

11 May 2020

To: Affected Persons of Edcon Limited (in business rescue)

NOTICE TO THE AFFECTED PERSONS OF THE COMMENCEMENT OF BUSINESS RESCUE PROCEEDINGS IN RESPECT OF EDCON LIMITED (IN BUSINESS RESCUE) ("THE COMPANY"), AND OF THE APPOINTMENT OF BUSINESS RESCUE PRACTITIONERS TO SUPERVISE THE COMPANY, IN TERMS OF SECTIONS 129(3)(a) AND 129(4)(b) OF THE COMPANIES ACT 71 OF 2008

1. You are hereby notified, in accordance with Section 129 of the Companies Act 71 of 2008 (as amended) ("the Companies Act"), that the board of Directors of the Company adopted a resolution on 28 April 2020, in terms of which the Company voluntarily commenced business rescue proceedings.
2. Accordingly, a form CoR 123.1, being a Notice of Beginning of Business Rescue Proceedings, as contemplated in section 129 of the Companies Act was filed with the Companies and Intellectual Property Commission ("the Commission") on 29 April 2020.
3. The Company appointed Piers Marsden and Lance Schapiro to be its joint business rescue practitioners on 28 April 2020 and the form CoR 123.2, being a Notice of Appointment of the Business Rescue Practitioner, as contemplated in section 129 (b) of the Companies Act was filed with the Commission on 4 May 2020.
4. In accordance with the requirements of Sections 129 (3) (a) and 129 (4) (b) of the Companies Act, we attach copies of the following documents:
 - 4.1. the notice to commence business rescue proceedings, form CoR 123.1, filed with the Commission;
 - 4.2. the resolution passed by the board of Directors the Company;
 - 4.3. a sworn statement of the facts relevant to the grounds on which the board resolution was founded; and
 - 4.4. the notice of appointment, form CoR123.2, filed with the Commission.
5. The effective date of the Company's business rescue proceedings is accordingly **29 April 2020**.

6. The effective date of the appointment of the joint business rescue practitioners is **4 May 2020**.
7. Please note that the aforesaid documents, as well as all other notices relevant to the business rescue proceedings of the Company, are also available at www.matusonassociates.co.za/edcon
8. In terms of section 147(1) and 148(1) of the Companies Act the business rescue practitioners must convene the first meeting of creditors and the first meeting of employees' representatives within 10 business days of their appointment. Further details about these meeting will be provided in due course.
9. If you have any queries relating to any operational issues, including ongoing trading and payment please continue to engage through the normal channels at Edcon. For any queries specifically related to business rescue, please do not hesitate to contact us at creditors@edconbr.co.za

Regards



Piers Marsden

Business Rescue Practitioner



Lance Schapiro

Business Rescue Practitioner

111945135

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

About this Form

- This form is issued in terms of section 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- A company resolution to committee business rescue proceedings has no force or effect until it has been filed with this notice.
- This notice must be published to every affected person within 5 business days after -
 - (a) It has been filed, in the case of a resolution; or
 - (b) The date of the court order, in such a case.
- If this Notice is issued following a board resolution-
 - (a) The company must appoint a business rescue practitioner with 5 business days after filing this notice ; and
 - (b) Any affected person may apply to a court in terms of section 130 for an order setting aside the resolution.
- The fee for filing this notice is R0.

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

Notice of Beginning of Business Rescue Proceedings

Date: 28 APRIL 2020

Customer Code: ENF001

Concerning

(Name and Registration Number of Company)

Name: EDCON LIMITED

Registration No: 2007/003525/06

The above named company advises that business rescue proceedings have commenced in terms of Chapter 6 of the Companies Act, as a result of:

The Board of the company having adopted the attached resolution in terms section 129, on 28 APRIL 2020

A Court having made the attached order in terms of section 131, on _____

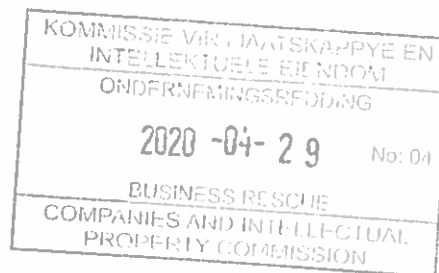
In terms of section 132 (1)(a), the company's business rescue proceedings commenced on 29 APRIL 2020 being the date on which:

This notice was filed with the Commission.

The court issued the attached order.

(Only in the case of a company resolution)

In support of this Notice, the company has attached a sworn statement of the relevant facts upon which the resolution was founded by a director representing the Board.



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

GRANT PATTON - DIRECTOR

Authorised Signature:

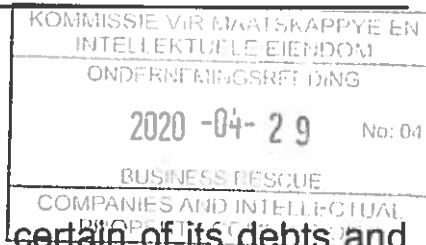
**RESOLUTION PASSED AT A MEETING OF THE BOARD
OF DIRECTORS OF
EDCON LIMITED
(REGISTRATION NUMBER 2007/003525/06)
("THE COMPANY")
HELD ON THE 28TH APRIL 2020 BY ROUND ROBIN**

PRESENT:

Directors:

**Gareth Penny, Grant Pattison, Rhidwaan Gasant,
Daphne Motsepe, Nigel Palmer, Abigail Bisogno, M
Mthunzi**

IT WAS RESOLVED THAT:



1. As the company is unable to pay ~~certain of its debts~~ and as it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they become due and payable within the immediately ensuing six months, the Company is therefore financially distressed within the meaning of Section 129 (1) (a) of the Companies Act 71 of 2008, as amended ("the Act").
2. As there appears to be a reasonable prospect of rescuing the Company in terms of Section 129 (1) (b) of the Act and/or if it not possible for the Company to so continue in existence, there exists a reasonable prospect that Business Rescue Proceedings will result in a better return for the Company's creditors or shareholders, than would result from the immediate liquidation of the Company, the Company should begin voluntary business rescue proceedings in terms of Section 129 of the Act.
3. **GRANT MICHAEL PATTISON** (identity number 710325 5765 088) in his capacity as a director and chief executive officer of the Company, be and is hereby authorised to appoint one or more Business Rescue Practitioners of the Company in terms of Section 129 (3) (b) of the Act and is further authorised to sign any such documents required and which are ancillary to the

business rescue proceedings and to appoint attorneys to lodge the application for voluntary business rescue proceedings in terms of section 129 of the Act and to lodge any documents required to give effect thereto.

Certified a true copy of the extracts of the minutes of the meeting.

G PATTISON

Director

G PENNY

Director

R GASANT

Director

D MOTSEPE

Director

N PALMER

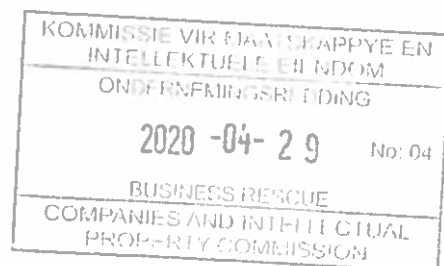
Director

A BISOGNO

Director

M MTHUNZI

Director



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EDCON LIMITED

(REGISTRATION NUMBER 2007/003525/06)

("THE COMPANY")

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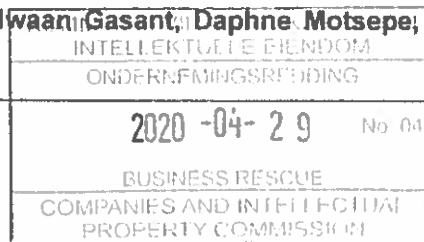
PRESENT:

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G PATTISON

Director

Gareth Penny

G PENNY

Director

R GASANT

Director

D MOTSEPE

Director

N PALMER

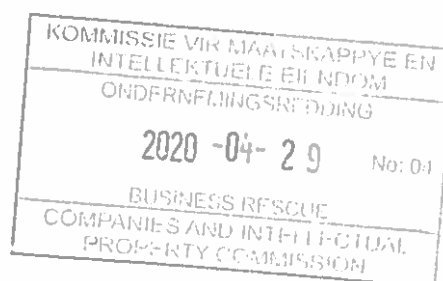
Director

A BISOGNO

Director

M MTHUNZI

Director



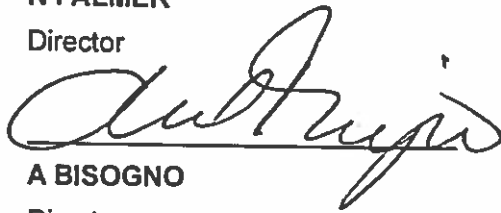
G PATTISON
Director

G PENNY
Director

R GASANT
Director

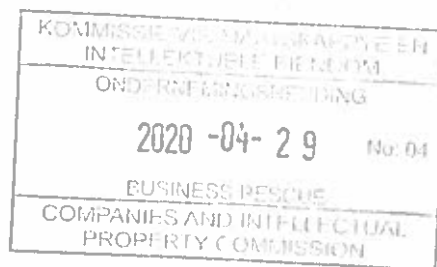
D MOTSEPE
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M MTHUNZI
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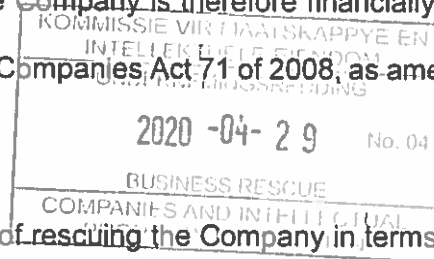
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Director

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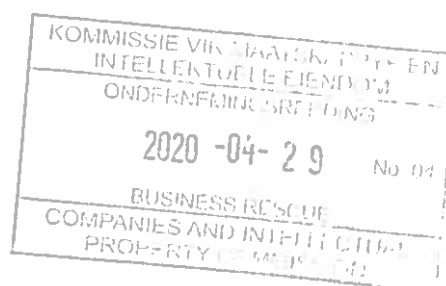
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M MTHUNZI

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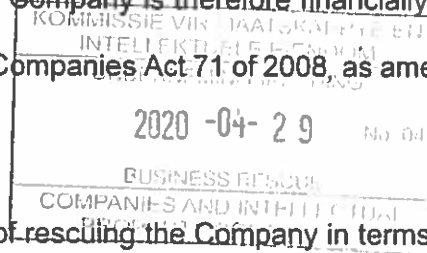
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R GASANT

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D. R. Motsepe

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Director

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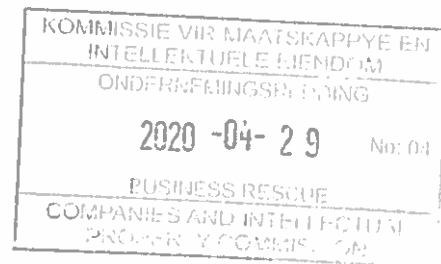
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M MTHUNZI

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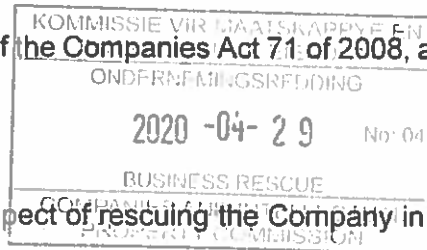
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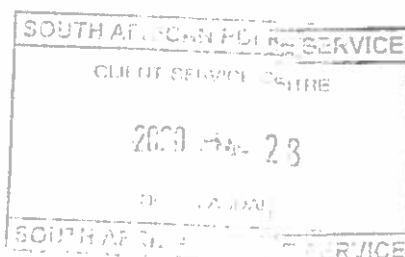
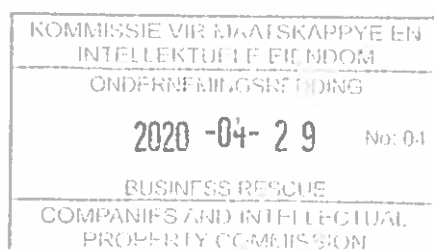
SWORN STATEMENT IN TERMS OF SECTION 129 (3) (a) OF THE COMPANIES ACT 71 OF 2008 ("THE COMPANIES ACT"), AS AMENDED, IN RELATION TO THE SUPERVISION AND BUSINESS RESCUE PROCEEDINGS OF EDCON LIMITED (REGISTRATION NO. 2007/003525/06)

