

## **MEDIA RELEASE**

### **EDCON BUSINESS RESCUE PROCESS UPDATE – OUTCOME OF THE VOTING PROCESS**

*22 June 2020:* The Business Rescue Plan has been approved and has been finally adopted in terms of section 152 of the Companies Act.

Edcon Practitioners, Messrs. Piers Marsden and Lance Schapiro, are pleased to announce the approval of the Edcon Business Rescue Plan. The plan was approved by the majority of affected parties including, employees, creditors, lenders, landlords, with support for the plan received from SACCAWU and Employee's Committee. The Practitioners confirm that the approval of the Business Rescue Plan was supported by the holders of more than 75% of the creditors' voting interests that were voted, which included at least 50% of the independent creditors' voting interests. The Practitioners will circulate the details relating to the result of the vote by way of a notice published to all affected persons.

Both the Employee and SACCAWU representatives expressed support for the Business Rescue Plan, indicating that they choose to back the Business Rescue Plan as it will ensure the preservation of jobs, ensuring future business continuity and ultimate support for the South African economy. The representatives indicated that liquidation is not a consideration and the rejection of the plan in this current economic and unemployment context would have a detrimental impact on all stakeholders.

The Edcon Business Rescue Plan was published on the 8<sup>th</sup> June 2020, with subsequent meetings and consultation held with the creditors, landlords and Employees' Committees, including communication with SACCAWU, in preparation for the meeting scheduled on the 22<sup>nd</sup> June 2020. The Business Rescue Plan proposed an 'accelerated sales process', with its key priority being to secure the sale of the divisions/business or parts of the business with the intention of saving jobs.

The Practitioners commented, "the sales process is progressing well, with interested parties currently completing their 'due diligence', with 'binding offers' set to be received by end of June 2020.

"The plan will not only offer greater gains to employees and creditors but would ultimately serve to contribute to the greater economy, the priority remains for us, the protection and balancing of the interests of all stakeholders. Not only will jobs be saved, employees will receive better severance, in the likelihood of some employees being retrenched. Creditors and landlords will

also be in a better position as they will not only receive better dividends but the sale will also provide them with sustainable customers to ensure continued trading”.

The Practitioners added that, “the approval of the plan is the start of a complicated and rigorous process that comes with risks and challenges that need to be considered, including and not limited to the execution of the final sales agreements, uncertain and deteriorating market conditions, as well as any unforeseen business rescue or liquidation related challenges”.

The Practitioners concluded by saying that, “we will continue to work tirelessly to achieve the objectives of the Business Rescue Plan, and we will now proceed with implementing the adopted Business Rescue Plan, keeping all stakeholders updated as the plan progresses”.

Ends.

About Edcon

Edcon is one of southern Africa’s largest non-food retailers. We have been in operation for 90 years, and operate our business under four principal divisions throughout southern Africa:

- Edgars is South Africa’s leading fashion retailer offering a wide variety of Fashion, Beauty and Homeware. Showcasing a portfolio of desired and recognisable international and local brands Edgars enables South Africans to express themselves for all occasions
- Jet addresses the lifestyle needs of the value conscious customer in clothing, home and beauty without compromising aspirations.
- Our Thank U division is a newly formed Operating Division focused on enhancing the customer journey through convenient, personalised, access to products and services through both physical and digital channels. It includes credit, insurance, cellular, e-commerce and our loyalty programme, thank U, which is one of the largest rewards programmes in sub-Saharan Africa.

For more information, please visit the Edcon website: [www.edcon.co.za](http://www.edcon.co.za)