
November 2020

Attention: **All Affected Persons of Edcon Limited (in business rescue) (“Edcon”)**

RE: REPORT ON THE PROGRESS OF THE BUSINESS RESCUE PROCEEDINGS OF EDCON

Introduction

1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the Court, on application by the practitioner, may allow, the practitioner must –
 - 1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
 - 1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:
 - 1.2.1. Court, if the proceedings have been the subject of a court order; or
 - 1.2.2. Commission (“**CIPC**”), in any other case.
2. Therefore, as required, this **Update Report** is being delivered by the business rescue practitioners (“**BRPs**”) in terms of section 132(3) of the Act.
3. Reference is made in this Update Report to the adopted business rescue plan (“**Plan**”). It is therefore important that this Update Report be read in conjunction with the Plan and the previous update reports.

Business Rescue Proceedings

4. Sales Process

4.1. Accelerated Sales Process – Parts of the Businesses of Edgars and Jet Divisions

4.1.1. Affected persons are referred to the previous update report for details relating to the Accelerated Sales Process.

4.1.2. The BRPs are still in the process of determining the final purchase prices and will notify affected persons of the final purchase prices once determined.

4.2. Wind-Down Process - Sale of Remaining Assets

The BRPs have continued with the realisation of the remaining assets not sold pursuant to the Accelerate Sales Process, including in respect of movable assets such as office equipment, furniture and fittings and motor vehicles.

5. Second Look Book

The sale of Edcon's Second Look Book has been divided into two transactions:

5.1. Sale to Nimble Credit Fund 1 Proprietary Limited ("Nimble"):

5.1.1. The sale to Nimble was divided into 3 tranches, each comprising different book debts.

	Tranche 1	Tranche 2	Tranche 3
Agreement Concluded	5 August 2020	2 November 2020	2 November 2020
Purchase Price*	SA R207 million Rest of Africa R113 million	SA R36 million Rest of Africa R 2 million	SA R78 million Rest of Africa R 3 million
Status of Transaction	<ul style="list-style-type: none">• Conditions precedent fulfilled.• R75 million of purchase price is payable monthly (from November 2020).• Remaining proceeds have been received.	<ul style="list-style-type: none">• Conditions precedent fulfilled.• All proceeds payable on 28 December 2020.	<ul style="list-style-type: none">• Conditions precedent fulfilled.• All proceeds payable on 28 December 2020

*The Nimble transactions are subject to purchase price adjustments due to movements in the book debts from the effective date to the closing date of each tranche.

EDGARS | JET

Chief Executive Officer: G M Pattison
Directors: G M Pattison | A R Bisogno
Group Secretary: C M Vikisi

5.2. Sale to RCS Cards Proprietary Limited (“RCS”) and RCS Investment Holdings Namibia Proprietary Limited (“RCSIH”):

	Edcon	Namibia
Agreement Concluded	8 September 2020	22 October 2020
Purchase Price	R116 million	R3.5 million
Status of Transaction	<ul style="list-style-type: none">• Conditions precedent fulfilled.• Proceeds have been received.	<ul style="list-style-type: none">• Subject to various conditions precedent.• Anticipated that the conditions precedent will be fulfilled before 31 January 2021.

5.3. In terms of paragraph 22 of the Plan, the Second Look Book Sale Proceeds will be allocated to the Intercreditor Secured Creditors.

6. Edcon Group and Related Transactions

6.1. Edcon’s Subsidiaries in Africa (“**Rest of Africa Subsidiaries**”)

6.1.1. As advised in the previous update reports, sale agreements in respect of parts of the businesses of certain of the Rest of Africa Subsidiaries were concluded during October 2020.

6.1.2. The sale agreements remain subject to various conditions precedent and regulatory approvals, several of which have already been fulfilled. It is anticipated that all of the sale agreements will become unconditional by January 2021.

6.1.3. The BRPs will update affected persons with any further developments in this regard in subsequent update reports.

7. Court Proceedings

7.1. Certain creditors have applied to the High Court to *inter alia* set aside a determination which was made in terms of the dispute resolution provisions contained in paragraph 39 of the Plan and to have the matter referred for fresh determination (“**Application**”).

7.2. The BRPs and Edcon have opposed the Application.

7.3. A copy of the papers filed in the Application is available on www.matusonassociates.co.a/edcon.

8. Proof of Claims

- 8.1. There remains a large number of pre-commencement creditors who have yet to submit their claims, and who are encouraged to do so.
- 8.2. A claim form, online or manual, is available on www.matusonassociates.co.a/edcon.
- 8.3. **Please ensure that your vendor number (where available) is clearly highlighted, as this will assist the team with the reconciliation process.**
- 8.4. To the extent that any claims are disputed, paragraph 39 of the Plan makes provision for a dispute resolution mechanism.
- 8.5. Edcon, together with the BRPs, are reconciling the claims received to date and will communicate with creditors, individually, regarding the status of their claims.

Conclusion

9. The BRPs will continue implementing the Plan in accordance with their statutory obligations.
10. All relevant notices in respect of the business rescue proceedings of Edcon Limited can be found on www.matusonassociates.co.za/edcon.
11. Please direct any queries to creditors@edconbr.co.za.

Yours faithfully

The business rescue practitioners of Edcon Limited

**Companies and Intellectual Property Commission
Republic of South Africa**

Form CoR 125.1

About this Form

- This form is issued in terms of section 132 and 141 of the companies Act, 2008, and Regulation 125 of the Companies Regulations, 2011.
- This Notice and the attached report must be published to every affected person, and to-
 - a) The Commission, if the business rescue proceedings were started by the company; or
 - b) The court, if the proceedings were ordered by the court.
- A report and Notice must be issued at the end of the first three months of the business rescue proceedings, and at regular monthly intervals after that

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address

PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Business Rescue Status Report

Date: 11 December 2020

Customer Code: _____

Concerning

(Name and Registration Number of Company)

Name: Edcon Limited

Registration No: 2007/003525/06

The above named company commenced business rescue proceedings on 29 April 2020.

Because the business rescue proceedings have not concluded within three months, the appointed business rescue practitioner provides the attached report in terms of section 132 (3).

Name and Title of person signing on behalf of the Practitioner:

Piers Marsden and Lance Schapiro - Business Rescue Practitioners

Authorised Signature:

