



EDGARS STORES LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 379/1948)

ABRIDGED CIRCULAR TO EDGARS STORES LIMITED SHAREHOLDERS

Directors: Mr. T. N. Sibanda, Mr. C. Dube, Dr. L.L. Tumba, Mr. R. Mlotshwa, Mr. G. Pattison
Mrs. L. Masterson, Mr. V. Mpofu, Ms. T. Ndlovu and Mr. J. B. Galloway
Address: Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo

ABRIDGED CIRCULAR TO EDGARS STORES LIMITED SHAREHOLDERS

If you are in any doubt as to the action you should take in relation to this document please consult your stockbroker, banker, legal practitioner or other professional advisor immediately. This abridged circular is not an invitation to the public to subscribe for shares in Edgars Stores Limited but is issued in compliance with the listing requirements of the Zimbabwe Stock Exchange (“ZSE”) and the provisions of the Companies Act [Chapter 24:03] of Zimbabwe to the shareholders of Edgars Stores Limited (“Edgars” or “the Company”). This abridged circular seeks to provide information on a transaction that will result in Edgars acquiring the intellectual property rights to trademarks and brands assigned to Edgars by Edcon Limited (“Edcon”) for the territory of Zimbabwe from Edcon (“the Proposed Transaction”). Detailed information on the Proposed Transaction along with other pertinent information is being provided to shareholders to enable them to make an informed decision at an Extraordinary General Meeting (“EGM”) that has been called by the directors of Edgars.

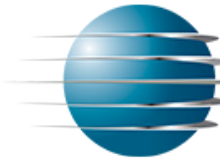
ABRIDGED CIRCULAR TO SHAREHOLDERS REGARDING:

The acquisition by Edgars Stores Limited of the intellectual property rights to trademarks and brands assigned to Edgars Stores Limited by Edcon Limited for the territory of Zimbabwe from Edcon Limited (constituting a related party transaction in terms of the ZSE Listing Requirements) and the issue of Edgars Stores Limited ordinary shares to Edcon Limited to be used as consideration to settle the purchase price for the acquisition.

IN ADDITION THIS ABRIDGED CIRCULAR HAS ATTACHED TO IT:

- A notice of an Extraordinary General Meeting; and
- A form of proxy for the Extraordinary General Meeting.

Notice of an EGM to the Shareholders of Edgars Stores Limited to be held at 10:00 hours on Wednesday 16 Janaury 2019 at the Edgars Training Auditorium, 1st Floor, LAPF House, 8th Avenue and Jason Moyo Street, Bulawayo, published on Friday 21 December 2018, in accordance with the provisions of the Listing Requirements of the Zimbabwe Stock Exchange and the Companies Act [Chapter 24:03] is set out at the end of this document. Shareholders of Edgars Stores Limited are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed therein, as soon as possible, but not later than 16:00 hours on Monday 14 January 2019, or any other date to which the meeting may be adjourned or postponed for any reason. The completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting or any adjournment thereof, in person if you wish to do so.

<p><i>Sponsoring Broker</i></p> <p>IMARA INVESTING IN AFRICA</p> <p><i>Imara Edwards Securities (Private) Limited</i></p> <p>MEMBERS OF THE ZIMBABWE STOCK EXCHANGE</p>	<p><i>Financial Advisor</i></p> <p>IMARA INVESTING IN AFRICA</p> <p><i>Imara Corporate Finance Zimbabwe (Private) Limited</i></p>	<p><i>Independent Financial Advisor</i></p> <p> pwc</p> <p><i>PricewaterhouseCoopers Business Services (Private) Limited</i></p>
<p><i>Auditors and Independent Reporting Accountants</i></p> <p> EY</p> <p><i>Ernst & Young Chartered Accountants (Zimbabwe)</i></p>	<p><i>Share Transfer Secretary</i></p> <p> Corpserve DELIVERY GUARANTEED</p> <p><i>Corpserve (Private) Limited</i></p>	<p><i>Legal Advisor</i></p> <p>GILL, GODLONTON & GERRANS LEGAL PRACTITIONERS</p> <p><i>Gill, Godlonton & Gerrans Legal Practioners</i></p>

EXPECTED TRANSACTION TIMETABLE

Transaction milestone	Date
Last Practicable Date	Friday 21 December 2018
EGM notice and abridged circular to shareholders published	Friday 21 December 2018
Distribution of circular to Edgars Shareholders	Friday 21 December 2018
EGM Record Date for purposes of being entitled to vote at the EGM	Monday 14 Janaury 2019
Last date for lodging forms of proxy relating to the EGM (by 16:00 hrs)	Monday 14 January 2019
EGM of Edgars Shareholders at 10:00 hrs	Wednesday 16 January 2019
Publication of the results of the EGM	Friday 18 January 2019

NOTES:

The above dates are subject to change and any amendments will be published in a local newspaper circulating in Zimbabwe. All times indicated above and elsewhere in this abridged circular are Zimbabwean local times.

If you have any questions on any aspects of this abridged circular, please contact your stockbroker, accountant, banker, legal practitioner or other professional advisor or Tawanda Masose at Imara Corporate Finance Zimbabwe (Private) Limited (“Imara”), Block Two, First Floor, Tendeseka Office Park, Samora Machel Avenue, Harare, Zimbabwe; Telephone number +263 242 701320 or +263 242 790280; Fax +263 4 701319; or on the following email address : tawanda.masose@imaracapital.com

ACTION TO BE TAKEN BY SHAREHOLDERS

- Attend the EGM to approve the Resolutions related to the Proposed Transaction. If an Edgars Shareholder has disposed of all their shares in Edgars, then this document should be handed to the purchaser of such shares or the stockbroker, banker or other agent through whom the disposal was effected.
- Edgars Shareholders who are unable to attend the EGM, but who wish to be represented thereat, should complete and sign the Proxy Form included with this Document in accordance with the instructions contained therein, and ensure it is either returned or delivered to Corpserve (Private) Limited at 2nd Floor, ZB Centre, Comer Kwame Nkrumah Avenue and 1st Street, Harare or the registered offices of the Company being, Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo so that it is received by the Share Transfer Secretaries no later than 16:00 hours on Monday 14 January 2019.
- Edgars Shareholders may attend the meeting in person, notwithstanding the completion and return of a Proxy Form. In order to attend the EGM, persons who have recently acquired Edgars shares which have not been registered in their names should ensure that such registration is effected on or before the close of business on Monday 14 January 2019.

