

Phumelela Gaming & Leisure Limited  
(Registration number 1997/016610/06)  
(Incorporated in the Republic of South Africa)  
Share Code: PHM ISIN: ZAE000039269  
("Phumelela" or the "Company")

## **UPDATE ANNOUNCEMENT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are referred to the statement proffered by significant stakeholders and players in the South African horseracing industry that includes the Company, as reported on in the Business Report of The Star newspaper dated 12 August 2019.

A copy of the statement is set out below:

### ***"Public announcement on significant stakeholder meeting on the South African horseracing industry – Thursday 8 August 2019"***

*On 22 July 2019, a meeting was held with various industry players and some significant stakeholders in the horseracing industry. The purpose of the meeting was to discuss the challenges facing the industry as well as the scope for co-operation to benefit and improve the industry in South Africa. Those present recognised that in order for the industry to be more sustainable, it would need to be more inclusive, working and focusing on a far greater participation by previously disadvantaged persons.*

*Those present acknowledged that the horseracing industry urgently requires some form of restructuring and the involvement of various industry players and stakeholders, including the South African government. This restructure will be crucial in achieving the vision for an inclusive, financially sound and sustainable horseracing industry.*

*Amongst the various ideas suggested and discussed was the creation of a single body that would oversee the horseracing industry in South Africa. Once again, the backing of various stakeholders and the South African government in creating such a single body will be crucial to its success. Additional due diligence, process and consultation still has to be researched in order to explore this feasibility.*

*In this regard, a horseracing industry restructure committee is in the process of being established, together with the terms of reference for such a committee, which will involve, amongst other things, researching and recommending potential strategies and opportunities for the industry. The ultimate vision is to get to an inclusive, financially sound, transformed and sustainable industry for the benefit of all South Africans.*

*The recent amendments to the Gauteng's Gambling Regulations in respect of the distribution of the tax levied on punters' winnings is damaging and harmful for the horseracing industry and will create liquidity constraints. The unilateral removal of the distribution of a portion of the tax levied on punters' winnings by the Gauteng Gambling Board will create an almost insurmountable problem for the operators. We would urge that the authorities reconsider this decision in the interest of all employees of the industry.*

*It is estimated that between 120,000 and 180,000 people, many of whom are breadwinners for their families, are employed within the industry in South Africa. These include groomsmen, trainers, jockeys, breeders, bookmakers and owners. Their livelihoods and ability to feed their families will be in jeopardy should this industry not be a successful one.*

*Engagements between industry players and stakeholders are ongoing and further updates will be communicated in due course.*

*Phumelela Gaming & Leisure Limited is viewed by many in the industry as pre-eminent in the South African racing and gaming environment. As such, in order for the industry to succeed, this body also needs to succeed. The executives of Phumelela, Gold Circle and Kenilworth Racing have largely indicated that they are in support of the above initiatives.*

*It is imperative that all people involved in this industry, no matter how big or small, need to stand together to ensure that this industry is placed on a firm footing for the benefit of the future generations."*

Further to the announcement dated 12 July 2019, the Company remains under cautionary as engagements with the Gauteng Member of the Executive Council responsible for Economic Development, Environment, Agriculture and Rural Development ("the MEC") and the Gauteng Gambling Board are still in progress.

Shareholders are advised to continue to exercise caution when dealing in the Company's securities.

Turffontein  
12 August 2019

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