

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006 (the “**Explanatory Statement**”). It is being sent to persons who are believed to be Scheme Creditors as at the date of this document. If you have assigned, sold or otherwise transferred, or assign, sell or otherwise transfer, your interests as a Scheme Creditor before the Voting Record Time, you must forward this document and the accompanying documents at once to the person or persons to whom you have assigned, sold or otherwise transferred, or assign, sell or otherwise transfer, your interests as a Scheme Creditor.

If you are in any doubt as to the contents of this Explanatory Statement or the documents that accompany it or what action you should take, you are recommended to seek your own independent legal and financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000 or by an appropriate regulatory body, or from another appropriately authorised independent professional adviser if you are in a territory outside the United Kingdom.

This Explanatory Statement is being sent to the Scheme Creditors. Further electronic copies of this document can be obtained by contacting (i) Lucid Agency Services Limited via email at deals@lucid-ats.com / middleoffice@lucid-ats.com or (ii) Linklaters LLP as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com.

This Explanatory Statement comprises an explanatory statement in accordance with Part 26 of the Companies Act 2006 in respect of the Scheme and is accompanied by a Form of Proxy. It is important that you read the accompanying documents carefully for information about the Scheme and that you complete and return the Form of Proxy in accordance with the instructions therein.

EXPLANATORY STATEMENT IN RELATION TO SCHEME OF ARRANGEMENT

under Part 26 of the Companies Act 2006

between

Steinhoff International Holdings N.V. (the “Scheme Company”)

and

the Scheme Creditors

(as defined in this Explanatory Statement)

Date: 26 November 2020

Your attention is drawn to the letter from the management board of the Scheme Company in Part 1 (*Letter from the Management Board of the Scheme Company*) of this Explanatory Statement, which contains the unanimous recommendation of the Management Board that you vote in favour of the Scheme at the relevant Scheme Meeting to consider, and if thought appropriate approve, the Scheme.

The Voting Record Time for the Scheme will be 5:00 p.m. (London time) on 10 December 2020. The form of notice of the relevant Scheme Meeting for the Scheme Creditors to consider and vote on the Scheme, which will be held on 15 December 2020 by way of a video conference, is set out in Appendix D (*Notice of Scheme Meetings*) of this Explanatory Statement. Instructions about actions to be taken by Scheme Creditors preceding the relevant Scheme Meeting are set out in Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement and are summarised on pages 6 and 7. Whether or not you intend to attend the relevant Scheme Meeting, you are requested to complete, execute and return the Form of Proxy which accompanies this Explanatory Statement in accordance with the instructions printed thereon as soon as possible and by no later than 5:00 p.m. (London time) on 11 December 2020 (being the Proxy Deadline).

The statements contained in this Explanatory Statement are made as at the date of this Explanatory Statement, unless another time is specified in relation to them, and delivery of this Explanatory Statement shall not give rise to any implication that there has not been any change in the information set out in this Explanatory Statement since that date.

Nothing contained in this Explanatory Statement shall constitute a warranty or guarantee of any kind, express or implied, and nothing contained in this Explanatory Statement shall constitute any admission of any fact or liability on the part of the Scheme Company or any of its affiliates with respect to any asset to which it or they may be entitled or any claim against it or them. Without prejudice to the generality of the foregoing, nothing in the Scheme or this Explanatory Statement or the distribution thereof evidences to any person, or constitutes any admission by the Scheme Company, that a liability is owed to any person in respect of any claim. The failure to distribute this document to any Scheme Creditor shall not constitute an admission by the Scheme Company that such person is not a Scheme Creditor.

No person has been authorised by the Scheme Company to make any representations concerning the Scheme which are inconsistent with the statements contained in this Explanatory Statement and, if made, such representations may not be relied upon as having been so authorised. This Explanatory Statement is issued solely for the purpose of providing information to Scheme Creditors in connection with the Scheme.

If the Scheme is approved by the Scheme Creditors, a hearing before the Court will be necessary in order to sanction the approved Scheme. All persons who are Scheme Creditors at the Voting Record Time are entitled to attend the Scheme Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme. It is expected that the Scheme Sanction Hearing to consider whether to sanction the Scheme will be held at Rolls Buildings Courts, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL or by way of a virtual hearing. Further important information is set out under “**Important Notice**” on pages 2 – 5.

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IMPORTANT NOTICE TO SCHEME CREDITORS

(A) Information

Unless the context otherwise requires, all terms defined in this Explanatory Statement shall have the meanings set out in Appendix I (*Definitions and Interpretation*) of this Explanatory Statement. The appendices to this Explanatory Statement form an integral part of it and, unless expressly stated otherwise, references to this Explanatory Statement shall be construed as references to the Explanatory Statement including the appendices to it.

This Explanatory Statement has been prepared in connection with a proposal in relation to a scheme of arrangement under Part 26 of the Act between the Scheme Company and the Scheme Creditors and has been prepared solely for the purpose of providing information to Scheme Creditors in relation to the Scheme. Nothing in this Explanatory Statement or any other document issued with or appended to it should be relied on by any person other than Scheme Creditors for the purpose set out below.

Nothing in this Explanatory Statement or any other document issued with or appended to it should be relied on by the Scheme Creditors for any purpose other than to make a decision on the Scheme and the Scheme Creditors may not reproduce or distribute this Explanatory Statement, in whole or in part, and may not disclose any of the contents of this Explanatory Statement or use any information herein for any purpose other than considering and/or making a decision in respect of the Scheme. In particular and without limitation, nothing in this Explanatory Statement or any other document issued with or appended to it should be relied on in connection with any transaction in any shares, debt instruments or assets of the Scheme Company or its affiliates.

The information contained in this Explanatory Statement has been prepared based upon information available to the Scheme Company as at the date of this Explanatory Statement. The delivery of this Explanatory Statement does not imply that, unless otherwise stated, the information herein is correct as at any time subsequent to the date of this Explanatory Statement. Save as otherwise agreed, or as required by law, the Scheme Company has no obligation whatsoever to update or revise any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date of this Explanatory Statement. To the best of the Scheme Company's knowledge, information and belief, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The financial information set out in Appendix E (*Unaudited Results of the Group for 6 months ended 31 March 2020*) of this Explanatory Statement has been prepared on the basis set out therein. The Scheme Company has taken all reasonable steps to ensure that this document contains the information reasonably necessary to enable the Scheme Creditors to make an informed decision about the effect of the Scheme on them.

In making a decision in respect of the Scheme, each Scheme Creditor must rely on its own examination, analysis and enquiry with respect to the Scheme Company and the terms of the Scheme including the merits and risks involved.

None of the Scheme Company's advisers have verified that the information contained in this Explanatory Statement is in accordance with facts and does not omit anything likely to affect the import of such information, and each of those persons expressly disclaims responsibility for such information.

This Explanatory Statement has not been reviewed, verified or approved by any rating agency or any regulatory authority. Without prejudice to the representations and warranties given by the Scheme Company or any other Group Company, or any directors or officers of any Group Company elsewhere, to the fullest extent permitted by law, neither the Scheme Company nor any other Group Company, nor any directors or officers of the Scheme Company or any other Group Company, will have any tortious,

contractual or any other liability to any person in connection with the use of this Explanatory Statement, and the Scheme Company and all other Group Companies do not accept any liability whatsoever to any person, regardless of the form of action, for any lost profits or lost opportunity, or for any indirect, special, consequential, incidental or punitive damages arising from any use of this Explanatory Statement, its contents or preparation or otherwise in connection with it, even if the Scheme Company or such other Group Company (as applicable) has been advised of the possibility of such damages.

(B) Tax

This Explanatory Statement does not discuss the tax consequences for Scheme Creditors, the Scheme Company or the Group arising from or in connection with the Scheme or the implementation of any settlement or statutory processes contemplated by it or referred to in it. Scheme Creditors are liable for their own taxes and have no recourse to the Scheme Company and/or any other Group Company or any other entity or person named in this Explanatory Statement (including for the avoidance of doubt the Undertaking Agents) with respect to taxes arising in connection with the Scheme. Scheme Creditors who are in any doubt as to the effect of the Scheme or the implementation of any settlement or statutory processes contemplated by it or referred to in it are urged to consult their own professional advisers regarding the possible tax consequences under the laws of the jurisdictions that apply to them.