I, the undersigned,

GRANT MICHAEL PATTISON (identity number 710325 5765 088)

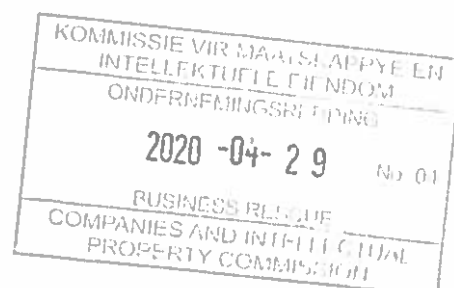
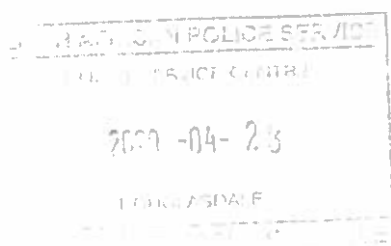
do hereby declare that –

1. I am a director of Edcon Limited (Registration Number: 2007/003525/06) ("the Company") with its registered address at Edgardale, 1 Press Avenue, Crown Mines, 2092.
2. The facts and allegations herein contained are, save where the context indicates a contrary intention or where I state it to the contrary, within my own personal knowledge and are to the best of my knowledge and belief both true and correct.
3. On 28 April 2020, the board of directors of the Company ("the Board") passed a resolution for the Company to be placed under Business Rescue in terms of section 128 as read with section 129 of the Companies Act ("the Resolution").
4. As appears from the Resolution, I am authorised to represent the Company in this regard and to sign all required documents to give effect to the Resolution. I am thus authorised to represent the Company to make representations and to depose to this statement on its behalf. A copy of the Resolution is annexed hereto marked "A".
5. The Company currently operates as a trader in the retail industry through its two retail divisions being, Edgars, and Jet, with an aggregate total of approximately 650 stores located in South Africa and has approximately 17,292 employees (and about 5 000 seasonal casual workers).
6. The Board passed the Resolution on the basis that the Board has reasonable grounds to believe that:
 - 6.1. the Company is financially distressed as contemplated in 128 (1) (f) of the Companies Act; and
 - 6.2. there is a reasonable prospect of rescuing the Company through a business rescue process in terms of the Companies Act.
7. The Company is financially distressed in that it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they become due and payable within the immediately ensuing six months.



8. The Company has consistently endeavoured to ensure that its stores remain open, and in May 2019, after a 13-month process, the Company successfully implemented a restructuring of its balance sheet, which saw an injection of R2.7bn of cash as equity. This debt refinancing entailed the exit of the Company's previous shareholders and the entrance of new shareholders, including the Public Investment Corporation of South Africa Limited ("PIC") (through its client the Unemployment Insurance Fund), participating landlords, lenders and the Company's staff.
9. The Company's financial position has recently become distressed due to:
- 9.1. the advent of the Covid-19 pandemic which resulted in the Government taking precautionary measures including a 45-day social distancing and lockdown-period resulted in a further trading slump which resulted in sales R1 700 million below the Company's projected forecasts; and
 - 9.2. the recession in the South African economy, which coincided with load-shedding which disrupted purchasing patterns; and
 - 9.3. poor sales as a result of the only partially-completed repositioning of its credit and product offering.
10. The Company's failure to meet the March and April sales targets, and the drop in collections of its debtor's book, has resulted in the Company only having sufficient liquidity to pay salaries in both March and April 2020. This has further resulted in the Company being unable to honour all of its contractual obligations with suppliers.
11. The Company has been considering a restructuring of its business, entailing an accelerated closure of its loss-making stores, and a reduction of overhead expenses, in order to ensure the continued survival of the business of the Company.
12. The Board believes that by implementing the aforementioned restructure of the business there will be a reasonable prospect of rescuing the Company. In any event, because of the nature of assets of the Company and the nature of business of the Company, if the Company is not able to continue in existence, a sale of its assets or business under business rescue will result in a better return for the Company's creditors or shareholders than would result in the immediate liquidation of the Company.
13. The Company is currently involved in various litigious proceedings a list of which is annexed hereto marked "B".


