



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

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registration number 1997/016610/06

Notice to affected persons

31 August 2021

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

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

Dear Sir/Madam,

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. meeting the management, attending board meetings and shareholder meetings of subsidiaries and investee companies;
 - 2.6. 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");
 - 2.7. paying distributions to creditors from the Plan Fund as more fully set out below;
 - 2.8. attending to the finalisation of litigation which was ongoing at the commencement date.

3. Sale of Arlington racecourse

- 3.1. The Alington Racecourse properties were transferred to the purchaser during August 2021. The net proceeds from this sale have been paid into the Plan Fund.

4. Phumelela v Public Protector

- 4.1. The court has ordered as follows:

4.1.1. *“The finding in paragraph 7.3 of the Public Protector’s Report 11 of 2019/20 titled **“Allegations of Maladministration and Improper conduct in connection with a Memorandum of Understanding entered into between the Gauteng Provincial Government and the Gauteng Horseracing industry in 1997 which subsequently led to the Corporatisation of the Horseracing Industry”** is hereby reviewed and set aside;”*

4.1.2. *“The remedial action recommended by the First Respondent (Public Protector) in paragraph 8 of the Public Protector’s Report 11 of 2019/20 titled **“Allegations of Maladministration and Improper conduct in connection with a Memorandum of Understanding entered into between the Gauteng Provincial Government and the Gauteng Horseracing industry in 1997 which subsequently led to the Corporatisation of the Horseracing Industry”** is hereby reviewed and set aside;”*

4.1.3. *“The First Respondent (Public Protector) is ordered to pay the costs of the Applicant on a party and party scale, such costs to be inclusive of the costs consequent to the employ of three Counsel, up to and including 25 August 2021.”*

5. Gold Circle Claim / Dispute Resolution

- 5.1. 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.
- 5.2. The parties have exchanged pleadings are attending to discovery of documents and preparation of witness statements.
- 5.3. 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.
- 5.4. 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.

6. Creditor Claims

- 6.1. 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.
- 6.2. Creditors whose claims have already been reconciled, adjudicated and accepted will, if not already notified, receive formal notice of acceptance of their claim.

6.3. 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.

6.4. Distributions will only be paid to those creditors whose claims have been submitted, reconciled, adjudicated and accepted.

7. Distributions to creditors

7.1. Distributions have been and will in future be paid to creditors in accordance with the provisions of the business rescue plan.

7.2. Creditors have to date been paid the following amounts:

7.2.1. Secured Creditors – R347.2 million

7.2.2. PCF Creditors – R164.4 million

7.2.3. Unsecured Creditors – R220.4 million

7.3. The above mentioned distributions represent a distribution of 100 cents in the rand to unsecured creditors whose claims have been adjudicated and accepted.

7.4. 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.

8. Shareholders

8.1. 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.

8.2. 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.

8.3. The annual financial statements for the financial year-ending 31 July 2021 are being prepared and audited. They are scheduled for approval by the directors for publication to shareholders within the required statutory timeframe of six months after year-end. Shareholders are advised to exercise caution when dealing with their interests in the company until the 2021 audited financial statements are issued.

Yours faithfully



JOHN EVANS

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