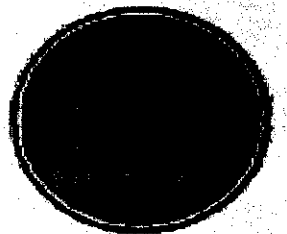


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PIONEER *Slots*



SPRING ROMANCE PROPERTIES (PTY) LTD

HILLCREST

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1. EXECUTIVE SUMMARY

1.1. Introduction

Spring Romance Properties 48 - Hillcrest resolved to apply for a Type B license to operate in Cambridge area in East London. The entity has a project team mix of experienced businessmen and women; professional consultants and key employees that will enhance the operations with required mix of resources, skills, experience, expertise and capacity to ensure a successful Type B limited pay-out machine (LPM) Operation. With the right location in Hillcrest Mthatha, this is envisaged to have success potential for this kind of operation, supported by the area demographics as well as the Eastern Cape economy.

As a [REDACTED] owned entity, **Spring Romance Properties 48 – Hillcrest** will focus on improving the economic landscape of the area by aligning its operations to the B-BBEE Act requirements through job creation, Skills development and other initiatives that support the upliftment of its staff and shareholders alike.

The applicant has through the detailed proposal and in the supporting financial projections demonstrated its suitable attributes and characteristics required of a licensee to carry out such an operation. The company has the required expertise through its top management team to successfully manage a Type B limited pay out machine operation and the complete backing of the Route Operator, Pioneer Slots.

Spring Romance Properties 48 - Hillcrest intends to set itself amongst the leading operators of Type B LPM operations in the province through the allocation of proper resources, best practice operations and management systems, plus a mix of skills and talents among its Directors, Management and Staff.

The site location will be a shopping mall in Hillcrest, where there is already an established market that the LPM operations will tap into and build a market from there. The location offer security and has adequate parking and security that comply with the requirements of the planned business operations.

In adherence to the requirements of Regulation 60 (2) of the Act, the owner decided to give the name “Spring Romance Properties 48 - Hillcrest” 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 Lease agreement duly signed by the applicant and the landlord, providing proof of long-term commitment to the business continuity by the applicant. The

site is an establishment with a liquor license, a licensed bars 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 considered by the ECGB in considering Spring Romance Properties 48 - Hillcrest application for the Type-B license in question, as we demonstrate both the value-added benefits inherent in the bid, and the sustainability of the proposed business and LPM operations:

- There is no entertainment facilities which offers LPM machines in close proximity, Spring Romance Properties 48 - Hillcrest will offer a sustainable entertainment facilities in the Hillcrest area, Spring Romance Properties 48 - Hillcrest will cater for entertainment seekers who expect a wider variety in the entertainment arena.
- The introduction of a Type B site will introduce a new form of entertainment and afford patrons with additional entertainment to that provided by the mall. According to our Management Team, there is no cause for concern regarding over-saturation of gambling in the town, should there be any concern in this regard, together with the Route operator we will strategize to put a plan in place.
- The presence of the LPMs in this Mall will 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 boost the necessary expertise to maximize GGR returns within a socially responsible framework.
- Spring Romance Properties 48 - Hillcrest will proactively monitor and assist in the closure of illegal gambling activities as this has a negative impact in the economy.

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Registration Number: 2003/018482/07

