

"YV6"

224

**Yusuf Vahed**

**From:** Yusuf Vahed <yv@kingsgate.co.za>  
**Sent:** 11 June 2020 12:48 PM  
**To:** 'Edcon Creditors'  
**Cc:** 'Juliette de Hutton'; Roheeth Roshenlall (Roheeth@kingsgate.co.za)  
**Subject:** FW: BUSINESS RESCUE OF EDCON LIMITED

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	'Edcon Creditors'	
	'Juliette de Hutton'	
	Roheeth Roshenlall (Roheeth@kingsgate.co.za)	Read: 2020/06/11 01:14 PM

Dear Lance

Many thanks for responding to my second e-mail of yesterday and for also confirming Grant's announcement of 26<sup>th</sup> March.

Whilst noting your explanation, I must respectfully point out that it does not make sense to us as Grant would have known the correct number but, more importantly, the number he mentioned would obviously have to be at cost from an accounting perspective. It would have been completely wrong of him to have provided a stock number at their RSP value.

In any event based on the explanation that you provide, if it was meant to be R3.2b at selling price and R2.4b at a cost price, then that would mean that Edcon works on a gross mark-up of 33%, which translates to a gross profit of 25%. That is clearly not the case. We have been dealing with Edcon for the last 50 years and know for a fact what their mark-up is, since we affix the price tickets onto their garments. When we translate their prices to our selling prices, their mark ups range between 100% up to 200%. If Edcon was selling product at a gross margin of 33%, they would have been out of business a long time ago.

Clearly the explanation provided does not make sense and the situation was misrepresented by Edcon's management to its suppliers. Obviously as the BRP, your team should have interrogated all of this with Edcon's management as well as their Auditors before putting a Business Rescue Plan forward, considering that you'll were aware of Edcon's Statement. Your response is based on speculation when it should be based on factual findings.

We are still awaiting a response to our first e-mail as we need to be able to verify for ourselves all the information that is contained in the plan and compare it to what we were advised by Edcon since December 2018.

I trust that you will understand where we are coming from.

Regards.

**SUMMARY OF KEY DIFFERENCES BETWEEN  
AUDITED AFS BY DELOITTES & THE BRP DISTRIBUTED AFS**

Please note that positive differences denote BRP figures higher than audited figures.  
Please note that negative differences denote BRP figures lower than audited figures.  
Please refer to other sheets for detailed differences on a line by line basis.

**BALANCE SHEET**

	<u>Difference 2017 (Rm)</u>	<u>Difference 2016 (Rm)</u>
<b>ASSETS</b>		
Total non-current assets	479	260
Total current assets	(1,583)	-286
<b>Total assets</b>	<b><u>(1,104)</u></b>	<b><u>(26)</u></b>
<i>(Net understatement of Assets on BRP - AFS)</i>		

**EQUITY AND LIABILITIES**

Total Equity	(1,039)	(11,644)
Shareholders loan	-	(982)
Total non-current liabilities	(208)	9,186
Total current liabilities	143	3,414
<b>Total equity and liabilities</b>	<b><u>(1,104)</u></b>	<b><u>(26)</u></b>
<i>(Net understatement of Equity &amp; Liabilities on BRP - AFS)</i>		

	<u>Difference 2017 (Rm)</u>	<u>Difference 2016 (Rm)</u>
<b><u>INCOME STATEMENT</u></b>		
Revenue Retail	-3,374	-3,628
Cost of Sales	1,961	2,157
Gross Profit	-1,413	-1,471
Trading Loss/Profit	-251	-251
Profit/Loss before Net Financing Costs	-639	-423
Profit/Loss Before Financing Costs	-601	-195
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-450</b>	<b>-153</b>

*Handwritten signature/initials*

226  
"YV8"



EDCON LIMITED

T: +27 (0) 11 495 6000  
P.O. Box 100, Crown Mines, 2025  
Edgardale, 1 Press Avenue, Crown Mines, Johannesburg, 2025  
www.edcon.co.za

To all Affected Persons

8 June 2020

**NOTICE OF MEETING OF CREDITORS AND OTHER HOLDERS OF A VOTING INTEREST IN TERMS OF SECTION 143(3) OF THE COMPANIES ACT 71 OF 2008, AS AMENDED ("THE COMPANIES ACT")**

