ANNOUNCEMENT

Edcon Announces the Finalisation of the Capital Restructuring

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Johannesburg, South Africa, 2 February 2017: The Edcon Group has announced today the finalisation of the compromise sanction process, the restructuring of the Edcon Group’s debt and changes to the Edcon Group’s organisation structure (the “Restructuring Finalisation Announcement”), which became effective on 1 February 2017. For more details on the terms and conditions of the finalization of the capital restructuring, please refer to the Restructuring Finalisation Announcement, which is available on Edcon’s website, http://www.edcon.co.za/.

In addition to the information contained in the Restructuring Finalisation Announcement, we have agreed to release the following financial information:

Update on Financial Performance

In the three-month period ending 24 December 2016, Edcon Group retail sales declined by approximately 3% compared to the three-month period ending 26 December 2015, whilst gross and EBITDA margins declined by approximately 3% and 2%, respectively, compared to the three-month period ending 26 December 2015.

The Company estimates that, for the three-month period ending 25 March 2017, sales should be tracking slightly above the guidance set in management’s internal planning budget, while the Company expects EBITDA to be tracking slightly below guidance due to competitive pressure on margins which are partially offset by lower overhead costs and better performance of Credit & Financial Services as well as Edgars Zimbabwe.

The Company estimates that, while its sales and gross margin for the three-month period ending 24 June 2017 should be in line with the guidance set in management’s internal planning budget, it expects a degree of underperformance from its Credit & Financial Services and Edgars Zimbabwe, due to an unfavorable credit environment in South Africa and difficult macroeconomic conditions in Zimbabwe, respectively, both of which could adversely affect EBITDA.

Based on management’s internal planning budget, the Company estimates that it should be in a position to meet certain agreed financial ratios which, if met, would allow the Edcon Group to extend its Super Senior Liquidity Facility to 31 December 2018.

This press release includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. By their nature, the forward-looking events described in this press release may not be accurate or occur at all. Accordingly, you should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made.

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