OPINIONS AND RECOMMENDATIONS

The Board of Directors of Edgars (“ the Board” or “the Directors”) have considered the terms of the Proposed Transaction and are of the opinion that they are in the best interests of the Company. Accordingly, the Directors recommend that Edgars Shareholders vote in favour of the Proposed Transaction. Directors who are shareholders of Edgars intend to vote in favour of the Proposed Transaction in respect of the shares in Edgars owned, directly or indirectly, by them.

Inspection of the circular

The public may inspect the full circular during normal business hours from Friday 21 December 2018 to Wednesday 16 January 2019, from the following offices:

Sponsoring Broker:
Imara Edwards Securities (Private) Limited
Block Two, First Floor, Tendeseka Office Park
Samora Machel Avenue
Eastlea, Harare
Zimbabwe

Financial Advisor:
Imara Corporate Finance Zimbabwe (Private) Limited
Block Two, First Floor, Tendeseka Office Park
Samora Machel Avenue
Eastlea, Harare
Zimbabwe

Share Transfer Secretary:
Corpserve (Private) Limited 2nd Floor, ZB Centre
Corner Kwame Nkrumah Avenue and 1st Street
Harare
Zimbabwe

Edgars Stores Limited Head Office:
Edgars Stores Limited
Edgars Head Office
Corner Ninth Avenue and Herbert Chitepo Street
Bulawayo
Zimbabwe

PART 1: CHAIRMAN'S LETTER TO SHAREHOLDERS



(A public company incorporated in the Republic of Zimbabwe under company registration number 379/1948)

Directors: Mr. T. N. Sibanda, Mr. C. Dube, Dr. L.L. Tumba, Mr. R. Mlotshwa, Mr. G. Pattison
Mrs. L. Masterson, Mr. V. Mpofu, Ms. T. Ndlovu and Mr. J. B. Galloway

Address: Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo

Dear Shareholder,

1. THE PROPOSED TRANSACTION

1.1 Background and rationale for the Proposed Transaction

The executive management of the Company has been working to implement initiatives that will improve the Company's operating and financial performance. This has included revamping selected retail locations, enhancing merchandising, improving the Company's supply chain, setting up and growing a complementary financial services business, investing in the training of staff, staff rationalisation where appropriate and investing in the Company's information technology infrastructure. To date the results have been positive and further work will be implemented with a view to achieving the goals laid out in the Company's 2018 to 2022 strategic plan.

An opportunity to further lower the Company's operating costs arose when the management team entered into discussions with Edcon regarding the acquisition of the Edgars and Jet Brands locally. The Company currently operates these brands under a Franchise Agreement, paying an annual franchise fee calculated in the first year using a formula based on a percentage of revenue and from the second year based on an independent assessment and review of Edgars' business by a firm of auditors (again agreed to be a percentage of revenue). As at the last practicable date, the Company had outstanding franchise fees payable to Edcon amounting to approximately US\$ 2,1 million. Edcon and Edgars continue to engage in discussions regarding methods that can be used to settle these outstanding franchise fees.

The opportunity to acquire the Jet and Edgars Brands (and a number of other Edcon trademarks and brands that include but are not limited to the Jet, Edgars, Signature, Donatella, Massumi, Stone Harbour, D66, Kelso and ENZO brands), though opportunistic is in line with the Company's strategic goals of improving its financial performance and represents an opportunity for permanent reduction of operating costs going forward. The Proposed Transaction also provides a unique opportunity to secure local ownership of these strong retail brands that have, and will continue to generate value for all shareholders.

1.2 Mechanics of the Proposed Transaction

Edgars will acquire the intellectual property rights to trademarks and brands assigned to Edgars by Edcon for the territory of Zimbabwe from Edcon. The purchase price has been agreed at US\$1,500,000. Edgars and Edcon have agreed to settle the purchase consideration through the issue of 15,000,000 Edgars shares. The purchase price and method of settlement were arrived at after applying appropriate valuation methods to determine a valuation range for the Jet and Edgars brands and the final terms were agreed upon after a process of negotiation between representatives of the Edgars and Edcon management teams. The acquisition shares will be issued from the unissued shares currently under the control of Directors.

ABRIDGED CIRCULAR TO EDGARS STORES LIMITED SHAREHOLDERS

1.3 Effects of the Proposed Transaction

Shareholding

Table 1 provides an overview of the expected changes in the Edgars share register should the Proposed Transaction be approved by shareholders.

Table 1: Summary of Edgars shareholder register before and after the Proposed Transaction

Shareholder	Current shareholding	Percentage	Shares to be issued	New shareholding	Percentage
Bellfield Limited – Edcon	112,138,510	38.07%	15,000,000	127,138,510	41.07%
Stanbic Nominees (Private) Limited	38,044,665	12.92%	-	38,044,665	12.29%
ZimEdgroup Employee Trust	35,950,445	12.21%	-	35,950,445	11.61%
SCB Nominees	24,797,863	8.42%	-	24,797,863	8.01%
Old Mutual Zimbabwe Limited	21,058,076	7.15%	-	21,058,076	6.80%
Old Mutual Life Assurance Company Zimbabwe Limited	15,505,098	5.26%	-	15,505,098	5.01%
National Social Security Authority (NPS)	3,525,438	1.20%	-	3,525,438	1.14%
Anglo American Ass Co PF - Imara	2,699,291	0.92%	-	2,699,291	0.87%
Local Authorities Pension Fund	2,410,455	0.82%	-	2,410,455	0.78%
LHG Malta Holdings Limited	2,105,991	0.72%	-	2,105,991	0.68%
National Foods PF - Imara	1,919,846	0.65%	-	1,919,846	0.62%
Sagit Finance Company (Private) Limited	1,805,585	0.61%	-	1,805,585	0.58%
Linda Masterson	1,578,400	0.54%	-	1,578,400	0.51%
Setma (Private) Limited	1,329,039	0.45%	-	1,329,039	0.43%
ABC Asset Management (Private) Limited - Domestic	1,269,537	0.43%	-	1,269,537	0.41%
FBC Holdings Limited PF - Imara	940,148	0.32%	-	940,148	0.30%
Colossus Investments (Private) Limited	926,911	0.31%	-	926,911	0.30%
HIT Pension Fund - Imara	924,782	0.31%	-	924,782	0.30%
Amzim Pension Fund - Imara	798,548	0.27%	-	798,548	0.26%
Upmarket Real Estate (Private) Limited	767,255	0.26%	-	767,255	0.25%
Selected shares	756,798	0.26%	-	756,798	0.24%
Non - selected shares	271,252,681	92.10%	-	286,252,681	92.48%
Total	23,276,257	7.90%	-	23,276,257	7.52%
	294,528,938	100.00%	15,000,000	309,528,938	100.00%

1.4 Pro forma financial information

The information set out in this paragraph should be read in conjunction with the report of the Independent Reporting Accountants on the Unaudited Proforma Financial Information of Edgars in Part 2 Appendices. The proforma financial information presented below is for illustrative purposes only and due to its nature, cannot give a complete picture of the financial position of the Company after the Proposed Transaction.