1. Notice is hereby given to all known creditors of Edcon Limited (in business rescue) ("the Company") and to all other holders of a voting interest of a meeting to be held in terms of section 143(3) of the Companies Act at the date and time set out below:

**Date: 22 June 2020**

**Time: 13:45**

2. The Section 143(3) Meeting will be held electronically. A hyperlink providing access to the Section 143(3) Meeting will be circulated prior to 22 June 2020.
3. For the purpose of clarity, the meeting will be to vote on the approval of the agreement for further remuneration of the Business Rescue Practitioners, attached as Annexure D to the Business Rescue Plan published on 8 June 2020.
4. Please do not hesitate to contact the Joint Business Rescue Practitioners at [plan@edconbr.co.za](mailto:plan@edconbr.co.za) for any queries in this regard.

Regards

Piers Marsden

Business Rescue Practitioner

Lance Schapiro

Business Rescue Practitioner

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 Viki

Edcon Limited Registration No. 2007/003826/06 Credit Provider Number: NCRCP62

"YV9"  
227

EDCON LIMITED



T: +27 (0) 11 495 6000  
P.O.Box 100, Crown Mines, 2025  
Edgardale, 1 Prass Avenue, Crown Mines, Johannesburg, 2025  
www.edcon.co.za

To all Affected Persons

8 June 2020

**NOTICE OF MEETING OF CREDITORS AND OTHER HOLDERS OF A VOTING INTEREST IN TERMS OF SECTION 151 OF THE COMPANIES ACT 71 OF 2008, AS AMENDED ("THE COMPANIES ACT")**

1. Notice is hereby given to all affected persons of Edcon Limited (in business rescue) ("the Company") of the meeting to determine the future of the Company in terms of section 151 of the Companies Act ("S151 Meeting") to be held as follows:

**Date: 22 June 2020**

**Time: 14:00**

**The Section 151 Meeting will be held electronically. A hyperlink providing access to the Section 151 Meeting will be circulated prior to the 22 June 2020.**

2. In terms of section 151 and 152 of the Companies Act, the agenda for the S151 Meeting is as follows:

2.1. An introduction of the proposed Business Rescue Plan ("the Plan") for consideration by creditors and a presentation of the salient terms and conditions of the Plan.

2.2. Confirmation that the Joint Business Rescue Practitioners ("the BRPs") continue to believe there remains a reasonable prospect of the Company being rescued as contemplated in the Companies Act.

2.3. The consequences for creditors if the Plan is adopted or rejected.

2.4. A presentation by the employees' representative if they should wish to make such presentation.

2.5. Discussions and the conduction of a vote on the following motions:

2.5.1. To amend the Plan, in any manner moved and seconded by holders of creditors' voting interests, and satisfactory to the BRPs; or

2.5.2. Directing the BRPs to adjourn the meeting in order to revise the Plan for further consideration.

- 2.6. Determination of the vote for preliminary approval of the Plan (as amended if applicable) pursuant to an adjournment.
  - 2.7. Results of the preliminary vote.
  - 2.8. Report on the outcome of the vote for the adoption of the Plan.
3. Summary of rights of Affected Persons to participate in and vote at the Meeting:
- 3.1. Creditors, other holders of a voting interest and employees of the Company are referred to sections 144, 145 and 146 of the Companies Act, and are encouraged to seek independent legal advice in respect of their rights.
  - 3.2. In terms of section 145 of the Companies Act, Employees –
    - 3.2.1. Are entitled to be present at the S151 Meeting and make a submission before a vote is conducted on the Plan; and
    - 3.2.2. Are entitled to vote with creditors on a motion to approve the Plan to the extent that the employee is a creditor of the Company; and
    - 3.2.3. If the Plan is rejected, are entitled to propose the development of an alternative plan or present an offer to acquire the interests of other creditors as provided for in section 153 of the Companies Act.
  - 3.3. In terms of section 145 of the Companies Act, Creditors –
    - 3.3.1. Have a right to vote to amend, approve or reject the Plan;
    - 3.3.2. If the Plan is rejected, have a further right to propose the development of an alternative plan or present an offer to acquire the interests of other creditors as provided for in section 153 of the Companies Act; and
    - 3.3.3. Whether secured or unsecured creditors, having a voting interest equal to the value of the amount owed to that creditor by the Company.
  - 3.4. In terms of section 146 of the Companies Act, the Shareholder –
    - 3.4.1. Is not entitled to vote to approve or reject the proposed Plan as it does not alter the rights associated with the class of securities held by the shareholder; and
    - 3.4.2. If the proposed Plan is rejected, is entitled to propose the development of an alternative plan or present an offer to acquire the interests of other creditors as provided for in section 153 of the Companies Act.

