
31 October 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:

4.2.1. Movable assets such as office equipment, furniture and fittings and motor vehicles:

The BRPs have proceeded with numerous sales processes (through independent third party auctioneers) in relation to these movable assets.

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
Closing Date	5 August 2020	Expected November 2020	Expected 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 the purchase price is payable monthly (from November 2020).• Remaining 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 December 2020.	<ul style="list-style-type: none">• Subject to various conditions precedent.• Anticipated that the conditions precedent will be fulfilled before 31 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 December 2020.

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 report, 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. In this regard, sale agreements were concluded by the following Rest of Africa Subsidiaries:

6.1.2.1. Edgars Stores Namibia Limited (“Namibia”);

6.1.2.2. Edgars Stores Lesotho Proprietary Limited (“Lesotho”);

6.1.2.3. Edgars Stores Swaziland Proprietary Limited (“Swaziland”); and

6.1.2.4. Jet Supermarkets Botswana Proprietary Limited (“Botswana”).

6.1.3. The aforesaid agreements remain subject to various conditions precedent and regulatory approvals, including the relevant Competition Authorities.

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

7. Other
 - 7.1. Edcon sold its shares in Edcon Limitada (Mozambique), a wholly owned foreign subsidiary.
 - 7.2. The statutory wind-down / de-registration of dormant entities, various joint ventures and certain of the foreign subsidiaries has commenced.
8. Offices
 - 8.1. The BRPs cancelled the leases agreements in respect of the offices situated at Edgardale and Laub Street, effective 31 August 2020 and 31 October 2020 respectively.
 - 8.2. As a result of the aforesaid, Edcon has changed its registered address to Matuson & Associates, Oxford & Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg (c/o the BRPs).
9. Proof of Claims
 - 9.1. There remains a large number of pre-commencement creditors who have yet to submit their claims, and who are encouraged to do so.
 - 9.2. A claim form, online or manual, is available on www.matusonassociates.co.a/edcon.
 - 9.3. **Please ensure that your vendor number (where available) is clearly highlighted, as this will assist the team with the reconciliation process.**
 - 9.4. To the extent that any claims are disputed, paragraph 39 of the Plan makes provision for a dispute resolution mechanism.
 - 9.5. 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

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

Yours faithfully

The business rescue practitioners of Edcon Limited