Edgars Stores Limited	Consolidated Statement of Financial Position as at 8 July 2018 reviewed		Proforma Statement of Financial Position as at 8 July 2018 unaudited	
	Note 1	Note 2	Note 3	Note 4
Assets				
Non-current assets				
Property, plant and equipment	7,720,520			7,720,520
Intangible assets	1,644,872	1,500,000		3,144,872
Total non-current assets	9,365,392			10,865,392
Current assets				
Inventories	14,756,674			14,756,674
Trade and other receivables	22,266,367			22,266,367
Loans and advances to customers	2,636,211			2,636,211
Cash and cash equivalents	1,036,699			1,036,699
Total current assets	40,695,951			40,695,951
Total assets	50,061,343			51,561,343
Equity and liabilities				
Equity				
Issued capital	405,690	1,500,000		1,905,690
Other reserves	2,636,513			2,636,513
Retained earnings	28,268,163		(180,000)	28,088,163
Total capital and reserves	31,310,366			32,630,366
Non-current liabilities				
Interest bearing loans and borrowings	1,537,379			1,537,379
Deferred tax liability	2,893,700			2,893,700
Total non-current liabilities	4,431,079			4,431,079
Current liabilities				
Trade and other payables	7,817,728		180,000	7,997,728
Dividend Payable	358,588			358,588
Current tax payable	117,987			117,987
Interest bearing loans and borrowings	6,025,595			6,025,595
Total current liabilities	14,319,898			14,499,898
Total liabilities	18,750,977			18,930,977
Total equity and liabilities	50,061,343			51,561,343
NAV per share (cents)	11			11
Notes				
Note 1	Unaudited consolidated statement of financial position of Edgars as at 8 July 2018, pre-transaction			
Note 2	Being the increase in intangible assets and increase in share capital and share premium			
Note 3	Being the costs related to the transaction as presented in this abridged circular			
Note 4	Unaudited Proforma consolidated statement of financial position of Edgars post-transaction			

1.5 Further notes on the Proposed Transaction

Potential fair value adjustments

The share issue to Edcon will only be implemented once all Conditions Precedent to the Proposed Transaction have been received or are achieved. On the date of issuance of the shares, the transaction price may differ depending on the price that Edgars shares will be trading at on the ZSE. Any difference between the equity price (the price per share of Edgars and the total number of shares to be issued) and the value of the brands will be allocated to shareholders equity as appropriate. The final impact of the Proposed Transaction will be disclosed in detail the Company's next annual report.

Potential tax consequences

The Company is issuing shares to acquire an asset; intellectual property rights to trademarks and brands assigned to Edgars by Edcon for the territory of Zimbabwe. The Board and senior management are not aware of any material tax consequences that may result from the implementation of the Proposed Transaction.

2. CONDITIONS PRECEDENT

The Proposed Transaction is subject to the following Conditions Precedent being fulfilled:

- Edgars receiving the relevant shareholder approvals for the resolutions tabled at the EGM concerning the Proposed Transaction and the issuance of shares to Edcon;
- Registration of the Resolutions relating to the Proposed Transaction with the Registrar of Companies;
- Edcon receiving relevant statutory approvals in the Republic of South Africa, as well as approvals from the lenders of Edcon (including its affiliates) in terms of various indenture and financing documents;
- The Reserve Bank of Zimbabwe Exchange Control Department granting the approvals for the issuance of shares to Edcon as a New Nonresident shareholder; and
- The approval by the ZSE Listings Committee of the listing of the new Edgars shares to be issued to Edcon to give effect to the Proposed Transaction.

3. FAIR AND REASONABLE OPINION

PricewaterhouseCoopers Business Services (Private) Limited ("PwC") have been appointed as the Independent Financial Advisor and have considered the terms and conditions of the Proposed Transaction. PwC are of the opinion that the acquisition of the Edgars and Jet brands and issuance of Edgars ordinary shares to Edcon are fair and reasonable to the shareholders of Edgars. PwC has advised the directors of Edgars of their opinion by way of a letter, copy of which is set out in Part 2 Appendix 3 in the full circular to shareholders.

4. FUTURE PROSPECTS

The local clothing and apparel industry remains very competitive. The Directors and senior management will continue to make appropriate investments into the Company to enhance its business model with a view to growing market share and maximising productivity. The Company expects to achieve these two objectives by providing customers with compelling brands, prices and assortments, attractive credit options, enhancing convenience by improving store environments and deploying retail technology trends appropriate for the local market.

The management team plans on making investments into Carousel to upgrade selected plant and equipment, to refresh the look of selected outlets to bring them in line with modern trends and make further investments in the information technology planning and reporting tools to support the supply chain. Club Plus, the Company's micro lending business represents a growth opportunity for Edgars going forward. The subsidiary currently provides credit to in-store customers and has been using internal credit scoring systems to provide credit to third parties. The loan book currently stands at US\$3 million and management sees opportunities to leverage the Company's 100,000 customer accounts for further growth whilst maintaining its current conservative approach to lending. The book is currently funded internally and management will consider and implement plans to secure external funding to facilitate growth.

5. STATUTORY AND GENERAL INFORMATION OF EDGARS

In addition to the aspects already covered in this letter, the statutory and regulatory information set out below is provided in accordance with the ZSE Listing Requirements.

5.1 Business overview

Edgars Stores Limited is a leading non food retailer offering high quality and competitively priced clothing, footwear, textile and accessories. The Company was founded by Sydney Press in 1946. Through its credit and cash stores, the Company aims to supply its customers with value for money by providing quality merchandise for the family at competitive prices. The Company's operations grew from strength to strength from 1946 and to hedge against potential risks associated with erratic supplies and stock outs the Company acquired Carousel Clothing factory in 1974. In 1984, another retail brand called Express was introduced and its first store opened in Harare's Julius Nyerere Way. By 1988 there were 24 Express outlets. In November 2011, Express Mart was rebranded and Jet Stores launched, to offer more value and variety to customers. Today the Company is organised into three strategic business units; retailing, manufacturing and microfinance:

Retailing: where the Company retails its products through the two established brands under a franchise agreement with Edcon. Edgars, the Company flagship brand provides quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper-income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. Jet provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group.

Manufacturing: Carousel is the Company's manufacturing division. Situated in Bulawayo, it produces a wide range of denim, ladies, children's and gents casual wear that it supplies to our retail divisions as well as to other retailers.