(C) Summary only

The summary of the principal provisions of the Scheme contained in this Explanatory Statement are each qualified in their entirety by reference to the Scheme, the full text of which is set out in Appendix A (*The Scheme*) of this Explanatory Statement.

Each Scheme Creditor is advised to read and consider carefully the text of the Scheme. This Explanatory Statement has been prepared solely to assist the Scheme Creditors to vote on the Scheme.

IN THE EVENT OF A CONFLICT BETWEEN THE INFORMATION AND TERMS DESCRIBED IN THIS EXPLANATORY STATEMENT AND THE SCHEME, THE TERMS OF THE SCHEME SHALL PREVAIL.

(D) Forward-looking statements

Nothing contained in this Explanatory Statement shall be deemed to be a forecast, projection or estimate of the Scheme Company's or the Group's future financial performance, except where otherwise specifically stated. This Explanatory Statement contains certain statements, statistics and projections that are, or may be, forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the Group's future financial position, strategy, plans and objectives for the management of future operations, is not warranted or guaranteed.

This Explanatory Statement contains statements, estimates, opinions and projections with respect to the Scheme Company and/or the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar import. These statements are based on numerous assumptions and assessments made by the Scheme Company and/or any other Group Company as appropriate in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors which they believe appropriate. Although the Scheme Company and/or any other Group Company, as appropriate, believe that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Such forward-looking statements only speak as at the date of this Explanatory Statement. A number of factors could cause actual results to necessarily differ materially

from the results discussed in the forward-looking statements, including, but not limited to, future performance being lower than expected, deterioration in general economic conditions, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation, government actions and the other factors set out or referred to in Part 8 (*Risk Factors*) of this Explanatory Statement. It is up to the recipient of this Explanatory Statement to make its own assessment of the validity of such forward-looking statements and assumptions and no liability is accepted by the Scheme Company or any other Group Company in respect of the achievement of such forward-looking statements and assumptions. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Explanatory Statement.

(E) Risk factors

SCHEME CREDITORS' ATTENTION IS DRAWN TO CERTAIN RISKS ASSOCIATED WITH THE SCHEME THAT ARE SET OUT OR REFERRED TO IN PART 8 (*RISK FACTORS*) OF THIS EXPLANATORY STATEMENT.

(F) Legal, tax and financial advice

Scheme Creditors should not construe the contents of this Explanatory Statement as legal, tax or financial advice.

This Explanatory Statement has been prepared without taking into account the objectives, financial situation or needs of any particular recipient of it, and consequently, the information contained in this Explanatory Statement may not be sufficient or appropriate for the purpose for which a recipient might use it. Any such recipients should conduct their own due diligence and consider the appropriateness of the information in this Explanatory Statement having regard to their own objectives, financial situations and needs.

Scheme Creditors are recommended to consult their own professional advisers as to legal, tax, financial or other matters relevant to the action Scheme Creditors should take in relation to the Scheme, or the implications/consequences of those actions.

(G) Other jurisdictions

The implications of the Scheme for Scheme Creditors who are resident in or citizens of jurisdictions other than the UK may be affected by the laws of the relevant jurisdiction. Such overseas Scheme Creditors should inform themselves about and observe any applicable legal requirements. Any person outside the United Kingdom who is resident in, or who has a registered address in, or is a citizen of, an overseas jurisdiction should consult independent professional advisers and satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdiction.

Scheme Creditors should consult their own professional advisers with respect to the matters described in this document, including the legal, financial and tax consequences of the Scheme in their particular circumstances.

THIS EXPLANATORY STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN RELATION TO THE SCHEME¹

Event	Time and/or date
Voting Record Time	5:00 p.m. (London time) on 10 December 2020
Proxy Deadline ²	5:00 p.m. (London time) on 11 December 2020
First Lien Scheme Meeting ³	10:00 a.m. (London time) on 15 December 2020
Second Lien Scheme Meeting ⁴	12:00 p.m. (London time) on 15 December 2020
Scheme Sanction Hearing ⁵	26 January 2021
Scheme Effective Date	on or around 1 February 2021

Unless otherwise stated, all references in this Explanatory Statement to times are to London time.

In light of the current COVID-19 pandemic, it is not practicable for the Scheme Meeting to be held in person. Therefore, each Scheme Meeting will be held by way of video conference on 15 December 2020. The dates given are based on current expectations and may be subject to change. If any of the expected dates change, the Scheme Company will give adequate notice of the change to the Scheme Creditors.

¹ The dates in this timetable and mentioned throughout this Explanatory Statement assume that the Scheme Meetings are not adjourned and that no person opposes the Scheme, thereby causing the grant of the Scheme Sanction Order to be delayed or denied. Please note that, as set out in paragraph 1.4 of Part 8 (*Risk Factors*) of this Explanatory Statement, three entities (two of whom are related Facility A2 Lenders) have already informed the Scheme Company that they intend to contest the Scheme. If the Scheme is contested this may impact the above timetable.

² Please see "Voting Instructions to Scheme Creditors" in Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement.

³ The Scheme Meeting will commence at the time stated. The Chairperson of the Scheme Meeting will admit and value claims of the Scheme Creditors only for the purpose of voting at the Scheme Meeting. More detail concerning valuation of claims for the purposes of voting and admission of claims for the purpose of the Scheme Meeting, and disputes as to such valuation or admission, is set out in paragraph 8 of Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement. Only those Scheme Creditors whose claims have been so admitted and valued by the Chairperson of the Scheme Meeting can vote at the Scheme Meeting. If, for this purpose only, a claim is rejected or reduced, the Chairperson will inform the relevant creditor of such rejection or reduction and report all such rejections or reductions of claims (with reasons therefor) to the Court at the hearing to sanction the Scheme.

⁴ The Scheme Meeting will commence at the time stated. The Chairperson of the Scheme Meeting will admit and value claims of the Scheme Creditors only for the purpose of voting at the Scheme Meeting. More detail concerning valuation of claims for the purposes of voting and admission of claims for the purpose of the Scheme Meeting, and disputes as to such valuation or admission, is set out in paragraph 8 of Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement. Only those Scheme Creditors whose claims have been so admitted and valued by the Chairperson of the Scheme Meeting can vote at the Scheme Meeting. If, for this purpose only, a claim is rejected or reduced, the Chairperson will inform the relevant creditor of such rejection or reduction and report all such rejections or reductions of claims (with reasons therefor) to the Court at the hearing to sanction the Scheme.

⁵ The Court will be requested to sanction the Scheme. The date for that hearing is expected to be on or about 26 January 2021. If this date changes, the dates of all subsequent steps, including the Scheme Effective Date and the Effective Time, may be affected. In this event, the date of the hearing will be announced at the Scheme Meeting to the extent then known or otherwise notified to the Scheme Creditors.

SUMMARY OF ACTIONS TO BE TAKEN BY SCHEME CREDITORS

1 To vote on the Scheme

The Scheme Meetings will be held by way of video conference and therefore references to attending the relevant meeting and/or attending in person should be read as participating in such video conference.

Before the Scheme can become effective and binding on the Scheme Company and the Scheme Creditors, it will require the approval of each class of Scheme Creditors by the statutory majority required by section 899 of the Act. This statutory majority is a majority in number representing 75 per cent. in value of each class of Scheme Creditors who, being so entitled, are present in person (or, if a corporation, by a duly authorised representative) or by proxy and vote at the Scheme Meeting of the relevant class.

If you are a lender in respect of Facility A1 under and as defined in the SEAG First Lien Facilities Agreement, you will be voting at the First Lien Scheme Meeting. If you are a lender in respect of Facility A2 under and as defined in the SEAG Second Lien Facilities Agreement, you will be voting at the Second Lien Scheme Meeting. If you are both a Facility A1 Lender and a Facility A2 Lender, you will be voting at both the First Lien Scheme Meeting and the Second Lien Scheme Meeting.

It is important that as many votes as possible are cast at the relevant Scheme Meeting so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of the Scheme Creditors. You are therefore strongly urged to complete, sign and return your Form of Proxy.