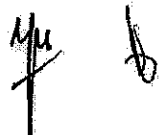
EDGARS | JET

Chief Executive Officer: G M Pattison

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

Group Secretary: G M Viki

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



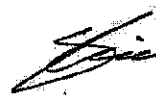
4. Creditors should please note that should they for any reason be unable to attend the electronic meeting, they are entitled to exercise their vote by proxy form, which proxy form must be forwarded to BRPs prior to 17:00 on 19 June 2020.
5. Affected Persons are requested to provide any further questions and/or proposed amendments to the BRPs prior to the S151 Meeting so that the BRPs can consider and address same prior to the S151 Meeting to [plan@edconbr.co.za](mailto:plan@edconbr.co.za).
6. Completed forms of proxy must be emailed to [creditors@edconbr.co.za](mailto:creditors@edconbr.co.za).

Regards



Piers Marsden

Business Rescue Practitioner



Lance Schapiro

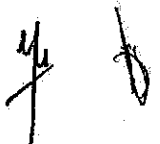
Business Rescue Practitioner

EDGARS | JET

Chief Executive Officer: G M Pattison

Directors: G M Pattison | M E Mhuzi | G P H Perry | A R Bisogno | R Gasant | D Mosepe | N B Palmer  
Group Secretary: C M Viki

Edcon Limited Registration No. 2007/003525/08 Credit Provider Number: NCRCP82



**EDCON LIMITED (IN BUSINESS RESCUE) ("COMPANY") (REGISTRATION NO. 2007/003525/06)**

**FORM OF PROXY**

For use by creditors of the Company at meetings convened in terms of section 151 and section 143(3) of the Companies Act No. 71 of 2008 to be held electronically on 22 June 2020.

Completed Proxy Forms must be submitted to [creditors@edconbr.co.za](mailto:creditors@edconbr.co.za) by 17h00 on 19 June 2020.

I/We the undersigned (full name of creditor): \_\_\_\_\_

a creditor of the Company in the sum of R \_\_\_\_\_ do hereby appoint:

- 1. \_\_\_\_\_ or;
- 2. \_\_\_\_\_ or;
- 3. the business rescue practitioners,

as my / our proxy to act for me / us for on my / our behalf at the meeting for purposes of **voting on the Business Rescue Plan** and to vote in accordance with my / our instructions below. (mark which is applicable)

	Adopt	Reject	Abstain
The Adoption of the Business Rescue Plan (as amended, if applicable)			

As my / our proxy to act for me / us for on my / our behalf at the meeting for purposes of **voting on the agreement for further remuneration of the Joint Business Rescue Practitioners** as detailed in Annexure D of the Business Rescue Plan and to vote in accordance with my / our instructions below. (mark which is applicable)

	Approve	Reject	Abstain
Agreement for further remuneration of the Business Rescue Practitioners			

Signed at \_\_\_\_\_ on \_\_\_\_\_ for and

on behalf of \_\_\_\_\_ (the creditor)

*Handwritten signature and initials*

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**IF SIGNED BY A REPRESENTATIVE OF THE COMPANY, CLOSE CORPORATION OR TRUST, THE PROXY FORM WILL NEED TO BE SUBMITTED TOGETHER WITH AN APPROPRIATE RESOLUTION GIVING SUCH REPRESENTATIVE THE AUTHORITY TO VOTE AT THE MEETING ON BEHALF OF SUCH COMPANY, CLOSE CORPORATION OR TRUST.**

*Handwritten initials*





# PATHER & PATHER

ATTORNEYS, NOTARIES & CONVEYANCERS

DATE: 18 JUNE 2020

OUR REF: SIVI PATHER/rg/

YOUR REF:

Joint Business Rescue Practitioners of Edcon Limited  
Mr Piers Michael Marsden & Mr Lance Shapiro  
Matuson & Associates

Per Email: [creditors@edconbr.co.za](mailto:creditors@edconbr.co.za)

Dear Piers and Lance

## BUSINESS RESCUE: EDCON LIMITED

On the 9<sup>th</sup> of June, you sent out a notice of meeting to be held on Monday, 22 June 2020. In that notice, you by and large re-stated the peremptory provisions of Sections 151 and 152 of the Act. Included in that was the critical issue of voting which was to take place electronically at the meeting on 22 June 2020. Electronically clearly because of the present pandemic.