Microfinance: Club Plus is the Company's micro lending business. The subsidiary currently provides credit to in-store customers and has been using internal credit scoring systems to provide credit to third parties. The loan book currently stands at circa US\$3 million.

5.2 Historical financial information

The historical information set out in this paragraph has been extracted from Edgars' reviewed half year financial statements for the period ended 8 July 2018 and from Edgars' five year financial performance from the 52 weeks ended 8 January 2014 to the 52 weeks ended 7 January 2018. The historical information should be read in conjunction with the report of the Independent Reporting Accountants on the Historical Financial Information of Edgars in Part 2 Appendices presented in the full circular to shareholders.

The historical financial information has been extracted from Edgars' reviewed half year financial statements for the period ended 8 July 2018 and unaudited results for the period ended 9 July 2017.

Edgars Stores Limited Statements of Profit or Loss and other Consolidated Income for the	26 weeks to 8 July 2018 reviewed US\$	26 weeks to 9 July 2017 unaudited US\$
Revenue	32,140,422	24,675,945
Sale of merchandise	31,179,217	24,078,656
Cost of sales	(18,257,121)	(14,014,398)
Gross profit	12,922,096	10,064,258
Revenue from microfinance institution	473,487	-
Other gains and losses	(5,343)	(181,983)
Credit management and debt collection costs	(1,029,436)	(750,163)
Store expenses	(5,872,100)	(5,253,467)
Depreciation and amortisation	(927,147)	(899,211)
Termination benefits	(282,990)	-
Other operating income and expenses	(5,708,862)	(5,723,801)
Finance income	3,353,246	4,236,557
Finance costs	(297,277)	(618,027)
Profit/(loss) before tax	2,625,674	874,163
Income tax (expense)/credit	(724,619)	(306,664)
Profit/(loss)for the period	1,901,055	567,499
Other comprehensive income for the period (net of tax)	-	-
Total comprehensive income for the period	1,901,055	567,499
Earnings per share (cents)		
Basic	0.74	0.22
Diluted	0.73	0.22
Headline	0.74	0.22

Edgars Stores Limited Consolidated Statements of Position as at	8 July 2018 reviewed	7 January 2018 audited	9 January 2017 audited
ASSETS			
Non-current assets			
Property, plant and equipment	7,720,520	7,199,567	7,171,869
Intangible assets	1,644,872	1,959,254	2,581,375
Total non-current assets	9,365,392	9,158,821	9,753,244
Current assets			
Inventories	14,756,674	14,144,671	11,517,123
Trade and other receivables	22,266,367	24,335,519	24,808,996
Loans and advances to customers	2,636,211	643,573	-
Cash and cash equivalents	1,036,699	2,296,428	1,743,244
Total current assets	40,695,951	41,420,191	38,069,363
TOTAL ASSETS	50,061,343	50,579,012	47,822,607
EQUITY AND LIABILITIES			
Equity			
Issued capital	405,690	405,690	391,338
Other reserves	2,636,513	2,636,513	2,631,783
Retained earnings	28,268,163	27,339,054	23,197,600
Total capital and reserves	31,310,366	30,381,257	26,220,721
Non-current liabilities			
Interest bearing loans and borrowings	1,537,379	2,289,011	321,923
Deferred tax liability	2,893,700	3,143,972	2,481,496
Total non-current liabilities	4,431,079	5,432,983	2,803,419
Current liabilities			
Trade and other payables	7,817,728	11,497,718	6,566,206
Dividend payable	358,588	-	-
Current tax payable	117,987	891,034	1,299,090
Interest bearing loans and borrowings	6,025,595	2,376,020	10,933,171
Total current liabilities	14,319,898	14,764,772	18,798,467
Total liabilities	18,750,977	20,197,755	21,601,886
TOTAL EQUITY AND LIABILITIES	50,061,343	50,579,012	47,822,607



EDGARS STORES LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 379/1948)

Directors: Mr. T. N. Sibanda, Mr. C. Dube, Dr. L.L. Tumba, Mr. R. Mlotshwa, Mr. G. Pattison
Mrs. L. Masterson, Mr. V. Mpofu, Ms. T. Ndlovu and Mr. J. B. Galloway

Address: Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo

ABRIDGED CIRCULAR TO EDGARS STORES LIMITED SHAREHOLDERS

Edgars Stores Limited Consolidated Statement of Cash flows for the	26 weeks to 8 July 2018 reviewed	26 weeks to 9 July 2017 unaudited
Cash flows from operating activities		
Profit before tax	2,625,674	874,163
Finance income	(3,353,246)	(4,236,557)
Finance costs	297,277	618,027
Non cash items	1,607,969	(18,063)
Movements in working capital	(4,901,065)	2,027,851
Cash generated from/ (used in) operations	(3,723,391)	(734,579)
Finance costs paid	(241,873)	(705,263)
Finance income received	3,308,010	4,236,557
Taxation paid	(1,749,664)	(1,038,192)
Cash (outflow)/ inflow from operating activities	(2,406,918)	1,758,523
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,151,091)	(215,369)
Proceeds from disposal of property, plant and equipment	13,696	-
Net cash used in investing activities	(1,137,395)	(215,369)
Cash flows from financing activities		
Proceeds from borrowings	3,986,365	1,500,000
Repayment of borrowings	(1,088,423)	(3,318,937)
Payments of dividend	(613,358)	-
Net cash generated from/ (used in) financing activities	2,284,584	(1,818,937)
Net decrease in cash and cash equivalents	(1,259,729)	(275,783)
Cash and cash equivalents at the beginning of the period	2,296,428	1,743,244
Cash and cash equivalents at the end of the period	1,036,699	1,467,461

The historical financial information below has been extracted from audited financial statements of Edgars for the 52 weeks ended 8 January 2014, 53 weeks ended 10 January 2015, 52 weeks ended 9 January 2016, 52 weeks ended 8 January 2017 and 52 weeks ended 7 January 2018. The information in this paragraph should be read in conjunction with The Independent Reporting Accountants’ Report on Edgars’ historical financial performance presented in the full circular to shareholders.