The First Lien Scheme Meeting has been ordered by the Court to commence at 10:00 a.m. (London time) and the Second Lien Scheme Meeting to commence at 12:00 p.m. (London time), in each case to take place on 15 December 2020 by way of video conference.

In order to vote on the Scheme and attend the relevant Scheme Meeting, Scheme Creditors should complete the Form of Proxy and submit their Form of Proxy by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton. Details of the actions Scheme Creditors need to take in order to vote are set out at Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement.

Formal notice of the relevant Scheme Meeting is set out at Appendix D (*Notice of Scheme Meetings*) of this Explanatory Statement.

2 Completion of Forms of Proxy

A Form of Proxy is enclosed at Appendix C (*Form of Proxy*) of this Explanatory Statement.

Scheme Creditors are urged to complete and submit their Form of Proxy by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton, as soon as possible and in any event so as to be received no later than 5:00 p.m. (London time) on 11 December 2020 (being the Proxy Deadline).

If you are both a Facility A1 Lender and a Facility A2 Lender, the Form of Proxy submitted shall apply to you in both capacities and will be used for the purposes of voting in each Scheme Meeting (i.e. a single Form of Proxy will apply to the entirety of your Facility A1 Commitments and Facility A2 Commitments).

Completion and return of a Form of Proxy will not prevent a Scheme Creditor who completed that Form of Proxy from subsequently attending and voting in person at the relevant Scheme Meeting if it so wishes. Scheme Creditors are encouraged to complete and return a Form of Proxy whether or not they

intend to be present at the relevant Scheme Meeting in case, for any reason, that Scheme Creditor is unable to attend the relevant Scheme Meeting.

A Scheme Creditor who wishes to attend the relevant Scheme Meeting in person should complete the Form of Proxy and submit it by email as described above, as soon as possible and by the Proxy Deadline at the latest. A Scheme Creditor who does not submit a Form of Proxy by the Proxy Deadline will be unable to attend or vote at the Scheme Meeting, save that the Chairperson of the Scheme Meeting will have the discretion to accept a Form of Proxy submitted to the Chairperson after the Proxy Deadline provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) the Form of Proxy is received before the Chairperson closes the Scheme Meeting. The Chairperson will not permit such a Scheme Creditor or its proxy to attend or vote at the Scheme Meeting until the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.

Access details and information on how to use the video conference system and on how to vote at the Scheme Meeting will be sent only to those Scheme Creditors who submit a Form of Proxy by the Proxy Deadline. The access details and instructions will be sent by the Scheme Company by email to the address set out in the Form of Proxy in advance of the Scheme Meeting once the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.

A proxy need not be a Scheme Creditor. Please see Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement for more information in this regard.

Each Scheme Creditor or his/her proxy who wishes to attend the relevant Scheme Meeting in person will be required to identify himself/herself during the roll call of participants.

Proof of personal identity will be required to attend the relevant Scheme Meeting (for example, a valid passport or valid driving licence with photo) and, if attending on behalf of a body corporate, evidence of his/her authorisation to represent that body corporate (for example, a valid power of attorney and/or signed and dated board minutes). If appropriate personal identification and evidence of authorisation (if representing a body corporate) is not produced (with the assessment of appropriateness determined by the Scheme Company acting in its sole discretion), that person will not be permitted to attend and vote at the relevant Scheme Meeting. Scheme Creditors are recommended to provide such proof of identification and/or authorisation as soon as possible, and in any event by the Proxy Deadline.

Only those Scheme Creditors who are Scheme Creditors as at the Voting Record Time are entitled to attend and vote, either in person or by proxy, at the relevant Scheme Meeting.

3 Chairperson's discretion

The Chairperson of the relevant Scheme Meeting may, for voting purposes, reject a claim by a Scheme Creditor in whole or in part if he considers that such claim does not constitute a fair and reasonable assessment of the relevant sums owed to the relevant Scheme Creditor by the Scheme Company or if the relevant Scheme Creditor has not complied with the voting procedures described above. If a claim is unascertained or disputed (in part) but the Chairperson of the relevant Scheme Meeting is able to place a minimum value on that claim, the Chairperson will admit the claim for voting purposes at that value. If a claim is disputed in its entirety, or the Chairperson is otherwise unable to place a minimum value on it, that claim will be valued at € 1. The Chairperson's decision on questions of claim valuation will be final.

PART 1
LETTER FROM THE MANAGEMENT BOARD OF THE SCHEME COMPANY

Steinhoff International Holdings N.V.
Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road,
Stellenbosch 7600,
South Africa

To: Each Scheme Creditor

26 November 2020

Dear Scheme Creditor

1 Introduction

- 1.1** This letter is part of an Explanatory Statement distributed to you for the reasons set out below. All capitalised terms used in this letter have the meaning given to such terms in Appendix I (*Definitions and Interpretation*) of this Explanatory Statement.
- 1.2** In considering the Scheme described below, you should not rely solely on this letter but you should also consider the more detailed information contained in the remainder of this Explanatory Statement. The Scheme Company recommends that you consult your own professional advisers as to legal, tax, financial or other matters relevant to any actions to be taken in relation to the Scheme, or the implications/consequences of those actions.
- 1.3** The purpose of this letter is to provide a brief explanation of the proposed scheme of arrangement between the Scheme Company and its Scheme Creditors under Part 26 of the Act, which is described in this Explanatory Statement, and its effect should it become effective. The Scheme Company proposes to seek the sanction of the Court in respect of the Scheme should it first be approved by the requisite majorities of Scheme Creditors in each class at the Scheme Meetings to be convened for that purpose.

2 Purpose of this Explanatory Statement

- 2.1** This Explanatory Statement, which is provided pursuant to section 897 of the Act, is distributed for the purpose of providing you with sufficient information to make an informed decision on whether or not to approve the Scheme.

3 What is a scheme of arrangement?

- 3.1** A scheme of arrangement is a formal procedure under Part 26 of the Act which enables a company to agree with its creditors or one or more classes of its creditors a composition or arrangement in respect of its debts or obligations owed to those creditors. A scheme of arrangement requires the following to occur in order to become legally binding:
- 3.1.1** the approval of a majority in number representing at least 75 per cent. in value of the relevant creditors (or each class of creditors) of the company present in person or by proxy and voting at each meeting of creditors convened by the company with the permission of the Court;
- 3.1.2** the approval of the Court by the making of an order sanctioning the scheme of arrangement; and

- 3.1.3 the delivery of the order sanctioning the scheme of arrangement to the Registrar of Companies.
- 3.2 If the scheme of arrangement is approved by the relevant creditors, sanctioned by the Court and the order sanctioning the scheme of arrangement is delivered as above, the scheme of arrangement will bind all the creditors subject to it (whether they voted in favour of it, voted against it or did not vote at all) and their successors and assigns.
- 3.3 A scheme of arrangement cannot be sanctioned by the Court unless the Court is satisfied, among other things, that the class or classes of creditors voting in respect of the scheme of arrangement have been properly constituted by the company and that the scheme of arrangement is in all circumstances one that an honest, intelligent and reasonable scheme creditor could approve.

4 Scheme Creditors

The Scheme Company is the obligor under the SEAG CPU. The Scheme concerns certain rights of those who are a “**Facility A1 Lender**” and/or a “**Facility A2 Lender**” for the purposes of, and as defined in, the SEAG CPU. This Explanatory Statement is being sent to you because the Scheme Company believes that you are or may be a Facility A1 Lender and/or a Facility A2 Lender and therefore a “creditor” of the Scheme Company within the meaning of that word for the purposes of a scheme of arrangement under the Act. This Explanatory Statement is also being sent to the SEAG CPU Agent and the Facility Agents.

