
SWORN AFFIDAVIT

In support of a Notice beginning business rescue proceedings in respect of SA Leisure and Hotels (Pty) Ltd.

I, the undersigned

THAGRAJ REDDY

Do hereby make oath and state:

1. I am the director of SA Leisure and Hotels (Pty) Ltd (hereinafter "SALH") with registration number 2004/029216/07 and registered addresses at 3 Melrose Boulevard, Third Floor, Suite 15, Melrose Arch, Johannesburg.
2. The contents of this sworn statement are true and correct and, unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.



3. I make this sworn statement in support of SALH's notice to commence business rescue proceedings as contemplated in terms of section 129 of the Companies Act 71 of 2008 ("the Act").

4. On the 26th July 2013, the board of directors of SALH unanimously resolved that SALH voluntarily commence business rescue proceedings as envisaged in terms of the Act. The resolution will be filed together with the sworn statement.

5. In relation to SALH's decision to enter in business rescue, the following facts are relevant:
 - 5.1 Over the last year Business Partners Limited' legal representative has been obliged due to SALH repeated defaults to deliver four letters of demand, dated the 6th June 2012, 30th October 2012, 13th December 2012 and 20th February 2013 requiring payment of the indebtedness in terms of first and second loan agreements with Business Partners Limited.

 - 5.2 Indulgences were granted by Business Partners for the late payments of the installments when they fell due and indulgences were further granted by Business Partners Limited for the months of April 2013, June 2013 and July 2013.



- 5.3 Due to a default in the installment payment in July 2013 Business Partners Limited drafted and application for liquidation for SALH if the amount of R 471 037.79, the indebtedness in terms of the loan amounts and legal fees incurred which were not paid. Consequently SALH paid the full amount. The normal installment payments are due on the 5th of every month in the amount of R 187 143.69 and on the 15th of every month in the amount of R 107 558.28.
- 5.4 The next installment is due on the 5th July 2013 and there is a likelihood that SALH will not be able to make payment of the installment in terms of its indebtedness towards other creditors from SATLOG Properties (Pty) Ltd and SA Roadlink Passenger Services (Pty) Ltd and as a result it will be eminent that Business Partners will launch its liquidation application.
- 5.5 In addition to the abovementioned Nedbank Limited served a letter on the 17th July 2013 in terms of Section 345 of the Companies Act 1973 calling upon SA Roadlink Passenger Services (Pty) Ltd and the sureties, one of the sureties which includes SALH to pay its debt in the amount of R 2 679 384.98 or ultimately face liquidation.
6. Whilst SALH assets exceed its liabilities by a substantial amount, SALH has insufficient cash reserves to repay its indebtedness to its creditors on demand.



7. The accumulative effect of the indebtedness incurred by SALH and to realize the revenue in such a short time period in order to pay its indebtedness towards its creditors, has rendered it "financially distress as defined in section 128 (1) (f) of the Companies Act 71 of 2008 (the "Act").

8. Accordingly and as envisaged in terms of the Act, SALH is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediate ensuing six months and/or SALH is reasonably likely to become insolvent within the immediate ensuing six months and is therefore "financially distressed" as defined by the act.

9. There appears, in the opinion of the director, to at least be a reasonable prospect that creditors will directly benefit from SALH being afforded additional time to realize its assets to best effect.

10. Business rescue will allow SALH to realize its investments or achieve a compromise or come to an arrangement acceptable to its creditors.

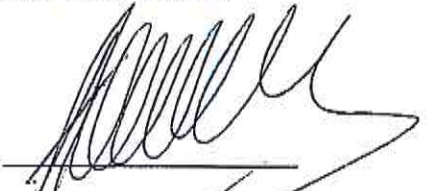
11. The business rescue process will allow for:

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- 11.1 The temporary supervision of SALH, and for management of its affairs, business and property;
- 11.2 A temporary moratorium on the rights of claimants against SALH or in respect of property in its possession;
- 11.3 The development and implementation, if approved of a plan to rescue SALH by restructuring its affairs, business, assets, liabilities and equity in a manner that, maximizes the likelihood of SALH continuing in existence and/or results, in a better return for SALH creditors, than would result from the immediate liquidation of SALH, will be beneficial to all stakeholders.
- 11.4 Restoring SALH to a position where it is able to continue in existence, on a solvent basis.
- 11.5 It is according SALH's view that the Business Rescue of SALH's, as foreshadowed above would be in the best interest of SALH, its creditors and employees as opposed to the immediate liquidation of SALH.

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11.6 Based on the foregoing the Board of Directors of SALH as appears from the resolution and the CIPC Form 123.1 to which this affidavit is annexed, has determined that it would be in the best interest of SALH and SALH's creditors, to be placed under Business Rescue, with immediate effect.



THAGRAJ REDDY

I certify that:

The deponent acknowledges to me that:

1. He knows and understands the contents of this declaration; He has no objection to taking the prescribed oath; He considers the prescribed oath to be binding on his conscience
2. The deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";
3. The deponent signed this declaration in my presence at the address set out hereunder on this the 1st day of **AUGUST 2013**



COMMISSIONER OF OATHS

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