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1 EXECUTIVE SUMMARY

Introduction

DG KIRKWOOD MINI MARKET CC, the applicant took the decision to apply for a Type-C license in Jeffreys Bay, after assessment of the feasibility and growth of the business, focusing on the demographics and economics of this part of the Eastern Cape.

The Applicant is DG Kirkwood Mini Market CC, owned by Previously Disadvantage Individual "PDI" and owned by non-PDI. These premises offer a range of attractions including bar facilities under a valid liquor license and live Music Entertainment. Upon suitability inspection done by Pioneer Slots (Pty) Ltd, the site was found to be well fitted to accommodate Type C operations.

The applicant with intention of submitting a Type C application has already embarked on Site development to prepare for the Type C operations.

The Executive and Detailed proposal in response to the Request for Proposal (RFP) issued by the Board (the Board) in September 2022 and Pioneer Slots has adhered closely to the prescribed requirements as described within the RFP

The perfect location of this site allows for easy access to local retail outlets as well as the many local restaurants, in the midst of which it is situated.

In adherence to the requirements of Regulation 60 (2) of the Act, the company decided to give the name "DG Kirkwood Mini Market CC" 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 intent to lease, signed by all shareholders, providing proof of a long-term commitment. The site is an establishment with a valid liquor license to operate a bar and entertainment facilities. 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 taken into account by the ECGB in considering DG Kirkwood Mini Market CC application for the Type-C licence in question, as we demonstrate both the value-added benefits inherent in the bid, and the sustainability of the proposed business and LPM operations:

- Although there are a number of respectable or sustainable entertainment facilities in Kirkwood as a whole, DG Kirkwood Mini Market CC will cater for entertainment seekers who expect a wider variety in the entertainment arena.
- The introduction of a Type C site will introduce a new form of entertainment and afford patrons with a wider variety and freedom of choice. According to our



- Management Team, there is no cause for concern regarding over-saturation of gambling in the town.
- The presence of the LPMs in this particular area would also be an added advantage for the shoppers – saving them time and effort of going out of their shopping route to go and play elsewhere.
 - 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.
 - DG Kirkwood Mini Market CC will proactively monitor and assist in the closure of illegal gambling activities as this has a negative impact in the economy.

1.2 APPLICANT AND PROJECT TEAM

THE APPLICANT

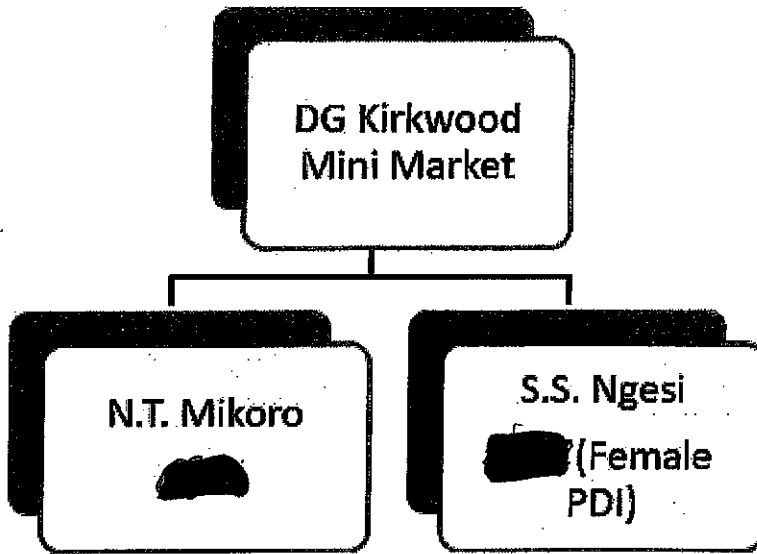
The pertinent details of the applicant are:

Full names: (Pty) Ltd	DG Kirkwood Mini Market CC Gaming
Trading name	DG Kirkwood Mini Market CC Gaming
Company Registration	2011/006433/23
Income tax reference no.	[REDACTED]
Vat no.	N/A
Proposed site	27 Main Road, Kirkwood, 6120
Residential address	[REDACTED]
Telephone no.	[REDACTED]
Lead applicant	Negash Mikoro

Refer to the Personal History Disclosure attached to this application as Appendix G for further Information on the Applicant.

Member Interest

With Nontuthuzelo Kate and Khusela Mqokoli being a Previously Disadvantaged Individuals, the interest in the Applicant is 70% held by a Black Person, as illustrated in the organogram in *Figure 1.2* below.