5 Scheme Meetings

- 5.1 The Court has granted the Scheme Company permission to convene two Scheme Meetings of the Scheme Creditors:
- 5.1.1 the First Lien Scheme Meeting; and
- 5.1.2 the Second Lien Scheme Meeting.
- 5.2 If you are a Facility A1 Lender as at the Voting Record Time, you are a Scheme Creditor entitled to attend and vote, either in person or by proxy, at the First Lien Scheme Meeting. If you are a Facility A2 Lender as at the Voting Record Time, you are a Scheme Creditor entitled to attend and vote, either in person or by proxy, at the Second Lien Scheme Meeting.
- 5.3 The First Lien Scheme Meeting will be held at 10:00 a.m. (London time) on 15 December 2020 and the Second Lien Scheme Meeting will be held at 12:00 p.m. (London time) on 15 December 2020, each by way of video conference. Scheme Creditors may vote at the relevant Scheme Meeting in person or by proxy. In order to vote on the Scheme and attend the relevant Scheme Meeting, Scheme Creditors should complete the Form of Proxy and submit their Form of Proxy by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton. Details of the actions Scheme Creditors need to take in order to vote are set out at Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement.
- 5.4 We encourage all Scheme Creditors to submit their Form of Proxy as soon as possible.

6 Background to the Scheme

- 6.1 The need for the Scheme arises out of the Scheme Company’s proposal to take steps to implement a settlement of its contingent liabilities arising from the financial irregularities announced in December 2017, which is referred to in this Explanatory Statement as the

Steinhoff Group Settlement, and to extend the debt maturities under the Steinhoff Financial Indebtedness in conjunction therewith, as further explained below.

- 6.2** The Group became financially distressed in the wake of the Scheme Company's announcements of certain possible accounting irregularities in early December 2017. In addition, various litigation claims were brought in the aftermath of such announcements by a range of individual, group and class action claimants against the Scheme Company and/or a previous holding company for the Group, Steinhoff Investment Holdings Proprietary Limited ("**SIHPL**").
- 6.3** With the support of its financial creditors, the Group was able to negotiate a financial restructuring which it implemented in 2019 (the "**2019 Restructuring**"). The 2019 Restructuring provided the Group with stability and a 'breathing space' period in which it could concentrate on restoring value to its operating businesses, reducing debt (including through the disposal of selected assets) and resolving litigation claims pending against it in respect of the accounting issues first disclosed in early December 2017.
- 6.4** More specifically, the strategy announced by the Scheme Company following the 2019 Restructuring was threefold: (i) to continue to protect and promote the underlying businesses of the Group; (ii) to seek to resolve the global litigation faced by the Group; and (iii) to reduce the financial indebtedness of the Group. These three objectives are highly inter-related and inter-dependent. For example, the continuation of the litigation and the uncertainty it represents continues to cast a shadow over the trading businesses within the Group and is a matter which counterparties to those businesses take into account. Similarly, uncertainty arising from unresolved contingent liabilities can negatively affect the valuations of the Group's assets at a time when the Group needs to repay significant amounts of debt over a relatively short timeframe, and the most realistic way to achieve that is by realising businesses and assets at the maximum available value.
- 6.5** As part of the 2019 Restructuring, the Scheme Company and SIHPL obtained consent from their financial creditors to settle substantially all of such contingent liabilities. Following a lengthy period of extensive negotiations with major litigants and financial creditors, and with the assistance of its Litigation Working Group, the Scheme Company has formulated a proposal for the settlement of substantially all of the outstanding litigation on the terms of the Settlement Term Sheet (announced on 27 July 2020). However, such proposed terms do not meet the permitted parameters set out in the Steinhoff Finance Documents.
- 6.6** Therefore, and as noted in the Settlement Term Sheet, the Group requires consents from certain of its financial creditors to make certain amendments to the Steinhoff Finance Documents so that the Group is permitted to seek implementation of (and ultimately implement) the Steinhoff Group Settlement. In addition, in conjunction and inter-conditionally with the Steinhoff Group Settlement, consents have been sought to an extension of debt maturities under the Steinhoff Financial Indebtedness (including the SEAG CPU), which will allow the Scheme Company and the Group further runway to pursue their deleveraging strategy following the settlement.
- 6.7** To those ends, the Group launched a formal consent process on 9 October 2020 (the "**Consent Request**") requesting its financial creditors to provide the necessary consents.
- 6.8** The Group obtained high levels of support for all the amendments sought pursuant to the Consent Request, sufficient to obtain the consents it sought from the majority of constituencies of its financial creditors. However, the Scheme Company was unable to obtain the unanimous consent it required of Facility A1 Lenders and Facility A2 Lenders to effect certain amendments pursuant to the SEAG CPU and the SEAG Intercreditor Agreement (referred to in this

Explanatory Statement as the Scheme Amendments), as a small minority by value of Lenders in each facility voted against.

- 6.9** Pursuant to the terms of the Consent Request, the Group will not be able to extend debt maturities under the Steinhoff Financial Indebtedness without implementation of the Scheme Amendments. Without such extension, the chances of successfully implementing the Steinhoff Group Settlement will be substantially jeopardised, as an important requirement of the proposed terms – namely extending debt to provide the Scheme Company and the Group with a stable platform to continue to implement a deleveraging strategy following the settlement – will not have been achieved.
- 6.10** The use of an English law scheme of arrangement as a means of giving effect to the amendments sought was contemplated by the Consent Request, and that is what the Scheme Company is now proposing in order to obtain the outstanding consents it requires from Facility A1 Lenders and Facility A2 Lenders. The Consent Request provides that, if such consents are not obtained (which would be the case if the Scheme was to fail), the financial creditors can terminate all consents, waivers and releases already granted pursuant to it (a matter outside the control of the Scheme Company).
- 6.11** The Scheme Company is therefore proposing the Scheme to implement the Scheme Amendments.
- 6.12** The Scheme only affects rights of the Facility A1 Lenders and Facility A2 Lenders pursuant to the SEAG CPU, together with certain consent rights that such lenders have in those capacities in connection with the SEAG Intercreditor Agreement.
- 6.13** Please refer to Part 2 (*Background to the Scheme Company and the Group and the Scheme Company's principal liabilities and creditors*), Part 3 (*Background to and the purpose of the Scheme*), Part 4 (*Amendments to Steinhoff Finance Documents and Steinhoff Group Settlement*) and Part 7 (*Additional information regarding the Scheme Company*) of this Explanatory Statement for further background information relating to the Scheme Company, the Group, the changes sought to the Steinhoff Finance Documents, the terms of the Steinhoff Group Settlement and the Scheme.

7 Purpose of the Scheme

- 7.1** The purpose of the Scheme is to permit the Scheme Amendments. The Scheme Amendments, in conjunction with the Non-Scheme Amendments effected by the Consent Request Implementation Documents, will allow the Scheme Company to proceed with its efforts to implement the Steinhoff Group Settlement.
- 7.2** As more particularly explained in Part 3 (*Background to and purpose of the Scheme*) of this Explanatory Statement, the Scheme itself relates only to the Scheme Amendments, i.e. those amendments to the SEAG CPU and the SEAG Intercreditor Agreement that would otherwise require consent of all Facility A1 Lenders and Facility A2 Lenders under the SEAG CPU and the SEAG Intercreditor Agreement. While the Scheme is interconnected with the Non-Scheme Amendments and the Steinhoff Group Settlement, it does not itself implement them.

8 The need for, and benefits of, the Scheme

- 8.1** As explained in the 27 July Announcement, the Scheme Company believes that, if the Steinhoff Group Settlement is successfully implemented, there will be the following benefits for the Group's stakeholders:

- 8.1.1 it will provide litigation claimants, and the Scheme Company and its financial creditors, with certainty of outcome relative to the cost and uncertainty associated with protracted, expensive and unpredictable court processes in pursuing their claims;
- 8.1.2 it will largely resolve the material contingent liabilities faced by the Scheme Company and SIHPL as a result of the ongoing litigation;
- 8.1.3 it will thereby help the ongoing work to stabilise and support the continued operations of the Group aimed at preserving business value for its stakeholders and employees;
- 8.1.4 it will save the Group (and other parties) the very material costs of litigating the numerous legal proceedings across multiple jurisdictions;
- 8.1.5 it will avoid the need for Group management (and litigants) to commit material time to the supervision of the conduct of the legal proceedings; and
- 8.1.6 Group management will be able to devote their full attention to protect the Group's businesses during the uncertainty created by the COVID-19 pandemic, and on to the continued improvement of the underlying businesses and the development of plans to realise value and to de-leverage the Group's balance sheet.