1.2. APPLICANT AND PROJECT TEAM

THE APPLICANT

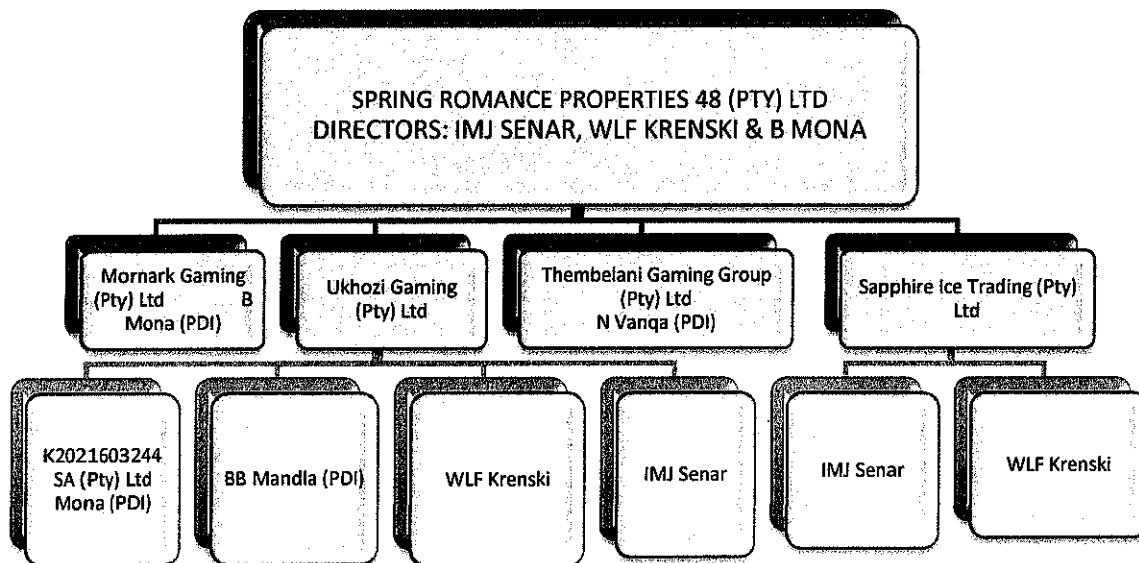
The pertinent details of the applicant are:

Full names:	Spring Romance Properties 48 (Pty) Ltd
Trading name:	Spring Romance Properties -Hillcrest
Registration number:	██████████
Income tax reference no.	██████████
Proposed site	Shop 3, N2 Durban Kokstad Road, Hillcrest, Mthatha
Telephone no.	██████████
Lead applicant	Ivan Senar Wayne Krenski Bongumusa Mona

Refer to the Business History Disclosure attached to this application for further information on the Applicant.

Company shareholding

Spring Romance Properties 48 - Hillcrest has a 51% PDI shareholding, illustrated in the diagram 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 member of the project team is Ian Grant Rockman Erasmus the business acumen he has as the Applicant, Route Operator Pioneer Slots, and experienced consultants and financiers.

Listing of Directors

Full name(s)	Address	Identity number	Direct interest held
Ivan Merrick John Senar	[REDACTED]	[REDACTED]	Director
Bongi Mona	[REDACTED]	[REDACTED]	Director
Wayne Leslie Frank Krenski	[REDACTED]	[REDACTED]	Director

Developers

The developers to perform works to the proposed site as summarized in section 1.4 below will be sourced from Cambridge. The Applicant commits to seek Black SMMEs who are also willing to create employment opportunities while the development works are in progress. The aim is to assist the unemployed with an opportunity of employment, albeit on a temporary basis as a start.

Route Operator

Name: Pioneer Slots
Reg. No: [REDACTED]

Financiers

Name: Spring Romance
Business address: Shop 3,
N2 Durban Kokstad Road,
Hillcrest,
Mthatha

1.3 DEVELOPMENT AND OPERATING EXPERIENCE

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

WAYNE KRENSKI



Ivan Senar



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 license 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 Call Centre service, incorporating:-

- ❖ On call technical helpline;
- ❖ customer relations service;

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- ❖ 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.

Spring Romance Properties 48 - Cambridge has entered into a site agreement with Pioneers Slots (Kindly refer to Appendix J – Standard Site Agreement).

