

30 September 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. Update on the sale of parts of the Edgars and Jet businesses (“**RSA Agreements**”)

	Edgars	Jet
Purchaser	Retailability (Pty) Limited	The Foschini Group Limited
Signed Agreement	21 August 2020	14 August 2020
Transaction Closed / Effective Date of Transfer	12 September 2020	25 September 2020
Purchase Price	Price based on Closing Stock	Price based on Closing Stock
Payment of Purchase Price	Tranche A - Closing Date Tranche B - 31 March 2021	Tranche A - Closing Date Tranche B - 31 March 2021 Tranche C - 30 August 2021
Number of Stores Transferred	120	378
Number of Staff Transferred	Approximately 5,200	Approximately 4,800

4.1. The final purchase prices will be determined after the outcome of the respective stock counts. The BRPs expect these results during the month of October 2020 and will update affected persons in the subsequent Update Report.

4.2. During September 2020, the sale agreements in respect of parts of the businesses of certain of the subsidiaries based in the Rest of Africa were signed, however, they remain subject to various conditions precedent and regulatory approvals, including the relevant Competition Authorities. The implementation of these agreements is expected to be finalised by 30 November 2020 and the BRPs will update affected persons with any further developments in this regard in subsequent Update Reports.

5. Retrenchment Process

5.1. On 30 September 2020, the Company concluded the section 189A retrenchment process.

5.2. Retrenched employees were paid their termination of employment benefits in full.

6. Wind-Down Process

6.1. Pursuant to the Accelerated Sales Process in terms of the approved Plan, the BRPs have implemented the Second Part of the Sales Process, being the Wind-Down Process.

6.2. In terms of the Wind-Down Process, the BRPs have sought and will continue seeking to realise all remaining assets (including brands) which were not sold pursuant to the Accelerated Sales Process, by way of a trade out process, private treaty, auction or any other manner which the BRPs, in their sole discretion, deem appropriate given the circumstances prevailing.

EDGARS | JET

Chief Executive Officer: G M Pattison

Directors: G M Pattison | M E Mthunzi | G P H Penny | A R Bisogno | R Gasant | D Motsepe | N B Palmer

Group Secretary: C M Vikisi

Edcon Limited Registration No. 2007/003525/06 Credit Provider Number: NCRCP82

6.3. The BRPs will update affected persons in the subsequent Update Reports of the assets realised in terms of the Wind-Down Process.

7. Proof of Claims

7.1. Edcon, together with the BRPs, are reconciling the claims received to date and will communicate with creditors, individually, regarding the status of their claims.

7.2. To the extent that any claims are disputed, paragraph 39 of the Plan makes provision for a dispute resolution mechanism.

Conclusion

8. The BRPs will continue implementing the Plan in accordance with their statutory obligations.

9. The BRPs will provide affected persons with the anticipated timing of distributions in the subsequent Update Report.

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

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