THE PROJECT TEAM

The Applicant's Management Team claims collective experience in Operations and Managing Primary businesses of different types, and highly responsible employment positions, in previous employ. A brief synopsis of the individual credentials of the Management Team is set forth below:

The key members of the project team are Negash Mikoro and Sibahle Sisanda Ngesi the business acumen he has as the Applicant, Route Operator Pioneer Slots, and experienced consultants and financiers.

Key Personnel

Name	Address	Id Number	Shareholding
Negash Tessema Mikoro	[REDACTED]	[REDACTED]	[REDACTED]
Sibahle Sisanda Ngesi	[REDACTED]	[REDACTED]	[REDACTED]

Route Operator

Name: Pioneer Slots
Reg. No: 2011/103218/07, (Route Operator)

Financiers

Name: DG Kirkwood Mini Market CC
Business address: 35 Main Road, Kirkwood, Eastern Cape, 6120

1.3 DEVELOPMENT AND OPERATING EXPERIENCE

- *A summary of the qualifications, experience and ability of the Applicant to successfully manage the primary business*

1) Negash Tessema Milkoro

Mr. Negash Tessema Mikoro joined his brother who owned the Kirkwood Mini Market which was later expanded to Kirkwood Hotel.

Kirkwood Hotel acquired a gambling license and muster knowledge and expertise in operating slot machines-skill 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,
- general management of both primary and secondary businesses.

2) Sisanda Ngesi

An enthusiastic young lady who shows great potential in leadership and has proven herself in various roles that she plays in the organization since her employment.

1.4 PROJECT VIABILITY

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, Port Elizabeth 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 20 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.

DG Kirkwood Mini Market CC Gaming has entered into a site agreement with Pioneers slots (Kindly refer to Appendix J – Standard Site Agreement).

1.4 PROJECT VIABILITY AND FINANCIAL RETURNS

• **Summary of sourcing, level and nature of financing and the ability to meet financial obligations inclusive**

The applicant with intention of submitting a Type C application has already embarked on Site development to cater for Minimum Investment requirements as stipulated in the RFP.

It is estimated that **DG Kirkwood Mini Market CC** will require funding relating to the project as follows:

	R
Non-refundable application fee	[REDACTED]
Investigation deposit	[REDACTED]
Licencing of key employees	[REDACTED]
TOTAL	[REDACTED]

Minimal Site development costs will be needed, as most of the features are already exist. The outstanding costs will be funded by shareholders.

• **Summary of the estimated financial returns from the project over the licence period**

GROSS GAMING REVENUE	
BAR	[REDACTED]
REVENUE TO GOVERNMENT	
GAMING TAX	[REDACTED]
INCOME TAX	[REDACTED]
VALUE – ADDED TAX	[REDACTED]
PAYROLL TAXES	[REDACTED]

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 1.05% of disposable income.

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

1.5 BENEFITS TO THE ECONOMY

Summary of the key benefits

Participation in the ownership by PDIs – The beneficial interest in the Applicant depicts true,

local empowerment of the previously disadvantaged, in that Sisanda Ngesi owns 26 % and residing in the Eastern Cape.

Promotion of Tourism and the provision of entertainment facilities to members of the public

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The Applicant will provide a much-needed gaming and entertainment facility to Jeffreys Bay and the surrounding areas. It will create an entertainment hub in a town that does not have much to offer visitors or residents.

Creation of sustainable employment – The Applicant plans to employ a minimum of 5 employees throughout the term of the Site Licence. The company will seek to employ individuals primarily of a previously disadvantaged background and from within the Local community.

Provision of training and skills – The Applicant has estimated spending toward the training and development of its employees. Empowerment is key to the Applicant's and Route Operator's management and philosophy, and with employment geared for young PDIs from within the community, transfer of skills will be aimed at those who currently require them most.

Stimulation of the Local economy – Preference for all works will be given to companies within the Eastern Cape, particularly to any SMME's in Port Elizabeth. Once in operation, SMME's from

Jeffreys Bay will be used for the following services, to name a few:

- general site maintenance – plumbing, electrical, painters;
- security; and
- cleaning

Social Economic Development ("SED") -The Applicant, together with the Route Operator, is passionate about community projects and will continue to do so in this community. As such, the Applicant has committed to contribute a minimum of 1.15% of the Gross Gaming Revenue to social economic development.

Prevention of incidents of illegal gambling – The Applicant will at all times ensure compliance to the Licence Conditions if issued a Site Licence. It also believes that this type of establishment would discourage illegal gambling as it raises awareness of responsible gambling and the benefits thereof, most importantly, the contributions made towards SED and the community.

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 14.2.1.3 of the RFP.