At the Creditors Committee meeting held on Monday, 15 June 2020, you are recorded as having advised the creditors on that Committee that although the meeting would take place electronically there would be no provision for voting at the meeting itself. For this reason, you stated that creditors should submit proxy forms made out in favour of yourselves and that these forms should be submitted in advance.

Pather & Pather Attorneys Incorporated (Registration No: 2015/051010/21) Attorneys, Notaries and Conveyancers

DURBAN: 3 Nollsworth Crescent, Nollsworth Park (off Armstrong Avenue), La Lucia Ridge • P.O. Box 55, Umhlanga, 4319 Dorcx373; Durban:

JHB: First Floor, Block A, 66 Rivonia Road, Sandton, Johannesburg, 2146

National Contact Details: Telephone: (+27-31) 3044212 • Fax: (+27) (0) 86 649 6222

Email: [mail@patherandpather.co.za](mailto:mail@patherandpather.co.za) Website: [www.patherandpather.co.za](http://www.patherandpather.co.za)

Directors: Sivi Pather • Edward Christopher Abraham • Kassim Sullman • Kuben Moodley

Senior Associates: Raeesa Cassim (Notary Public) • David Grey • Tina Kalideen • Wynard Nortjé (Conveyancer)

Associates: Sisanda Khayelihle Linda • Xolile Desree Nhlapho • Krishnaveni Pillay (Conveyancer)

Consultants: Irfaan Abdulla (Notary Public) • Josani Bhavani Chetty (Conveyancer & Notary Public) • Bhauna Hansjee Nirvana Mootlal Oodith

Quite apart from the fact that it is evident that the expedient proposed by you, on 15 June 2020, is entirely without efficacy, could you please clarify what your present position is in regard to voting at the meeting. Are you saying that voting will take place at the meeting, if it is held, or are you saying that voting will not take place at that meeting, if it is held?

We await your response as a matter of some urgency.

Needless to say, the enquiry aforesaid should not be understood as derogating from the rights of our clients to seek appropriate redress at court which rights, they fully intend to exercise before the scheduled time for the meetings.

Yours Faithfully

**PATHER AND PATHER ATTORNEYS INC.**

*"Sivi Pather"*

---

**PLEASE DIRECT ALL RESPONSES TO:**  
**[sivi@patherandpather.co.za](mailto:sivi@patherandpather.co.za)**

"Wn"

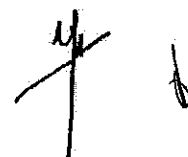
**From:** Arthur Limbours <[arthur@fiversunion.co.za](mailto:arthur@fiversunion.co.za)>  
**Sent:** Thursday, 18 June 2020 14:01  
**To:** Juliette de Hutton <[juliette.dehutton@bowmanslaw.com](mailto:juliette.dehutton@bowmanslaw.com)>; Mintero <[malcolm.kinnear@mintero.co.za](mailto:malcolm.kinnear@mintero.co.za)>; [gall@greybox.co.za](mailto:gall@greybox.co.za); 'Louise Wiggett' <[louise.wiggett@globaltradesolution.co.za](mailto:louise.wiggett@globaltradesolution.co.za)>; 'Benjy Duchon' <[benjyd@iafrica.com](mailto:benjyd@iafrica.com)>; 'Roheeth Roshenlall' <[roheeth@kingsgate.co.za](mailto:roheeth@kingsgate.co.za)>; [graeme@celtico.co.za](mailto:graeme@celtico.co.za); 'Eugasen Reddy' <[Eugasen@novitashoes.co.za](mailto:Eugasen@novitashoes.co.za)>; 'Ravi Govender' <[Ravi.Govender@karebo.co.za](mailto:Ravi.Govender@karebo.co.za)>; [wayne@busbyhouse.com](mailto:wayne@busbyhouse.com); 'David Meintjes' <[david@connection-telecom.com](mailto:david@connection-telecom.com)>; [davin.berrill@forevernew.co.za](mailto:davin.berrill@forevernew.co.za); [executive@hrcl.co.za](mailto:executive@hrcl.co.za); 'Chetty, Nishalen' <[Nishalen.Chetty@cevalogistics.com](mailto:Nishalen.Chetty@cevalogistics.com)>; [inge.fraenkel@global-display.co](mailto:inge.fraenkel@global-display.co); 'Paul Barnard' <[Paul.Barnard@lcapital.co.za](mailto:Paul.Barnard@lcapital.co.za)>; 'Ronnie Herr' <[rherr@undeez.co.za](mailto:rherr@undeez.co.za)>; [robertp@asco.co.za](mailto:robertp@asco.co.za); [gideonb@cglc.co.za](mailto:gideonb@cglc.co.za); [ralesh@africanmediums.com](mailto:ralesh@africanmediums.com); [charl@dewaalboshoff.co.za](mailto:charl@dewaalboshoff.co.za); 'Eugasen Reddy' <[Eugasen@novitashoes.co.za](mailto:Eugasen@novitashoes.co.za)>; [kenneth.b.robinson@accenture.com](mailto:kenneth.b.robinson@accenture.com)  
**Cc:** 'Lance Schapiro' <[lschapiro@matusonassociates.co.za](mailto:lschapiro@matusonassociates.co.za)>; [pmarsden@matusonassociates.co.za](mailto:pmarsden@matusonassociates.co.za)  
**Subject:** RE: Edcon: minutes of creditors' committee meeting on 15 June