The Scheme Company believes that these factors will in combination operate to the benefit of Scheme Creditors relative to a situation in which the Steinhoff Group Settlement fails. Specifically, the Scheme Company believes that a successfully completed settlement will bring substantial finality to the significant contingent litigation liabilities and related uncertainty to which the Group is currently subject and will remove the overhang of the legacy events from the Group and its underlying businesses for the benefit of the continuing creditors of the Scheme Company, including the Scheme Creditors.

- 8.2 In addition, if the Steinhoff Group Settlement and the amendments to the Steinhoff Finance Documents are successfully implemented, the creditors of the Scheme Company (including the Scheme Creditors) will benefit from the SIHNV Security (please refer to paragraph 2.5 of Part 4 of this Explanatory Statement for more details). There is, therefore, an additional benefit to Scheme Creditors arising from the Scheme that is associated with the Steinhoff Group Settlement which the Scheme is intended to facilitate.
- 8.3 The successful implementation of the Steinhoff Group Settlement is dependent on, among other things, the requisite levels of support of litigation creditors being achieved in the statutory processes in the Netherlands and South Africa by which it is proposed that it will be implemented, as well as judicial approvals in such processes, and therefore neither the Scheme Company nor its directors can give any guarantee that the Steinhoff Group Settlement or the associated amendments to the Steinhoff Finance Documents, including debt maturity extensions, will be implemented. Nevertheless, the Scheme Company considers that the amendments to the Steinhoff Finance Documents on the terms proposed to facilitate the implementation of the Steinhoff Group Settlement are in the best interests of the Scheme Company's stakeholders taken as a whole, including the Scheme Creditors.

9 What happens if the Scheme is not implemented?

- 9.1 If the Scheme fails, the Scheme Company will not be able to take steps to implement the Steinhoff Group Settlement on the terms proposed and is unlikely be able to do so at all. It would therefore remain subject to the numerous and material litigation claims that it is currently defending. Successful outcomes for the Scheme Company in such litigation can in no way be assured, and, whilst no liability is admitted by the Scheme Company, there is a material risk that

adverse judgments in litigation proceedings may start to be obtained against the Scheme Company from the latter part of 2021. In such circumstances, and taking into account the financial condition of the Scheme Company and the Group, the Scheme Company would not be in a position to refinance its financial indebtedness, which matures at the end of 2021. As a result, the Scheme Company would be faced with obligations to pay amounts substantially exceeding the value of its assets with no real prospect of satisfying or restructuring such liabilities. That prospect would require the directors of the Scheme Company to reassess the going concern scenario and would be likely to cause them to conclude that they should file for the liquidation⁶ of the Scheme Company (particularly if the Scheme Company is unable to obtain the benefit of the Interim Extension Option). Such a filing would inevitably trigger a forced realisation of the Scheme Company's investments in its subsidiaries in circumstances where the timing and quantum of distributions to its creditors would be very materially affected by, among other things, the need to resolve the ongoing litigation. Such resolution is likely to take years due to the complex nature of the claims and the risk of appeal proceedings in that respect.

- 9.2** As such, irrespective of any liquidation comparator, the Scheme will provide the opportunity for a beneficial outcome for Scheme Creditors, because a successful settlement of substantial litigation claims will eliminate that very material competing claims will be established against the Scheme Company, and thereby improve the Scheme Company's covenant strength in respect of the debts owed to Scheme Creditors and other financial creditors. It will also allow the directors to concentrate their energies on trading the Group as a going concern and remove the overhang of litigation from the value of the assets of the Group.

10 Conclusions

- 10.1** The Management Board considers the Scheme, and the amendments to the Steinhoff Finance Documents and the Steinhoff Group Settlement which it seeks to facilitate, to be in the best interests of the Scheme Company and its financial creditors, including the Scheme Creditors. It has arrived at this conclusion on the basis of:

10.1.1 the benefits to the Scheme Company associated with the amendments to the Steinhoff Finance Documents and its ability to take steps to implement the Steinhoff Group Settlement, as described above, which will in turn benefit the creditors of the Scheme Company, including Scheme Creditors; and

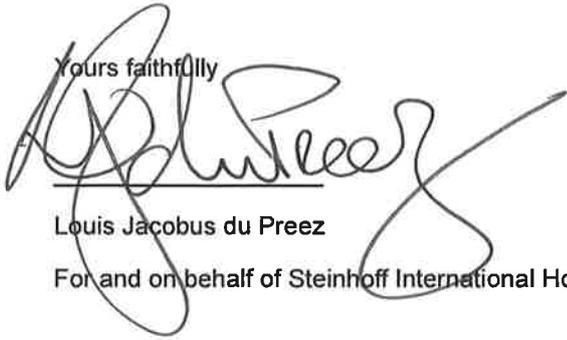
10.1.2 the high level of support already received from the Scheme Company's financial creditors, including Scheme Creditors, in response to the Consent Request.

- 10.2** The Management Board further believes that the use of the Scheme is the only option available to implement the Scheme Amendments (in the absence of support from 100 per cent. of the Scheme Creditors). It therefore believes that there are compelling reasons for the Scheme Creditors to vote in favour of the Scheme and recommends that they do so.

Accordingly, the Scheme Company proposes that two class meetings of Scheme Creditors are convened at the date and time set out above for the purposes of considering, and if thought fit, approving the Scheme and the Management Board unanimously recommends that the Scheme Creditors vote in favour of the Scheme at the Scheme Meetings.

⁶ References to "liquidation" throughout this Explanatory Statement include (where relevant) Dutch law bankruptcy proceedings ("faillissement" in Dutch, equivalent to a winding-up).

Yours faithfully

A handwritten signature in black ink, appearing to read 'L. du Preez', written over a horizontal line. The signature is fluid and cursive, with a long, sweeping tail that loops back under the main body of the signature.

Louis Jacobus du Preez

For and on behalf of Steinhoff International Holdings N.V.

PART 2

BACKGROUND TO THE SCHEME COMPANY AND THE GROUP AND THE SCHEME COMPANY'S PRINCIPAL LIABILITIES AND CREDITORS

1 The Scheme Company and the Group

- 1.1 The Scheme Company is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands under number 63570173.
- 1.2 The Scheme Company is the ultimate parent company of the Group. The Group consists of the Scheme Company as the ultimate parent company and numerous direct and indirect subsidiaries, including (and importantly for present purposes) Steinhoff Finance Holding GmbH ("**SFHG**"), Steinhoff Europe AG ("**SEAG**") and SIHPL.
- 1.3 The Group was founded in 1964. Since then, it has developed into a global retailer that currently owns a range of businesses in Europe, Africa, the United States of America and Australasia operating in the household goods and general merchandise sectors, providing everyday items at affordable prices in more than 30 countries worldwide. As at 31 March 2020, the Group employed approximately 110,000 people worldwide across all Group business activities. Steinhoff's quarterly report for the period ending 30 June 2020 is available on its website at <https://www.steinhoffinternational.com/latest-results.php>.
- 1.4 The Group gradually expanded its business activities and separated them into a European division and a South African division. In 1998, all shares in these companies were transferred to a South African company at that time named Steinhoff International Holdings Limited (now SIHPL), which became the parent company of the Group.
- 1.5 The Scheme Company was incorporated on 22 June 2015 under the name Genesis International Holdings N.V. ("**Genesis**"). On 18 November 2015, Genesis changed its name to Steinhoff International Holdings N.V. On 7 December 2015, the group structure of the Group was changed as follows:
 - 1.5.1 On 7 December 2015, the Scheme Company acquired the entire share capital in Steinhoff International Holdings Limited (now SIHPL) by means of a South African law scheme of arrangement by issuing one ordinary share in its capital in exchange for each ordinary share in Steinhoff International Holdings Limited's capital.
 - 1.5.2 As a result of the scheme, every shareholder of Steinhoff International Holdings Limited (now SIHPL) became a shareholder in the Scheme Company.
 - 1.5.3 With the entry into force of the scheme, Steinhoff International Holdings Limited changed its name to SIHPL after the company had been converted into a private limited company.
 - 1.5.4 The Scheme Company has since been the parent company of the Group (and the sole shareholder of Steinhoff Investment Holdings Limited, a new intermediate holding company for the South African part of the Group).
- 1.6 Since 7 December 2015, the shares of the Scheme Company have been listed on the Frankfurt Stock Exchange ("**FSE**") (primary listing) and on the Johannesburg Stock Exchange ("**JSE**") (secondary listing).

