



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

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Notice to affected persons

29 December 2023

**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. implementing sale transactions already concluded;
 - 2.2. attending board meetings and shareholder meetings of subsidiaries and investee companies;
 - 2.3. paying distributions from the Plan Fund in terms of the adopted business rescue plan;
 - 2.4. attending to the finalisation of litigation which was ongoing at the commencement of business rescue.
3. Gauteng Gambling Board Review Application
 - 3.1. The Company, prior to commencement of business rescue launched an application in the high court to review and set aside an amendment to legislation made by the Gauteng Gambling Board and Gauteng MEC to the Gambling legislation. This amendment removed the payment of a 3% levy on winning fixed odds bets on horse racing to the Company.
 - 3.2. Prior to this amendment, Phumelela received and was paid this levy. This levy contributed substantially to the Company's revenue.
 - 3.3. Phumelela filed its heads of argument on 31 October 2023. The Gauteng Gambling Board and Gauteng MEC are required to file their heads of argument on or before 30 November 2023.
 - 3.4. The matter is proceeding and is set down to be argued on 6 and 7 May 2024.

- 3.5. The court file is available on request and will be provided to affected persons should they submit a request in writing to the business rescue practitioner at johnevans@rsadvisors.co.za.

4. Input VAT Claims

- 4.1. The Company has, in accordance with legal opinion in this regard, claimed input VAT on stakes paid for the period from July 2017 to 30 November 2021, the date the horse racing business was transferred to 4Racing. The total value of the input VAT claimed is R97.5 million.
- 4.2. SARS identified the above tax periods for an audit and have issued Letters of Findings in relation to the input VAT claims on 15 September 2023 and 24 November 2023 and the Company responded setting out its opinion and legal grounds in respect of its right to claim the input VAT for the above tax periods, on 27 October 2023 and 28 November 2023.
- 4.3. SARS on 1 December 2023 issued assessments in respect of the input VAT claimed in respect of Stakes paid.
- 4.4. The Company has 80 business days from the date of assessment, excluding the period from 15 December 2023 to 15 January 2024, to prepare and file a notice of objection including the grounds on which it objects to the assessments.

5. Annual Financial Statements

- 5.1. The annual financial statements for the period ended 31 July 2023 have been published and are available for download on the company's website www.phumelela.com.

6. Distributions to shareholders

- 6.1. The Company resolved on 24 November 2023 to return capital of 25 cents per share to shareholders. This new distribution takes the total capital returned to shareholders since adoption of the business rescue plan to R3.25 per share.
- 6.2. The above distribution of 25 cents per share was paid to the company's shareholders who have updated their FICA and banking details on 8 December 2023.
- 6.3. Payment of distributions to those shareholders who subsequently update their FICA and banking details will be processed monthly.
- 6.4. Shareholders who have not yet updated their FICA and banking information are referred to the notice published on 14 December 2021. If you did not receive a copy of the notice, it is available on the Company's website.
- 6.5. Further distributions to shareholders will only be considered by the Company after either the Gauteng Gambling Board Review Application or the Input VAT Claims have been fully finalised including all legal processes which may include appeal to the Supreme Court of Appeals and any funds that are or become due to the Company have been received.

Yours faithfully

A handwritten signature in black ink, appearing to be 'J. Evans', with a long horizontal flourish extending to the right.

JOHN EVANS

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