Hi Juliette

Please can we get a simple note on the voting process and procedures. It is very confusing and we need urgent clarity of the entire process should it go ahead.

Cheers

Arthur



"YV12"

**From:** Juliette de Hutton [mailto:juliette.dehutton@bowmanslaw.com]

**Sent:** 18 June 2020 02:06 PM

**To:** Arthur Limbouris; Mintero; [gail@greybox.co.za](mailto:gail@greybox.co.za); 'Louise Wiggett'; 'Benjy Duchon'; 'Roheeth Roshenlall'; [graeme@celtico.co.za](mailto:graeme@celtico.co.za); 'Eugasen Reddy'; 'Ravi Govender'; [waynele@busbyhouse.com](mailto:waynele@busbyhouse.com); 'David Meintjes'; [davin.berrill@forevernew.co.za](mailto:davin.berrill@forevernew.co.za); [executive@hrcl.co.za](mailto:executive@hrcl.co.za); 'Chetty, Nishalen'; [inge.fraenkel@global-display.co](mailto:inge.fraenkel@global-display.co); 'Paul Barnard'; 'Ronnie Herr'; [robertp@asco.co.za](mailto:robertp@asco.co.za); [gideonb@cgic.co.za](mailto:gideonb@cgic.co.za); [rajesh@africanmediums.com](mailto:rajesh@africanmediums.com); [charl@dewaalboshoff.co.za](mailto:charl@dewaalboshoff.co.za); 'Eugasen Reddy'; [kenneth.b.robinson@accenture.com](mailto:kenneth.b.robinson@accenture.com)

**Cc:** 'Lance Schapiro'; [pmarsden@matusonassociates.co.za](mailto:pmarsden@matusonassociates.co.za)

**Subject:** RE: Edcon: minutes of creditors' committee meeting on 15 June

Hi Arthur

I'm waiting to hear what the process will be. I spoke to Lance this morning and he indicated that they are busy looking at this carefully and will let us know. As soon as I have clarity I'll get back to you. It seems it is likely to be different to what had been anticipated when the plan was published – they are trying to make it more user friendly and compliant with the Companies Act.

Kind regards

Juliette de Hutton  
Partner



**BOWMANS**

T +27 21 480 7800 | D +27 21 480 7817

M 082 459 9977

E [juliette.dehutton@bowmanslaw.com](mailto:juliette.dehutton@bowmanslaw.com)

**BOWMAN GILFILLAN**

22 Bree Street, Cape Town

P O Box 248, Cape Town, 8000, South Africa

[www.bowmanslaw.com](http://www.bowmanslaw.com)

**OUR RESPONSE TO COVID-19**

Our thoughts are with those currently affected by COVID-19.

As a firm, we have instituted procedures to contain the virus and ensure the wellbeing of our employees, our clients and the communities in which we operate.

If you need any assistance, please do not hesitate to contact us electronically.