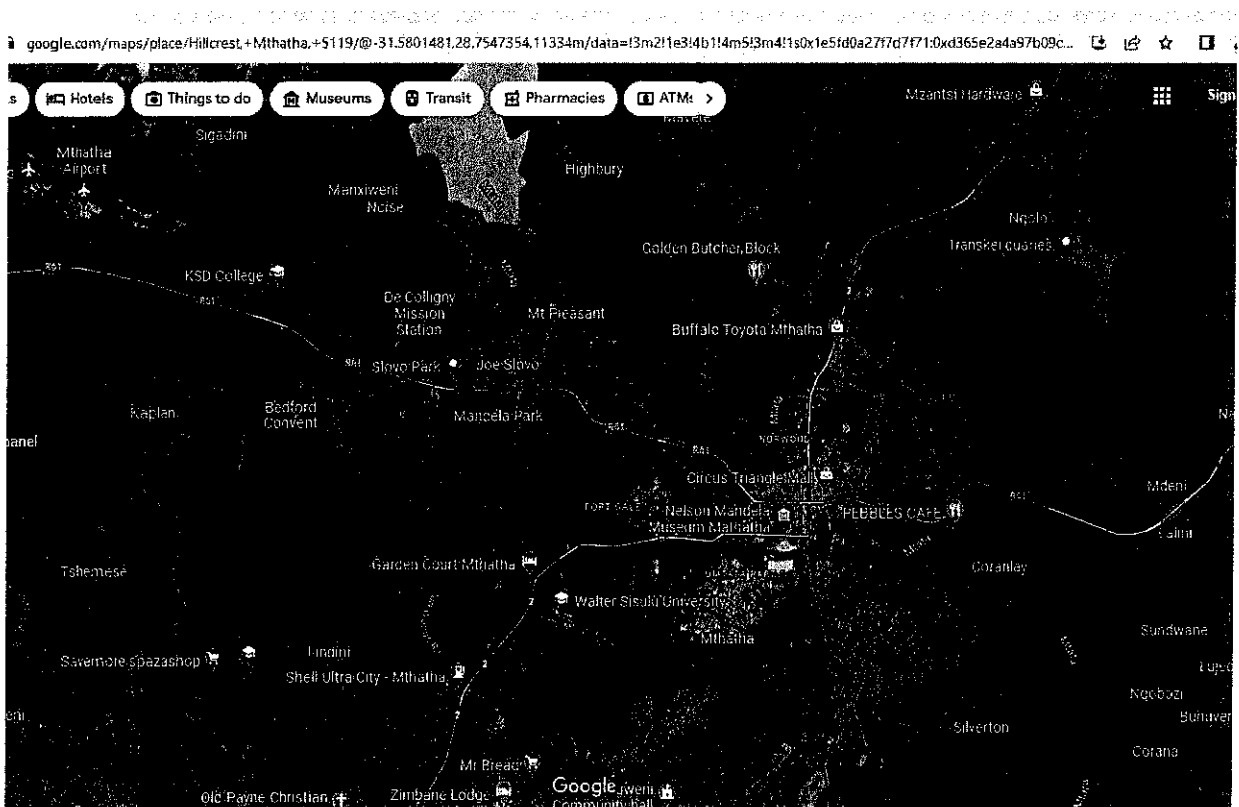
1.4 SUMMARY OF PROJECT CONCEPT

- ***Proposed location of Spring Romance***

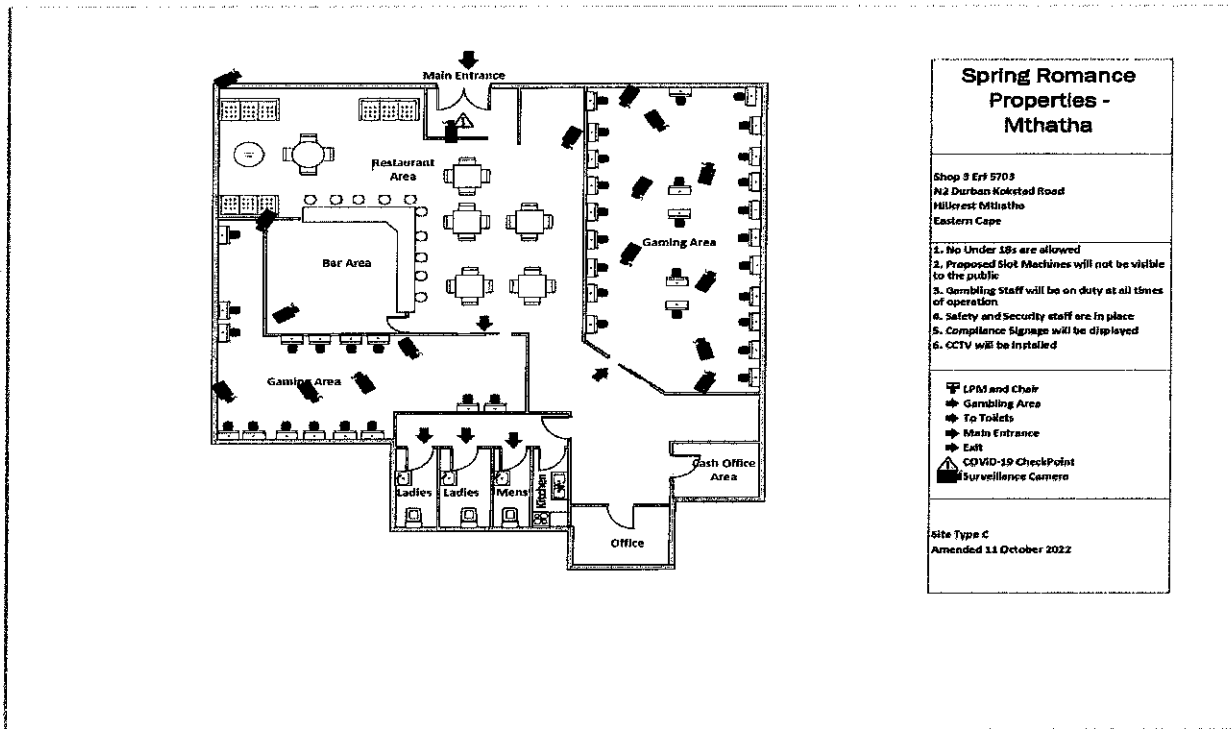
A Lease Agreement, in respect of the premises located at Shop 3, N2 Durban Kokstad Road, Hillcrest, Mthatha is attached.

1.5 Locality Map

N2 Durban Kokstad Road
-31.5801481,28.7547354



1.6. NEW DEVELOPMENT FLOOR PLAN LAYOUT



● **Project concept and the development schedule**

The primary business of **Spring Romance Properties 48 – Hillcrest** provides an innovative successful mix of facilities, Licensed Bar Services, Sports betting, and a Live Music Entertainment with satellite television. The mix will only creatively diversify the business offering, 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 the communities in the surrounding areas, in general, is further evidenced by the fact that **Spring Romance Properties 48 – Hillcrest** will be creating direct, permanent positions for no fewer than 8 persons, mostly if not all, residents of Hillcrest and surroundings, with our first preference being the needy unemployed residents from the immediate surroundings to 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 274m², of which 120 m² 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.

(c) 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 the majority of 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.

Spring Romance Properties 48 - Hillcrest 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, the applicant will procure the majority of goods and services from the SMME's with preference being given to locally-based SMME's with BEE credentials.

1.7. 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 B application has already embarked on Site development to cater for Minimum Investment requirements as stipulated in the RFP.

It is estimated that **Spring Romance Properties 48 - Hillcrest** will require funding relating to the project as follows:

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

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

- Summary of the estimated financial returns from the project over the license period**

GROSS GAMING REVENUE	[REDACTED]
BAR	[REDACTED]
FOOD	[REDACTED]
REVENUE TO GOVERNMENT	[REDACTED]
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 0.5% of disposable income.

The attached Financial Projections clearly illustrate the financial viability and sustainability of various

aspects of the project. **(See Appendix C & D)**

1.8 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 **Spring Romance Properties 48 -Hillcrest** is 51% PDI owned and residing in the Eastern Cape.

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

The Applicant will provide a much-needed gaming and entertainment facility to Hillcrest 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 8 employees throughout the term of the Site License. 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 Cambridge and surroundings. Once in operation, SMME's from Cambridge and surroundings 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 ■ 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 License Conditions if issued a Site License. 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.