2 Summary of the Scheme Company's principal financial debt and financial creditors

2.1 The Scheme Company's principal financial liabilities are comprised of the NV Contingent Payment Undertakings and intra-group liabilities.

NV Contingent Payment Undertakings

2.2 The Scheme Company is the obligor under the following contingent payment undertakings:

2.2.1 **SEAG CPU:** a contingent payment undertaking dated 12 August 2019, entered into by the Scheme Company with Lucid Trustee Services Limited as agent for the Facility A1 Lenders and Facility A2 Lenders and Lucid Agency Services Limited in its capacities as Facility Agents (the "**SEAG CPU**").

Maturity: 31 December 2021.

Quantum: the initial principal amount of the A1/A2 tranches of the SEAG Facilities Agreements, being €1.9 billion and €3.6 billion respectively.

Interest: N/A.⁷

Termination: the earlier of: (i) the date the initial principal amount payable by the Scheme Company (as specified above) has been paid by the Scheme Company under the SEAG CPU; (ii) the date the combined amount paid by both the Scheme Company under the SEAG CPU and the obligors to the Facility A1 Lenders and Facility A2 Lenders under the SEAG Facilities Agreements is equal to the principal and interest of the A1 tranche and A2 tranche (as applicable) (for these purposes the notional interest is different from that applied under the SEAG Facilities Agreements) and (iii) the date on which each Finance Party (as defined in the SEAG CPU) (or the SEAG CPU Agent acting on instructions of each Lender) has confirmed in writing to the Scheme Company that the SEAG CPU will terminate.

2.2.2 **21/22 SFHG CPU:** a contingent payment undertaking dated 12 August 2019 entered into by the Scheme Company with Global Loan Agency Services Limited as agent for Lenders under and as defined in the SFHG 21/22 Facilities Agreement in relation to Facility A1 Loans (as defined thereunder) (the "**21/22 SFHG CPU**").

Maturity: 31 December 2021.

Quantum: the initial principal amount of the Facility A1 under the SFHG 21/22 Facilities Agreement which is €1.7 billion.

Interest: N/A⁸

Termination: the earlier of: (i) the date the initial principal amount payable by the Scheme Company (as specified above) has been paid by the Scheme Company under the 21/22 SFHG CPU; (ii) the date the combined amount paid by the Scheme Company under the 21/22 SFHG CPU, SIHPL under the SIHPL SFHG CPU and the obligors to the lenders in respect of the A1 tranche of the SFHG 21/22 Facilities Agreement is equal to the principal and interest of the A1 tranche (for these purposes the notional interest is different from that applied under the SFHG 21/22 Facilities Agreement in

⁷ Payment of interest accrued on the underlying facilities is covered in the NV Contingent Payment Undertaking, but subject to a quantum/recovery cap

⁸ Payment of interest accrued on the underlying facilities is covered in the NV Contingent Payment Undertaking, but subject to a quantum/recover cap.

circumstances where a Governance Default Event as defined in the SFHG 21/22 Facilities Agreement has occurred); and (iii) the date on which each Finance Party (or the Agent acting on instructions of each Creditor) (as such terms are defined in the 21/22 SFHG CPU) has confirmed in writing to the Scheme Company that the 21/22 SFHG CPU will terminate.

- 2.2.3 23 SFHG CPU:** a contingent payment undertaking dated 12 August 2019 entered into by the Scheme Company with Global Loan Agency Services Limited as agent for Lenders under and as defined in the SFHG 23 Facilities Agreement in relation to Facility A2 Loans (as defined thereunder) (the “**23 SFHG CPU**”).

Maturity: 31 December 2021.

Quantum: the initial principal amount of the A2 tranche of the SFHG 23 Facilities Agreement which is €1.2 billion.

Interest: N/A.⁹

Termination: the earlier of: (i) the date the initial principal amount payable by the Scheme Company (as specified above) has been paid by the Scheme Company under the 23 SFHG CPU; (ii) the date the combined amount paid by the Scheme Company under the 23 SFHG CPU and the obligors to the lenders in respect of the A2 tranche of the SFHG 23 Facilities Agreement is equal to the principal and interest of the A2 tranche (for these purposes the notional interest is different from that applied under the SFHG 23 Facilities Agreement in circumstances where a Governance Default Event as defined in the SFHG 23 Facilities Agreement has occurred); and (iii) the date on which each Finance Party (or the Agent acting on instructions of each Creditor) (as such terms are defined in the 23 SFHG CPU) has confirmed in writing to the Scheme Company that the 23 SFHG CPU will terminate.

- 2.2.4 Hemisphere CPU:** a contingent payment undertaking dated 5 September 2018 entered into by the Scheme Company with Lucid Agency Services Limited (the “**Hemi CPU Agent**”) as agent for Lenders under and as defined in the Hemisphere Facilities Agreement in relation to Facility A Loans (as defined thereunder) (the “**Hemisphere CPU**”).

Maturity: 31 December 2021.

Quantum: € 772,500,000.

Interest: N/A.¹⁰

Termination: the earlier of: (i) the date the maximum amount payable by the Scheme Company (being the quantum specified above) has been paid by the Scheme Company under the Hemisphere CPU; (ii) the date the combined amount paid by the Scheme Company under the Hemisphere CPU and the obligors to the lenders in respect of the A tranche of the Hemisphere Facilities Agreement is equal to the principal and interest of the A tranche and (iii) each Hemisphere Lender has confirmed in writing to the Scheme Company that the Hemisphere CPU will terminate.

⁹ Payment of interest accrued on the underlying facilities is covered in the NV Contingent Payment Undertaking, but subject to a quantum/recover cap.

¹⁰ Payment of interest accrued on the underlying facilities is covered in the NV Contingent Payment Undertaking, but subject to a quantum/recover cap.

2.3 Each of the NV Contingent Payment Undertakings is a bespoke instrument that was entered into by the Scheme Company in consideration for, among other things, the restatement of the Scheme Company's guarantee obligations in respect of the relevant underlying facilities. As detailed above, and in broad terms, each instrument provides the relevant beneficiary creditors with an independent and self-standing claim against the Scheme Company, subject to two mechanisms which serve to define and limit the Scheme Company's liability in that respect:

2.3.1 a liquidated cap on the total amount payable by the Scheme Company itself, defined in general terms by reference to the principal amounts of the relevant underlying facilities at the effective date of the 2019 Restructuring (reflected in for example the SEAG CPU by the concept of the "Initial Payment Amount", as defined therein); and

2.3.2 a further cap triggered by reference to a date on which underlying creditors are paid in full (in an amount reflecting an assumed notional interest rate in respect of the underlying facilities, where applicable) through any combination of recoveries, including on their underlying facilities and the relevant NV Contingent Payment Undertaking (and in the case of the 21/22 SFHG CPU and the SIHPL SFHG CPU, recoveries on the SIHPL SFHG CPU and the 21/22 SFHG CPU respectively). This is reflected in for example the SEAG CPU by the concept of the "Recovery Cap Date", as defined therein.

The reaching or triggering of either cap operates to terminate the Scheme Company's liability under the relevant NV Contingent Payment Undertaking (as per, for example, the concept of the "Termination Date" under the SEAG CPU). Until that time, the agent under the relevant NV Contingent Payment Undertaking (on behalf of the respective creditors) may submit proof in any insolvency proceedings, suspension of payment, scheme of arrangement or other similar arrangement or process for the whole amount which the Scheme Company undertook to pay.

