
May 2022

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, in any other case.
2. Therefore, as required, this **Update Report** is being delivered by the business rescue practitioners of Edcon (“**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**”). Any capitalised terms not defined herein shall have the meaning ascribed to same in the 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. Edcon's Subsidiaries in Africa ("**Subsidiaries**")
 - 4.1. Pursuant to the wind-down of the various Subsidiaries, there are inter-company loan accounts and/or dividends that will become payable by certain of the Subsidiaries to Edcon. These payment proceeds are secured in favour of the Intercreditor Secured Creditors and will be allocated to them accordingly.
5. Proof of Claims
 - 5.1. The Pre-Commencement Claims submission period has closed and the BRPs have completed the process of reconciling the Claims
 - 5.2. Please direct any queries relating to Claims to creditors@edconbr.co.za.
 - 5.3. To the extent that any Claims are disputed, paragraph 39 of the Plan makes provision for a dispute resolution mechanism.
6. Legal Proceedings
 - 6.1. Affected persons will be advised of any further developments with regards to the SCA leave application.

Dividends

7. To date, a total amount of **R32 million** has been paid in terms of the interim Distribution to **824** compliant Concurrent Creditors.
8. For the avoidance of any doubt:
 - 8.1. the interim Distribution was made on the amount accepted in writing by the BRPs and not on the original amount reflected on the claim form submitted;
 - 8.2. Concurrent Creditors who lodged Claims which are still in the process of being proved and/or reconciled did not receive the interim Distribution, however, such Concurrent Creditors will receive the interim Distribution upon their Claim being proved and accepted in writing by the BRPs; and
 - 8.3. Creditors who have disputed Claims did not receive any interim Distribution and will not receive any interim Distribution until such time as: (i) the dispute has been resolved; and (ii) the dispute has been resolved in favour of such Creditor.

9. Creditors are advised that the interim Distribution was not the final Distribution and that further Distributions will be made once the BRPs have *inter alia* reconciled and finalised all Claims, including disputed Claims.
10. The FAQ document relating to the interim Distribution and the payment of a dividend to Concurrent Creditors is available on www.matusonassociates.co.za/edcon

Conclusion

11. The BRPs will continue implementing the Plan in accordance with their statutory obligations.
12. All relevant notices in respect of the business rescue proceedings of Edcon can be found on www.matusonassociates.co.za/edcon.