project as follows:

	R
Non-refundable application fee	██████████
Investigation deposit	██████████
Licencing of key employees	██████████
3 x employees @ R500 each	
Licencing of gaming employees	██████████
2 x employees @ R500 each	
TOTAL	██████████

The funding of the project and financial obligations will primarily be met by the shareholders themselves

(b) Summary of the estimated financial returns from the project over the licence period

Were the site to be licensed in September 2026, it is estimated to provide an estimated ██████████, ██████████ in the GGR over the license period, of which ██████████ relate to the site's share. It is also estimated that the primary business will generate additional revenue of ██████████ over the license term as the direct result of the introduction of the LPMs. The projected net revenue not only enhances the profitability and cash flow of the site, it also generates an estimated ██████████ in contribution to Corporate Social Investment over the term of the license. As the major capital expenditure is incurred at the commencement of the project and estimated to be settled within 36 months of commencement of operations, all profits will be a direct contribution to the cash flow of the entity.

In addition to the above, it is estimated that the site will contribute:

- ██████████ to the ECGB in respect of gaming taxes ██████████ and licence fees ██████████ and
- ██████████ to SARS in respect of income taxes ██████████ VAT ██████████ Dividends Tax (R779, 600) and Payroll Taxes ██████████

Key assumptions used in the forecasts are:

Gross Gaming Revenue (GGR) per machine per day	■
Number of LPMs installed	■
Annual revenue growth in primary and secondary businesses	
Year 1	■
Years 2-5	■
% increase in operating costs	■
Statutory tax rate	■
VAT	■

Project viability is forecast by the market demand assumptions that have been used to determine revenue scenarios. The basis for the market demand study is an analysis of the tendency to gamble among South Africans, expressed as a percentage of the collective

disposable income. Various research studies have indicated that the prevailing propensity to gamble is ■ of disposable income.

The attached Financial Projections clearly illustrate the financial viability and sustainability of various aspects of the project. **(See Appendix D)**

1.6 Benefits to the Economy

Should the Applicant be successful in its application for a Type-C license, the licensed operations will yield the following tangible economic benefits to the Eastern Cape generally and to the people of Gqeberha in particular: Gaming Taxes, Direct, permanent locally based employment opportunities, which are expected to account for ■ of the estimated staff complement of ■.

Indirect, locally based employment opportunities, to be taken up during the construction phase of the project(s), which are expected to account for 90% of the total complement of ■ **indirect jobs** to be created;

The meaningful economic empowerment of local, black-owned small, medium and micro enterprises ("SMME's"), through the consistent application of a well-developed preferential procurement plan designed to promote the accessibility to SMME's of goods and services to be procured by the Applicant in the operation of its business, and locally based enterprise development initiatives, as contemplated in Section 14.3.1.3 of the RFP.

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