2.4 Save in defined circumstances, all amounts to be paid pursuant to any NV Contingent Payment Undertaking (including the SEAG CPU but, prior to accession by the Hemi CPU Agent to the Umbrella Agreement, excluding the Hemisphere CPU) are to be paid to the Umbrella Agent for application pursuant to the Umbrella Agreement. In this respect the Umbrella Agreement contemplates that the NV Contingent Payment Undertakings rank, in right and priority of payment amongst themselves, *pari passu*. Thus, the Umbrella Agent is required to distribute amounts to the agent under each of the relevant NV Contingent Payment Undertakings on a *pari passu* basis, following which such amounts are distributed per the waterfall set out in each such NV Contingent Payment Undertaking. Moreover, and regardless of any accession by the Hemi CPU Agent to the Umbrella Agreement, each of the NV Contingent Payment Undertakings expressly provides that the obligations under it rank at least *pari passu* with other unsecured obligations of the Scheme Company not mandatorily preferred by law, reflecting the fact that the Scheme Company's obligations under all of NV Contingent Payment Undertakings (including the Hemisphere CPU) rank equally.

2.5 In this respect, clause 2.5(a) (Application of payments) of the SEAG CPU provides that payments made by the Scheme Company to the Umbrella Agent that are distributed on to the SEAG CPU Agent (or, in defined circumstances, paid to the SEAG CPU Agent directly) are to be distributed in accordance with a waterfall as follows:

2.5.1 *firstly*, in payment of Agent Liabilities (as defined under the SEAG CPU);

2.5.2 *secondly*, to the Facility Agent for the Facility A1 Lenders in discharge of liabilities (including accrued interest) owed to them under the SEAG CPU (subject to a cap); and

2.5.3 *thirdly*, in respect of any surplus, to the Facility Agent for the Facility A2 Lenders in discharge of liabilities (including accrued interest) owed to them under the SEAG CPU (again subject to a cap).

Intragroup debt

2.6 The Scheme Company is a borrower under the following intercompany loan agreements¹¹:

2.6.1 an intercompany loan between the Scheme Company as borrower and Steinhoff Africa Holdings Proprietary Limited as lender dated 12 August 2019 in the amount of ZAR 4,320,689,089;

2.6.2 an intercompany loan between the Scheme Company as borrower and Steenbok NewCo 2A Limited as lender dated 12 August 2019 in the amount of €686,267,088 (as at 30 September 2020);

2.6.3 an intercompany loan between the Scheme Company as borrower and Steenbok Lux Finco 1 S.à.r.l. as lender dated 28 December 2018 in the amount of €12,000; and

2.6.4 an undocumented intercompany loan between the Scheme Company as borrower and Steinhoff UK Group Services Limited as lender in the amount of £100,

(the “**Intragroup Indebtedness**” or “**Intercompany SIHNV Loans**”).

Other liabilities

2.7 The Scheme Company also has certain other liabilities connected with its day-to-day activities as a holding company and statutory compliance.

Summary of the total debt

2.8 As at 30 September 2020:

2.8.1 the Scheme Company’s total maximum indebtedness (being the Initial Payment Amount) under the SEAG CPU stood at approximately €5.504 billion;

2.8.2 the Scheme Company’s total maximum indebtedness under the NV Contingent Payment Undertakings stood at approximately €9.179 billion;

2.8.3 the Scheme Company’s total debt to Group Companies stood at approximately €906 million; and

2.8.4 the total Steinhoff Financial Indebtedness stood at approximately €9.969 billion.

Financial information

2.9 Please refer to Appendix E of this Explanatory Statement for the unaudited results of the Group for the six months ended 31 March 2020.

¹¹ Details of the following intercompany loan agreements were included in the Practice Statement Letter:

- an undocumented intercompany loan between the Scheme Company as borrower and Steinhoff International Share Trust as lender in the amount of ZAR 2,750,205;
- an undocumented intercompany loan between the Scheme Company as borrower and Steinhoff US Holdings II, LLC (formerly Sherwood Acquisitions Holdings LLC) as lender in the amount of USD 13,388;

These loans are not listed in this Explanatory Statement because (i) the loan between the Scheme Company and Steinhoff International Share Trust has in fact been repaid and (ii) the loan between the Scheme Company and Steinhoff US Holdings II, LLC was reallocated due to previous incorrect accounting (a correction which cleared the loan account).

3 Summary of material contingent litigation liabilities of the Scheme Company

3.1 The Scheme Company is subject to a number of litigation proceedings and potential proceedings in connection with alleged accounting irregularities announced in December 2017 (as is SIHPL). These are described in notes 22 and 35 of the FY2019 Consolidated Financial Statements of the Group available at https://www.steinhoffinternational.com/downloads/2020/STEINHOFF-ANNUAL-REPORT-2019_web.pdf.

3.2 The Scheme Company does not admit liability (and nor does SIHPL) in respect of such proceedings and has been and is continuing vigorously to defend them. No adverse judgments against the Scheme Company (or SIHPL) as to liability have yet been granted in the proceedings. The ultimate existence and scale of any such liability is, therefore, wholly contingent on the future resolution of such proceedings.

3.3 The key categories of litigation claimants are summarised below.

3.4 “MPC Claimants”:

3.4.1 These are, primarily, persons who acquired shares in the Scheme Company in the market generally in the period after the effectiveness of the SIHPL scheme of arrangement on 7 December 2015 but prior to close of business on 5 December 2017, to the extent that they continued to hold such shares at close of business on the latter day. Such persons may have either already asserted or may still assert a claim (an “MPC”) for damages in respect of their acquisition of such shares as were still so held against, among others, the Scheme Company, and certain litigation proceedings have been commenced in that respect in South Africa, the Netherlands and Germany. MPC Claimants also include persons who acquired shares in SIHPL during the period before the scheme of arrangement, to the extent that they exchanged such shares for shares in the Scheme Company pursuant to the scheme of arrangement, continued to hold the shares received in exchange at close of business on 5 December 2017 and a MPC has been or could be asserted against SIHPL in respect of the original acquisition.

3.4.2 Without admitting any liability on any ground whatsoever, the Scheme Company and SIHPL, together with their advisers, have developed a methodology solely for settlement purposes to determine which investors allegedly suffered damage as a result of acquiring such shares (and, therefore, may qualify as MPC Claimant) and in what amount. Based on such methodology, the Scheme Company estimates that the universe of actual and potential MPC Claimants (including comparable claims against SIHPL) consists of approximately 90,000 parties (out of which 65,000 are at the Scheme Company) and the aggregate value of their alleged claims may amount to approximately € 4.840 billion (out of which €2.807 billion are MPCs against the Scheme Company) as at 5 December 2017. This is an estimate only for the purpose of the Steinhoff Group Settlement and is neither an admission or quantification of any actual liability on the part of the Scheme Company or any other party in that respect.

3.5 “Contractual Claimants”:

3.5.1 These are parties who acquired shares in the Scheme Company pursuant to one or more contracts entered into with the Scheme Company and/or its affiliates, either in consideration for the payment of subscription or purchase monies in cash or for the transfer of shares in an enterprise to the Scheme Company, and who (or whose successors) have asserted claims against the Scheme Company for rescission and/or damages in South Africa and/or the Netherlands in respect of the relevant contracts (a

“Contractual Claim”). Contractual Claimants differ from MPC Claimants in that they contracted directly with the Scheme Company and/or its affiliates when acquiring the relevant shares.

3.5.2 Without admitting any liability on any ground whatsoever, the Scheme Company, together with its advisers, has developed a methodology to determine for settlement purposes only the amount of the alleged claims of each of its Contractual Claimants. Pursuant to such methodology, the aggregate value of Contractual Claims (including like claims against SIHPL) may amount to approximately €4.140 billion (out of which €1.869 billion are Contractual Claims against the Scheme Company) as at 5 December 2017. Again, this is an estimate only for the purpose of the Steinhoff Group Settlement and is neither an admission or quantification of any actual liability on the part of the Scheme Company or any other party in that respect.

3.6 “Non-Qualifying Claimants”:

3.6.1 These are parties who allege or may allege claims (the **“Non-Qualifying Claims”**) against the Scheme Company, whether in respect of the acquisition of shares in the Scheme Company or otherwise, which the Scheme Company disputes or does not admit (for the purposes of settlement or otherwise) and which do not fall into any of the categories identified above. Any settlement of the Non-Qualifying Claims by the Scheme Company will be subject to a permission regime set out in the Consent Request (please refer to paragraph 3.6 of Part 4 of this Explanatory Statement for a summary).