Edgars Stores Limited Statements of Profit or Loss and other Consolidated Income for	52 weeks to 7 January 2018	52 weeks to 8 January 2017	53 weeks to 9 January 2016	52 weeks to 10 January 2015	52 weeks to 8 January 2014
Revenue	64,106,544	52,123,970	63,902,246	73,036,678	64,823,709
Sales of merchandise	62,882,028	50,329,626	62,272,355	72,071,863	64,761,574
Revenue from microfinance institution	91,853	-	-	-	-
Cost of sales	(35,952,145)	(28,767,402)	(33,603,198)	(38,651,078)	(33,734,141)
Gross profit	27,021,736	21,562,224	28,669,157	33,420,785	31,027,432
Other gains and losses	(116,885)	(137,292)	(69,314)	(27,679)	139,794
Credit management and debt collection costs	(2,513,224)	(5,530,155)	(6,104,432)	(3,788,491)	(2,740,556)
Store expenses	(11,472,573)	(11,913,954)	(12,620,890)	(13,285,782)	(11,840,943)
Other operating income and expenses	(13,650,677)	(12,211,701)	(11,577,910)	(12,023,167)	(11,672,317)
Finance income	7,699,950	10,264,287	10,511,127	5,123,429	2,766,779
Finance costs	(1,088,513)	(1,682,346)	(2,735,219)	(1,943,703)	(1,734,876)
Profit/(loss) before tax	5,879,814	351,063	6,072,519	7,475,392	5,945,314
Income tax (expense)/credit	(1,777,187)	197,100	(2,108,486)	(2,291,588)	(1,707,126)
Profit/(loss) for the period	4,102,627	548,163	3,964,033	5,183,805	4,238,188
Other comprehensive income for the period (net of tax)	-	-	604,981	-	-
Total comprehensive income/(loss) for the year	4,102,627	548,163	4,569,014	5,183,805	4,238,188
Earnings per share (cents)					
Basic	1.59	0.21	1.54	2.02	1.68
Diluted	1.59	0.21	1.53	1.93	1.63

Edgars Stores Limited Consolidated Statement of Financial Position as at	52 weeks to 7 January 2018	52 weeks to 8 January 2017	53 weeks to 9 January 2016	52 weeks to 10 January 2015	52 weeks to 8 January 2014
ASSETS					
Noncurrent assets					
Property, plant and equipment	7,199,567	7,171,871	7,848,795	7,872,382	7,124,993
Intangible asset	1,959,254	2,581,374	1,475,872	111,667	151,667
Deferred taxation	-	-	-	94,210	334,210
Total noncurrent assets	9,158,821	9,753,245	9,324,667	8,078,259	7,610,870
Current assets					
Trade and other receivables	24,335,519	24,808,994	32,344,417	34,315,693	23,679,486
Inventories	14,144,671	11,517,123	12,802,184	11,688,588	11,208,534
Loans and advances to customers	643,573	-	-	-	-
Income tax receivable	-	-	-	-	6,960
Cash and cash equivalents	2,296,428	1,743,245	534,045	848,731	906,326
Total current assets	41,420,191	38,069,362	45,680,646	46,853,012	35,801,306
TOTAL ASSETS	50,579,012	47,822,607	55,005,313	54,931,271	43,412,176

EQUITY AND LIABILITIES					
Issued capital	405,690	391,338	378,089	352,472	251,184
Other reserves	2,636,513	2,631,783	2,603,902	2,646,355	2,472,685
Retained earnings	27,339,054	23,197,600	23,471,784	18,921,247	13,737,442
Total equity	30,381,257	26,220,721	26,453,775	21,920,074	16,461,311
Noncurrent liabilities					
Deferred taxation	3,143,972	2,481,496	3,845,922	3,948,647	3,107,710
Loans and borrowings	2,289,011	321,923	6,859,007	11,527,946	10,877,348
Total non-current liabilities	5,432,983	2,803,419	10,704,929	15,476,593	13,985,058
Current liabilities					
Interest bearings loans and borrowings	2,376,020	10,933,171	11,165,934	8,814,088	7,323,253
Trade and other payables	11,497,718	6,566,206	5,879,634	8,373,553	5,642,554
Current tax liability	891,034	1,299,090	801,041	346,963	-
Total current liabilities	14,764,772	18,798,467	17,846,609	17,534,604	12,965,807
Total liabilities	20,197,755	21,601,886	28,551,538	33,011,197	26,950,865
TOTAL EQUITY AND LIABILITIES	50,579,012	47,822,607	55,005,313	54,931,271	43,412,176

Edgars Stores Limited Consolidated Statement of Financial Position as at 52 weeks to	52 weeks to 7 January 2018	52 weeks to 8 January 2017	53 weeks to 9 January 2016	52 weeks to 10 January 2015	52 weeks to 8 January 2014
Cash flows from operating activities					
Loss/(profit) before income tax	5,879,814	351,063	6,072,519	7,475,392	4,913,410
Adjustments for:					
Finance income	(7,699,950)	(10,264,287)	(10,511,127)	(5,123,429)	-
Finance costs	1,088,513	1,682,346	2,735,219	1,943,703	-
Non cash items	3,859,291	3,627,075	3,851,717	2,631,414	2,236,376
Movement in working capital	340,078	7,596,912	(3,998,318)	(11,479,812)	(3,498,796)
Cash generated from / (used in) operations	3,467,746	2,993,109	(1,849,990)	(4,552,732)	3,650,990
Finance income received	7,699,950	10,264,287	10,511,127	5,123,429	2,766,779
Finance costs paid	(1,148,353)	(1,540,213)	(2,764,977)	(1,945,223)	(1,692,426)
Income tax paid	(1,703,004)	(1,491,627)	(1,793,382)	(856,728)	(1,116,062)
Cash inflow / (outflows) from operating activities	8,316,339	10,225,556	4,102,778	(2,231,254)	3,609,281

Cash flows from investing activities					
Payments for property, plant and equipment	(1,245,978)	(749,096)	(628,199)	(1,750,103)	(2,665,034)
Payments for intangible asset	-	(1,384,417)	(1,523,820)	340	28,390
Proceeds from disposal of property, plant and equipment	58,537	15,884	26,031	-	-
Purchase consideration on business combination	-	-	-	-	(78,997)
Net cash flows generated from/(used in) investing activities	(1,187,441)	(2,117,629)	(2,125,988)	(1,749,763)	(2,715,641)
Cash flows from financing activities					
Proceeds from issue of equity shares	14,352	13,250	25,617	101,288	97,003
Proceeds from borrowings	4,500,000	1,500,000	13,629,661	14,016,247	2,156,542
Repayment of borrowings	(11,090,067)	(8,411,977)	(15,946,754)	(10,194,116)	(6,997,631)
Net cash (used in) / generated from financing activities	(6,575,715)	(6,898,727)	(2,291,476)	3,923,419	(4,744,086)
Net increase in cash and cash equivalents	553,183	1,209,200	(314,686)	(57,598)	(3,841,447)
Cash and cash equivalents at the beginning of the period	1,743,245	534,045	848,731	906,327	4,747,774
Cash and cash equivalents at the end of the period	2,296,428	1,743,245	534,045	848,731	906,327

