



**Phumelela Gaming and Leisure Limited  
(in Business Rescue)**

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registration number 1997/016610/06

**Notice to affected persons**

30 June 2021

**REPORT IN TERMS OF SECTION 132(3)(a) and (b) OF THE COMPANIES ACT 71 OF 2008 (AS AMENDED)  
("the Act')**

Dear Sir/Madam,

**PHUMELELA GAMING AND LEISURE LIMITED (IN BUSINESS RESCUE) (REGISTRATION NUMBER  
1997/016610/06) ("the Company")**

**REPORT IN TERMS OF SECTION 132(3)(a) and (b) OF THE COMPANIES ACT 71 OF 2008 (AS  
AMENDED) ("the Act')**

1. I refer to my previous status reports issued in respect of the business rescue of the Company.
2. The BRP continues to implement the business rescue plan, by, *inter alia*:
  - 2.1. trading the business of the Company and that of its subsidiaries;
  - 2.2. adjudicating the claims of creditors. This process is ongoing;
  - 2.3. resolving the claims that have been rejected by way of the dispute resolution proceedings as provided for in the Plan;
  - 2.4. implementing sale transactions already concluded;
  - 2.5. engaging with parties who have expressed an interest in acquiring assets of the Company;
  - 2.6. meeting the management, attending board meetings and shareholder meetings of subsidiaries and investee companies;
  - 2.7. preparing for and attending to the dispute resolution process to resolve Gold Circle's alleged claim that it owns 39% of the issued share capital of Phumelela Gold International Limited("PGI");
  - 2.8. paying distributions to creditors from the Plan Fund as more fully set out below;
  - 2.9. attending to the finalisation of litigation which was ongoing at the commencement date.

### 3. Sale of Supaworld

- 3.1. The sale of 50% of the shares owned by Phumelela/Betting World in Supaworld (Pty) Limited to Supabets (Pty) Limited is unconditional and fully implemented.
- 3.2. The effective date of the transaction is 11 June 2021.
- 3.3. The selling price of R32 million has been paid into the Plan Fund.

### 4. Sale of Supabets

- 4.1. The sale of 50% of the shares owned by Phumelela in Supabets (Pty) Limited to IHH (Pty) Limited is unconditional and fully implemented.
- 4.2. The effective date of the transaction is 30 June 2021.
- 4.3. The selling price of R78 million will be paid into the Plan Fund in accordance with the provisions of the sale agreement.
- 4.4. In addition to the purchase price, IHH (Pty) Limited waived and abandoned any and all claims it had or may have had against the seller, including but not limited to the claim lodged by IHH (Pty) Limited with the Business Rescue Practitioner in an amount of R28.8 million.

### 5. Sale of Arlington racecourse

- 5.1. The process of transferring the property to the successful bidder has commenced.

### 6. Gold Circle Claim / Dispute Resolution

- 6.1. Gold Circle's monetary claim and claim to own 39% of the issued share capital of PGI have been rejected and will be resolved in terms of the Dispute Resolution Process, as amended, in the Business Rescue Plan.
- 6.2. Gold Circle has filed their statement of claim.
- 6.3. Phumelela was obliged to file its statement of defense on 21 June 2021 and timeously did so.
- 6.4. Gold Circle is obliged to file its replication by 28 June 2021 and has done so.
- 6.5. The hearing is to take place over the period 11 to 15 October 2021. Hopefully it completes during this period. If it does not further dates will be agreed between the parties and the arbitrator all with a view to finalising the hearing without delays.
- 6.6. The decision/ruling of the nominated retired Judge is, pursuant to the terms of the Dispute Resolution Process, subject to appeal to an appeal bench of three retired Judges.

### 7. Amendment to the PCF-B Facility Agreement

- 7.1. The terms of the PCF-B Facility provided by Mary Oppenheimer Daughters (Pty) Limited have been amended to align repayment of the facility with the implementation of the sale of horse racing transaction to 4 Racing.

- 7.2. The terms have been further amended to waive interest charges from the date the facility was paid down to match the selling price of the horse racing business and assets.
- 7.3. The back ranking of the PCF-B Facility has a significant benefit for unsecured creditors who will now receive payment sooner than would otherwise have been the case.

#### 8. Creditor Claims

- 8.1. Creditors were required to submit their claims against the Company by 30 November 2020. Late Claims submitted may be considered in accordance with the terms of the Business Rescue Plan.
- 8.2. Creditors whose claims have already been reconciled, adjudicated and accepted will, if not already notified, receive formal notice of acceptance of their claim.
- 8.3. Certain claims will be rejected. All rejected claims have to be resolved in accordance with the provisions governing the dispute resolution process as set out in the business rescue plan.
- 8.4. Distributions will only be paid to those creditors whose claims have been submitted, reconciled, adjudicated and accepted.

#### 9. Good News for Unsecured Creditors and Distributions to creditors

- 9.1. Distributions have been and will in future be paid to creditors in accordance with the provisions of the business rescue plan.
- 9.2. The business rescue practitioner is pleased to announce that, as a result of the contributions to the Plan Fund in May and June and the above mentioned amendment to the PCF-B Facility agreement, **unsecured creditors will be paid their claims in full, i.e. 100 cents in the rand.**
- 9.3. Payment will be processed in the next few weeks of the unpaid balance of amounts due to those creditors whose claims have been adjudicated and accepted and not yet paid.
- 9.4. The following distributions were paid to creditors in June 2021:
  - 9.4.1. PCF B Facility – R29.6 million
  - 9.4.2. Unsecured Creditors – R27.0 million
- 9.5. Creditors have to date been paid the following amounts:
  - 9.5.1. Secured Creditors – R347.2 million
  - 9.5.2. PCF Creditors – R164.4 million
  - 9.5.3. Unsecured Creditors – R112.7 million
- 9.6. The above mentioned distributions represent a distribution of 100 cents in the rand to unsecured creditors whose claims have been adjudicated and accepted.
- 9.7. Equalisation distributions, of 100 cents in the rand, will be paid to those creditors whose claims are subsequently reconciled, adjudicated and accepted. These equalisation dividends are paid regularly.

## 10. Shareholders

10.1. The rights of shareholders were not altered in the business rescue plan. As such shareholders remain entitled, once all assets of the Company have been realised and all creditors paid, to share in the surplus if the affairs of the company are wound up.

10.2. Shareholders are advised to review the annual financial statements for the period ended 31 July 2020 for guidance in respect of the value that may exist in their shareholding. At the date of signature of these financial statements the net asset value of the company was reported to be approximately R114m and the number of shares in the company is approximately 99.97 million shares (excluding treasury shares). Subject to the risks outlined in these financial statements and based on the information set out therein each share has an indicative net asset value of R1.15 per share. This is not a valuation. It is a statement of fact. Certainly, this calculation is not binding upon us and will change based on the financial performance of the Company, costs of implementing the business rescue plan and net value realised from the disposal of the assets of the Company and the like.

## 11. Amendment to business rescue plan

11.1. To facilitate the implementation of the sale of the horseracing business to 4Racing (Pty) Ltd, it has become necessary to amend paragraph 8.2.8 of the amended adopted business rescue plan by deleting the date 31 July 2021 and substituting it with the date 31 July 2022. Notice of this amendment has already been delivered to Affected Parties.

11.2. Should no objection to this amendment be received by 7 July 2021 the amendment will be implemented and effected on that date.

Yours faithfully



JOHN EVANS

Duly signed in his capacity as business rescue practitioner of the Company.