GRANT M PATTISON



I certify that:

- I. The Deponent acknowledged to me that:
 - A. he knows and understands the contents of this declaration;
 - B. he has no objection to taking the prescribed oath;
 - C. he considers the prescribed oath to be binding on his conscience.
- II. The Deponent thereafter uttered the words, "I swear that the contents of this declaration are true, so help me God".
- III. The Deponent signed this declaration in my presence at the address set out hereunder on 28 April 2020.


COMMISSIONER OF OATHS

Designation and area:

Full names:

Street address:

Lieutenant ~~Colonel~~
Dumisane HABANA
Saps Douglasdale
CNR Top gas & Douglas drive
Douglasdale.



Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.2

About this Form

- This form is issued in terms of sections 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- This notice must be published to every affected person within:
 - (a) 2 business days after it has filed, if the company appointed the Practitioner; or
 - (b) 5 business days after the court order, in such a case.
- If this notice is issued following a company appointment, any affected person may apply to a court in terms of section 130 for an order setting aside the appointment, or requiring the practitioner to provide security.
- The fee for filing this Notice is R0.

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

Notice of Appointment of Business Rescue Practitioner

Date: 6 May 2020

Customer Code: ENF001

Concerning

(Name and Registration Number of Company)

Name: EDCON LIMITED

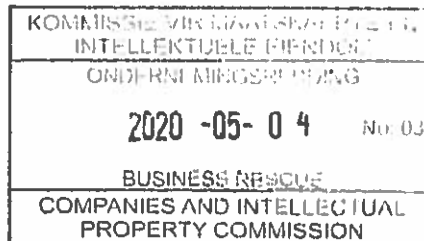
Registration No: 2007/003525/06

The above named company commenced business rescue proceedings on 4 May 2020

The following person has been appointed as the business rescue practitioner:
Piers Michael Marsden and Lance Schapiro

By the company, in terms of section 129 (3)(b).

By the court, in terms of section 131 (5).



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

Grant Pattison (Chief Executive Officer)

Authorised Signature:



28 April 2020

Dear Madam/Sir

RE: BUSINESS RESCUE PROCEEDINGS OF EDCON LIMITED

1. The above matter refers.
2. I hereby accept my appointment as the business rescue practitioner of **EDCON LIMITED** in terms of section 129 of the Companies Act 71 of 2008, as amended ("the Companies Act").
3. I have the capacity to carry out my functions and duties as a business rescue practitioner.
4. I am independent from the business and I am qualified to be appointed as a business rescue practitioner in terms of sections 138 (1) (a) and (b) of the Companies Act and I am not disqualified from being appointed as business rescue practitioner in terms of sections 138 (1) (c), (d), (e) and (f) of the Companies Act.
5. Please do not hesitate to contact me should you require any further information or require me to provide you with any further documentation to support my appointment.

Regards

A handwritten signature in blue ink, appearing to read "Piers Marsden", is written over a light blue horizontal line.

Piers Marsden

Matuson and Associates (Pty) Ltd | 2009/008967/07

Directors: Les Matuson | Piers Marsden

Oxford & Glenhove 114 Oxford Road Houghton Estate Johannesburg 2198 | P O Box 92796, Norwood, 2117

t: +27(0)11 728 7166 | f: +27(0) 86 554 9998 | w: www.matusonassociates.co.za

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.2

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Notice of Appointment of Business Rescue Practitioner

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(Name and Registration Number of Company)

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By the company, in terms of section 129 (3)(b).

By the court, in terms of section 131 (5).



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Grant Pattison (Chief Executive Officer)

Authorised Signature:



28 April 2020

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5. Please do not hesitate to contact me should you require any further information or require me to provide you with any further documentation to support my appointment.

Regards

A handwritten signature in black ink, appearing to read "Lance Schapiro", is written above a solid horizontal line.

Lance Schapiro

Matuson and Associates (Pty) Ltd | 2009/008967/07

Directors: Les Matuson | Piers Marsden

Oxford & Glenhove 114 Oxford Road Houghton Estate Johannesburg 2198 | P O Box 92796, Norwood, 2117

t: +27(0)11 728 7166 | f: +27(0) 86 554 9998 | w: www.matusonassociates.co.za