Edgars Stores Limited Consolidated Statement of Changes in Equity for the 52 weeks to 7 January 2018	Issued capital and premium US\$	Equity settled employee benefits reserve US\$	Revaluation reserve US\$	Change in functional currency reserve US\$	Retained earnings US\$	Total US\$
Balance as at 5 January 2013	154,181	339,141	1,022,569	928,906	9,321,010	11,765,807
Release in respect of property, plant and equipment disposed	-	-	-	(178,244)	178,244	-
Total comprehensive income for the period	-	-	-	-	4,238,188	4,238,188
Profit for the period	-	-	-	-	4,238,188	4,238,188
Other comprehensive income	-	-	-	-	-	-
Issue of ordinary shares under employee share option plan	97,003	-	-	-	-	97,003
Recognition of shares-based payments	-	360,314	-	-	-	360,314
Balance as at 4 January 2014	251,184	699,455	1,022,569	750,662	13,737,442	16,461,312
Total comprehensive income for the period	-	-	-	-	5,183,805	5,183,805
Profit for the year	-	-	-	-	5,183,805	5,183,805
Other comprehensive income	-	-	-	-	-	-
Issue of ordinary shares under employee share option plan	101,288	-	-	-	-	101,288
Share based payment expense	-	173,669	-	-	-	173,669
Balance as at 10 January 2015	352,472	873,124	1,022,569	750,662	18,921,247	21,920,074
Total comprehensive income for the period	-	-	604,981	-	3,964,033	4,569,014
Profit for the year	-	-	-	-	3,964,033	3,964,033
Other comprehensive income	-	-	604,981	-	-	604,981
Issue of ordinary shares under employee share option plan	25,617	-	-	-	-	25,617
Share based payment expense	-	103,229	-	-	-	103,229
Transfer to distributable reserve	-	-	-	(750,662)	750,662	-
Balance as at 10 January 2016	378,089	976,353	1,627,550	-	23,635,942	26,617,934
Profit for the year	-	-	-	-	548,163	548,163
Issue of ordinary shares under employee share option plan	13,250	-	-	-	-	13,250
Share based payment expense	-	27,881	-	-	-	27,881
Balance as at 8 January 2017	391,339	1,004,233	1,627,550	-	24,019,947	27,043,069
Total comprehensive income for the period	-	-	-	-	4,102,627	4,102,627
Profit for the year	-	-	-	-	4,102,627	4,102,627
Other comprehensive income	-	-	-	-	-	-
Issue of ordinary shares under employee share option plan	14,325	-	-	-	-	14,325
Share based payment expense	-	4,732	-	-	-	4,732
Balance as at 7 January 2018	405,691	1,008,965	1,627,550	-	28,122,574	31,164,780

5.3 Details of directors and senior management

The Board is composed of the following individuals:

Thembinkosi Sibanda – Non Executive Chairman of the Board

Themba completed his tertiary education at the University of Zimbabwe with a Bachelor of Accounting Honours degree. Shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe), Themba was admitted into partnership and now has over 30 years experience in compliance and audit services at Schmulia & Sibanda Chartered Accountants (Zimbabwe). Themba also sits on the boards of Delta Corporation Limited, Padenga Holdings Limited, Axia Corporation Limited, Innscor Africa Limited and Pretoria Portland Cement Limited.

Canaan Dube - Non-Executive Director

Appointed to the Board in 2004, Canaan is a lawyer and corporate leader. He is a renowned commercial lawyer with considerable experience on corporate leadership mandates as well as banking and financial services work, registered and practicing as such in both Zimbabwe and Botswana. Canaan has considerable experience in corporate governance and is the Founder and Chairman of The Quality Corporate Governance Centre (Private) Limited t/a Zimbabwe Leadership Forum (Zimlef).

Dr. Leonard Tumba – Non Executive Director

Dr Tumba holds a Ph.D. in Economics and was the Governor of the Reserve Bank of Zimbabwe from August 1993 to August 2003. Prior to his work in the private sector, Dr Tumba consulted for the United Nations Commission on Trade and Development, and served as Assistant Professor of Economics at Trinity College. Dr Tumba worked extensively with Citibank NA in the late 1970s and early 1980s, serving as International Economist and Associate Economist, and later as the Money Economist—Vice President. He also served as General Manager and Deputy Governor of the Reserve Bank, Group Chief Executive for Finhold Limited and President of the Institute of Bankers of Zimbabwe. Dr Tumba holds directorships in Old Mutual Zimbabwe Limited, Zimbabwe Microfinance Wholesale Facility Trust, Skycred and is currently the Chairman of Central Africa Building Society.

Grant Pattison – Non Executive Director

Grant graduated from the University of Cape Town with a B.Sc. Hons in Electrical Engineering in 1992. After four years with the Anglo American Group and two years in strategy consulting with The Monitor Group, Grant joined Massmart as Executive Assistant to the Executive Chairman in 1998. He held various positions within the Group, including Managing Director of Mass Discounters, Managing Director of Shield and Jumbo, Chairman of Masscash and Group Commercial Executive. In 2005 he was appointed the Deputy Chief Executive Officer and Chief Executive Officer in July 2007. He left Massmart in May 2014. Grant was the key member of the team that executed the Massmart transaction that resulted in Wal-Mart Stores Inc. becoming the major shareholder, and integrating the operations and systems of the two retailers in South Africa and the rest of the continent. Grant joined Edcon as Chief Operating Officer / CEO designate on 5 June 2017.

Raymond Mlotshwa - Non-Executive Director

Raymond joined the Company in 1981 and rose through the ranks to become Group Managing Director in September 1999, a year after his appointment to the board in 1998. He served as an executive director for eleven years, until his retirement on 31 March 2010. He was subsequently appointed non-executive director in April 2010.

Linda Masterson – Group Managing Director

As Group Managing Director, Linda is the leader of the Company and reports directly to the Board of Directors. Her job is to provide leadership and to bring about the recovery and expansion of the Company. She is responsible for developing the strategies that will achieve recovery / expansion and ensuring the efficient execution of those strategic objectives. Linda followed a financial career in manufacturing before joining Edgars as Group Financial Director in 1988. After joining the Company, she spent the next twenty years alternating between various Edgars Directorships including Group Manufacturing Director, New Business Director and Group Corporate Services Director before being appointed to her present position in April 2010.

