

Phumelela Gaming and Leisure business rescue practitioner proposes Mary Oppenheimer and Daughters' bid

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After a thorough and competitive bidding process, Phumelela business rescue practitioner (BRP), John Evans, has selected Mary Oppenheimer and Daughters' (MOD) post-commencement finance offer of R550m to present to Phumelela creditors for approval.

The MOD offer is contingent on MOD acquiring key Phumelela horse racing assets both locally and internationally.

Mary Slack and Jessica Jell, long-time supporters of horse racing and breeding in South Africa, along with the restructuring task team (RTT), believe a successful MOD bid is the best outcome to develop a long-term and sustainable industry for all horse racing stakeholders.

On 18 August 2020 Phumelela BRP, John Evans, presented his preferred business rescue plan to creditors for approval. The plan is underwritten by MOD who are providing up to R550m in post-commencement financing to Phumelela creditors. The adoption of the plan will allow the BRP time to effect an orderly sale of Phumelela assets (assets other than those which MOD are acquiring conditional to their R550m financing noted above) which BRP believes delivers the best outcome for Phumelela employees, creditors, and shareholders.

Contingent to the provision of the financing, MOD is acquiring key Phumelela horse racing assets. These include Turffontein, Fairview and Vaal racecourses, tote licenses and infrastructure in Gauteng, Eastern Cape and the Free State, and key international South African horse racing product distribution assets.

MOD, represented by the RTT, have been engaging with Phumelela over recent months to secure a safe-passage for horse racing in South Africa.

"We are very pleased with the plan presented by John Evans. Mary Slack and Jessica Jell have a long history of horse racing and breeding in South Africa and they have a strong desire to secure the Phumelela racing assets for the immediate benefit of South African horse racing, as well as to assist in transforming racing to a long-term, sustainable and all-inclusive industry for the benefit of all concerned," states Charles Savage, spokesman for the RTT.

When Phumelela went into business rescue in May this year, MOD provided post-commencement finance of up to R100m to fund the operations of the company during the business rescue process.

In order to facilitate an orderly sale process, and on adoption of the plan, MOD agrees to provide an additional PCF facility of R550m. This facility allows the company to draw three equal amounts for distribution to creditors, as provided for in the plan, starting in October 2020.

BRP John Evans noted in his report: "The BRP received many expressions of interest for the component parts of the business or assets. Following a fast-track sale process we received formal proposals from those interested parties. The implementation of the Plan will result in a better financial return and general outcome to Concurrent Creditor(s) as opposed to a liquidation of the Company."

Phumelela creditor voting for approval of the plan occurs on 1 September 2020.

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