Blair Galloway - Group Finance Director

Prior to joining Edgars, Blair was an Assurance Partner at Ernst & Young responsible for monitoring audits having been appointed partner in 2000. He was also previously Finance Director of Falcon Gold Limited a gold mining company listed on the ZSE. Blair was appointed Finance Director in 2012. He is responsible for finance, treasury, company secretarial and investor relations.

Vusumuzi Mpofu – Jet Chain Director

Vusa is an Associate Member of the Institute of Chartered Management Accountants, a Fellow of the Institute of Chartered Secretaries and Administrators and a Registered Public Accountant. He is also a member of the Catenian Association and Dominican Board of Governors. Prior to his appointment as Jet Chain Director, Vusa was Edgars Chain Director, Group Operations Director and previously held the position of Group Finance Director.

Tjeludo Ndlovu – Edgars Chain Director

Tjeludo is a Chartered Accountant with a passion for fashion. After nine years at Ernst & Young she left to join Edgars Stores Limited as Group Financial Accountant in November 2012, a position she held up to June 2016. She was then promoted to head up the Jet Chain and in 2018 she was asked to head the Edgars Chain.

5.4 Director’s interests in Edgars ordinary shares

As at Friday 21 December 2018, (being the last practicable date before the publication of this document), the direct and indirect interests of the Directors in Edgars shares were as follows:

Table 2: Direct and indirect shareholding in Edgars				
Name	Number of Edgars shares held Last Practicable date	7 January 2018	8 January 2017	
Mr. Thembinkosi Sibanda	100	100	100	
Mr. Canaan Dube	100	100	100	
Mr. Raymond Mlotshwa	4,100	4,100	4,100	
Dr. Leonard Tumba	100	100	100	

ABRIDGED CIRCULAR TO EDGARS STORES LIMITED SHAREHOLDERS

Edgars senior management

The key members of the Company's executive management team are listed in the table below:

Table 3: Listing of Edgars executive management

Name	Position
Linda Masterson	Group Managing Director
Blair Galloway	Group Finance Director
Vusumuzi Mpofu	Jet Chain Director
Tjeludo Ndlovu	Edgars Chain Director
Zebhediah Vella	Corporate Services Director
Rumbie Dzimba	Marketing Executive
Menfree Tanyanyiwa	Managing Director Carousel
Lesley Williams	General Manager - Merchandising
Victor Nkomo	Group Human Resources Director
Bright Ndlovu	Group Credit Executive
Buhlebenkosi Mpofu	Group Financial Accountant and Company Secretary
Mbuso Ndlovu	Group IT Executive

5.5 Other listings

The Company's shares are listed on the Zimbabwe Stock Exchange and are not listed on any other stock exchange.

5.6 Share Capital after the Proposed Transaction

Set out below is an overview of the authorised and issued share capital of Edgars before and after the Proposed Transaction:

Table 4: Summary of the authorised and issued share capital of Edgars before and after the Proposed Transaction

Share capital before the Proposed Transaction	
Current authorised share capital	400,000,000
Current authorised and issued share capital	294,528,938
Current authorised and unissued share capital	105,471,062
Share capital after the Proposed Transaction	
Authorised shares	400,000,000
Issued share capital	309,528,938
Authorised but unissued ordinary shares	90,471,062

5.7 Adequacy of capital and working capital statement

Edgars manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of Edgars consists of debt, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Board and the executive management review the Company's capital structure regularly considering the cost of capital and the risks associated with each class of capital. Based on the deliberations Edgars will balance its overall capital structure through the payment of dividends and the issue of new debt or the redemption of existing debt.

Edgars' liquidity requirements arise primarily from the requirement to fund capital expenditures, operating costs and to service debt. As at 8 July 2018 Edgars' principal sources of liquidity have consisted of cash generated from operations and borrowings. The Company's ability to generate cash from operations depends on its future operating performance, which is, in turn, dependent, to some extent, on general economic, financial, competitive and market factors. The Company's management believes that the Company's operating cash flows and borrowing capacity will be sufficient to meet its requirements and commitments for the next 52 weeks.

The Directors are of the opinion that the working capital available to the Company is adequate for its requirements for a period of 12 months from the date of issue of this abridged circular and the full circular to shareholders.

5.8 Major shareholders

According to the information received by the Directors, the following table details the Company's major shareholders beneficially holding more than 5% of the Company's issued share capital as at Friday 21 December 2018 being the Last Practicable Date:

Table 5: Edgars Shareholders holding more than 5% of the Company's issued share capital

Shareholder	Number of shares held	Percentage of total
Bellfield Limited - Edcon	112,138,510	38,1%
Stanbic Nominees (Private) Limited	43,917,122	14,9%
ZimEdgroup Employee Trust	35,950,445	12,2%
SCB Nominees	23,084,360	7,8%
Old Mutual Zimbabwe Limited	21,058,076	7,1%
Old Mutual Life Assurance Company Zimbabwe Limited	15,505,098	5,3%

5.9 Statement of indebtedness

The Company has borrowings that include secured liabilities and unsecured liabilities. Material borrowings of the Company are shown in table 12.

Table 6: Edgars' summary statement of indebtedness as at 8 July 2018

Borrowings	2018	2017
Non current interest bearing loans and borrowings	1,537,379	2,289,011
Current interest bearing loans and borrowings	6,025,595	2,376,020
Total	7,562,974	4,665,031

Borrowings have increased to US\$7,6 million (December 2017:US\$4,6 million) as a result of store revamps, shorter supplier credit terms for merchandise inputs and microfinance growth. Consequently, gearing has increased to 0,24 (December 2017 (restated): 0,15). We expect our borrowings to increase further in the second half in order to finance microfinance business growth.

Borrowings are secured by a cession of book debts (US\$9 million) and negative pledges over plant and equipment (US\$2 million). The weighted average cost of borrowing is 9,96% (2017: 9,35%).

5.10 Litigation statement

As at the date of this Circular, neither the Company nor any of its subsidiaries is involved in any material litigation, dispute, arbitration or administrative proceedings which may have or have had in the past twelve months preceding the date of this abridged circular, a significant effect on the financial position or operations of all the entities, which may have material adverse effect on the Proposed Transaction, or the capacity of the Company to continue as a going concern.

6. Experts' consents

Imara Corporate Finance Zimbabwe (Private) Limited, Imara Edwards Securities (Private) Limited, Ernst & Young Chartered Accountants (Zimbabwe), Gill Godlonton & Gerrans Legal Practitioners, Corserve (Private) Limited and PricewaterhouseCoopers Business Services (Private) Limited have given and not withdrawn their consents to the issue of this abridged circular with the inclusion of their names and reports in the form and contexts in which they appear.

7. Transaction costs

The expenses of the Proposed Transaction including regulatory expenses are estimated to be US\$ 180,000 and will be borne by the Company.

8. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of Edgars as well as at the offices of ICF during normal business hours on any business day up to and including the date of the EGM:

- The Memorandum and Articles of Association of Edgars;
- The audited financial statements of Edgars for the 52 weeks ended 8 January 2014, 53 weeks ended 10 January 2015, 52 weeks 9 January 2016, 52 weeks 8 January 2017 and 52 weeks 7 January 2018;
- The Independent Accountants Report on the historical financial information of Edgars set out in Part 2 Appendices;
- The Independent Reporting Accountants Reports on the Proforma financial information on Edgars set out in Part 2 Appendices of the full circular to shareholders;
- The Fairness Opinion by the Independent Financial Advisor as set out in Part 2 Appendices of the full circular to shareholders;
- The Edcon and Edgars Franchise Agreement;
- The Deed of Assignment between Edgars and Edcon; and
- Signed letters of consent from all advisors.

9. Directors' responsibility statement and voting recommendation

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information given herein, and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

The Directors believe the Proposed Transaction to be in the best interest of Edgars and its shareholders The Directors are not aware of any information that would lead them to believe that the Proposed Transaction is part of a takeover bid.

The Directors of Edgars whose names are given below collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the abridged circular contains all information required by law.

Name	Position	Signed on original document
Mr. Thembinkosi Sibanda	Non-Executive Chairman	
Mr. Canaan Dube	Non-Executive Director	
Mr. Raymond Mlotshwa	Non-Executive Director	
Dr. Leonard Tumba	Non-Executive Director	
Mr. Grant Pattison	Non-Executive Director	
Mrs. Linda Masterson	Group Managing Director	
Mr. Blair Galloway	Group Finance Director	
Mr. Vusumuzi Mpofu	Jet Chain Director	
Ms. Tjeludo Ndlovu	Edgars Chain Director	

Yours faithfully

T.N. Sibanda

Chairman of the Board of Directors

PART 2: NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF EDGARS STORES LIMITED



EDGARS STORES LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 379/1948)

Directors: Mr. T. N. Sibanda, Mr. C. Dube, Dr. L.L. Tumba, Mr. R. Mlotshwa, Mr. G. Pattison
Mrs. L. Masterson, Mr. V. Mpofu, Ms. T. Ndlovu and Mr. J. B. Galloway

Address: Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo

Notice is hereby given that an Extraordinary General Meeting ("EGM") of the members of the Company will be held at 10:00 hours on Wednesday 16 January 2019, at the Edgars Training Auditorium, 1st Floor, LAPF House, 8th Avenue and Jason Moyo Street, Bulawayo to consider and, if thought fit, to adopt, with or without amendment, the following Resolutions:

RESOLUTION 1 - ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution:

THAT, the Company is hereby authorised to acquire the intellectual property rights to trademarks and brands assigned to Edgars by Edcon for the territory of Zimbabwe from Edcon for a consideration of US\$1,500,000 to be settled through the issue of 15,000,000 Edgars shares to Bellfield Limited, a company that holds Edcon's shares in Edgars.

RESOLUTION 2 - ORDINARY RESOLUTION:

To consider and, if thought fit, to pass, with or without amendment (s), the following as an Ordinary Resolution: THAT, the Directors of the Company (or any duly authorised committee thereof) be, and are, hereby authorised to do all such things that they may consider necessary or desirable to give effect to, or pursuant to, or in connection with, the Proposed Transaction.

This notice and an accompanying proxy form have been posted to Edgars Stores Limited Shareholders. The proxy form should be delivered to, and received by the transfer secretaries of Corserve (Private) Limited at 2nd Floor, ZB Centre, Corner Kwame Nkrumah Avenue and 1st Street, Harare or the registered offices of the Company being, Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo so that it is received by the Share Transfer Secretaries no later than 16:00 hours on Monday 14 January 2019.

Copies of the full circular and the Proxy Form are available for collection during normal business hours at Imara Corporate Finance Zimbabwe and Imara Edwards Securities, Block 2 Tendeseka Office Park, Samora Machel Avenue East, Harare.

Note: A proxy form is enclosed. To be valid it should be completed and returned so as to reach the registered office of the company not less than 48 hours before the time fixed for the meeting. Completion of a proxy form does not preclude a member from subsequently attending and voting in person.

By order of the Board of Directors

Company Secretary
Registered office

Edgars Stores Limited
Corner Ninth Avenue and Herbert Chitepo
Bulawayo, Zimbabwe
(P.O. Box 894, Bulawayo)

Share transfer Secretaries
Registered office

Corserve (Private) Limited
2nd Floor ZB Centre, Corner Kwame Nkrumah Avenue and
1st Street
Harare, Zimbabwe
(P.O. Box 2208, Harare)



(A public company incorporated in the Republic of Zimbabwe under company registration number 379/1948)

Directors: Mr. T. N. Sibanda, Mr. C. Dube, Dr. L.L. Tumba, Mr. R. Mlotshwa, Mr. G. Pattison
Mrs. L. Masterson, Mr. V. Mpofu, Ms. T. Ndlovu and Mr. J. B. Galloway

Address: Edgars Head Office, Corner Ninth Avenue and Herbert Chitepo Street, Bulawayo

FORM OF PROXY

For use by the Company's shareholders at the extraordinary general meeting of shareholders to be held at 10:00 hours on Wednesday 16 January 2019 at the Edgars Training Auditorium, 1st Floor, LAPF House, 8th Avenue and Jason Moyo Street, Bulawayo.

Each member entitled to attend and vote at the EGM is entitled to appoint one person as his proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the EGM.

I/We _____

(Name in block letters)

Of _____

Being the holder of _____ shares in the Company hereby appoint

1. _____ of _____ or failing him/her

2. _____ of _____ or failing him/her

3. The Chairman of the EGM

As my/our proxy to act for me/us at the EGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

	RESOLUTIONS	Number of Votes		
		For	Against	Abstain
1	THAT, the Company is hereby authorised to acquire the intellectual property rights to trademarks and brands assigned to Edgars by Edcon for the territory of Zimbabwe from Edcon for a consideration of US\$1,500,000 to be settled through the issue of 15,000,000 Edgars shares.			
2	THAT, the Directors of the Company (or any duly authorised committee thereof) be, and are, hereby authorised to do all such things that they may consider necessary or desirable to give effect to, or pursuant to, or in connection with, the Proposed Transaction.			

Every person present and entitled to vote at the EGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at _____ on _____ 2018

Signature(s) _____

Assisted by me _____

Full name(s) of signatory/ies if signing in a representative capacity (see note 2)(please use block letters).