4 Scheme Creditors

4.1 The Scheme Creditors are the SEAG CPU Creditors, i.e. lenders of record in respect of Facility A1 and lenders of record in respect of Facility A2 established under the SEAG Facilities Agreements. Those persons with only a beneficial interest in Facility A1 and/or Facility A2 (as applicable) are not Scheme Creditors.

4.2 The Scheme only affects rights of the Facility A1 Lenders and Facility A2 Lenders pursuant to the SEAG CPU, together with certain consent rights that such lenders have in those capacities in connection with the SEAG Intercreditor Agreement, and does not itself directly affect the claims or rights under any other Contingent Payment Undertaking, debt or intercreditor instruments, nor does it affect the holders of the Intragroup Indebtedness and contingent litigation claims of the MPC Claimants, Contractual Claimants or Non-Qualifying Claimants. Neither the holders of claims under other NV Contingent Payment Undertakings nor the Creditors under and as defined in the SEAG Intercreditor Agreement, other than the SEAG CPU Creditors, are therefore Scheme Creditors.

4.3 The Scheme itself also does not directly affect the rights of any lenders (including Scheme Creditors) under the SEAG Facilities Agreements, the SFHG Facilities Agreements or the Hemisphere Facilities Agreement.

PART 3

BACKGROUND TO AND PURPOSE OF THE SCHEME

1 The Scheme Company's financial position after 5 December 2017

1.1 Publication of accounting irregularities

1.1.1 On 5 December 2017 the Scheme Company publicly announced that new information had surfaced relating to possible accounting irregularities that required further investigation. South African counsel to the Scheme Company subsequently appointed PwC to investigate possible accounting irregularities and/or possible violations of applicable laws. At the core of the investigation was the suspicion that over a number of years the Group's profits and value of its assets had been represented to be too high by creating fictitious and/or irregular transactions with seemingly independent third parties. In subsequent press releases, the Scheme Company announced the following, among other things:

- (i) PwC's investigation pertained to potential accounting irregularities and/or potential non-compliance with laws and regulations, an overview of the results of which was later published on the Steinhoff website on 15 March 2019;
- (ii) the Scheme Company's 2016 financial statements had to be revised and could no longer be relied on; and
- (iii) financial statements of SIHPL for the 2016 and 2015 years had to be revised and could no longer be relied on, and that its financial statements for previous years may also have to be revised.

1.1.2 In the aftermath of the announcements, various investigations, civil liability proceedings and class actions were initiated against the Scheme Company in Germany, South Africa and the Netherlands, including MPCs, Contractual Claims and Non-Qualifying Claims. In addition:

- (i) lenders of various entities within the Group ceased the provision of new loans and expressly reserved their rights in respect of cancellation and enforcement of the existing loans. Various bank loans and (convertible) bonds that Group Companies had previously obtained or issued were also on the verge of becoming due and payable or were cancelled. The Scheme Company was a guarantor under a number of these loans and bonds and could be held directly liable for their performance;
- (ii) banks offering cash pooling arrangements for the benefit of Group Companies froze the mutual settlements between bank accounts in the cash pool. As a result, these Group Companies were no longer able to dispose of liquid assets of other Group Companies within the cash pool; and
- (iii) credit insurers of operating Group Companies threatened to cancel and/or reduce their insurance policies, creating the risk that suppliers of inventory would demand advance payments for future deliveries.

1.1.3 As a result of all of the above, the Scheme Company experienced severe financial difficulties.

1.2 Financial restructuring: lock-up agreements

- 1.2.1 In light of its financial difficulties, the Scheme Company started negotiations with the Group's financial creditors with a view to agreeing a financial restructuring.
- 1.2.2 On 11 July 2018 a lock-up agreement was entered into in respect of a restructuring of debts of the Scheme Company, SEAG, SFHG and Stripes US Holding Incorporated ("**Stripes**") (the "**Lock-Up Agreement**"). The key arrangement reflected in the Lock-Up Agreement was an obligation of the parties, including financial creditors, to support and implement the financial restructuring in accordance with a term sheet and step-by-step implementation plan attached to the Lock-Up Agreement.
- 1.2.3 The Scheme Company negotiated a separate restructuring of the debt of Hemisphere International Properties B.V. ("**Hemisphere**"), an indirect subsidiary of the Scheme Company and a holding company of European real estate properties. On 26 July 2018 Hemisphere entered into its own lock-up agreement, in which, among other things, a standstill was agreed with Hemisphere's lenders for a period of three years. The Hemisphere financial restructuring was successfully completed on 5 September 2018: a restated credit facility of approximately € 775 million was provided in return for repayment of the existing credit facility, with interest being paid in kind (PIK interest). On the same day, the Scheme Company entered into the Hemisphere CPU in replacement of the joint and several guarantee that the Scheme Company had provided for Hemisphere's obligations under the previous credit facility.

1.3 Implementation of the financial restructuring

- 1.3.1 In order to implement the restructuring plan as provided for in the Lock-Up Agreement, SEAG and SFHG each published CVA proposals on 30 November 2018. The proposals contemplated, among other things, that:
- (i) SEAG's existing debts would be restructured into a first lien and a second lien credit facility, to be provided to a newly incorporated Luxembourg subsidiary. The new credit facilities would mature on 31 December 2021 and bear PIK interest;
 - (ii) SFHG's existing (convertible) bonds with original maturities of up to 2021 and 2022 would be jointly restructured into a new credit facility and SFHG's existing (convertible) bonds with an original maturity of up to 2023 would be restructured into a new (separate) credit facility, each to be provided to a newly incorporated Luxembourg subsidiary. These facilities would be non-convertible and would also mature on 31 December 2021 and bear PIK interest;
 - (iii) financial creditors who had previously benefited from the Scheme Company's guarantee would instead be entitled to payment by the Scheme Company under separate contingent payment undertakings, but no earlier than 31 December 2021 (unless an Event of Default (as defined in the relevant NV Contingent Payment Undertaking) had occurred and notice of such had been validly served on the Scheme Company); and
 - (iv) certain rights of enforcement of claims by financial creditors against SEAG and SFHG would be suspended until the financial restructuring had been implemented or the CVAs had been terminated.
- 1.3.2 The SEAG CVA and SFHG CVA proposals were adopted on 14 December 2018 by the requisite majorities of creditors.

1.3.3 On 12 August 2019, the CVAs were implemented by entering into, among other things, the following agreements:

- (i) the SEAG Facilities Agreements;
- (ii) the SEAG Intercreditor Agreement;
- (iii) the SFHG Facilities Agreements;
- (iv) the SFHG Intercreditor Agreement;
- (v) the SEAG CPU;
- (vi) the 21/22 SFHG CPU;
- (vii) the SIHPL SFHG CPU;
- (viii) the 23 SFHG CPU; and
- (ix) the Umbrella Agreement.

At the same time the intermediate holding company structure was partly reorganised with the introduction of new entities. As a result, the 2019 Restructuring contemplated by the Lock-Up Agreement, with such modifications as the parties agreed, was completed. Please refer to the debt structure chart of the Group as at 30 September 2020 attached at Appendix G (*Debt Structure Chart*).

1.4 The Steinhoff Group Settlement

1.4.1 The Scheme Company's liabilities exceeds its assets and, as such, it has negative shareholders' equity¹². The Scheme Company's assets mainly consist of financial assets (shares in subsidiaries) and long-term receivables from the Group Companies and are largely illiquid. On the other hand, the Scheme Company has very significant indebtedness under the NV Contingent Payment Undertakings, which may be demanded from (i) 31 December 2021 if the borrowers under the underlying Facilities Agreements have not themselves discharged all relevant sums due by that date or (ii) the date on which an Event of Default (as defined in NV Contingent Payment Undertaking) has occurred and notice of such had been validly served on the Scheme Company.

1.4.2 In addition, the Scheme Company is involved in numerous legal proceedings in respect of MPCs, Contractual Claims and Non-Qualifying Claims. If any of these proceedings (or other such proceedings that might yet be brought) were to be successful in establishing liability on the part of the Scheme Company, the Scheme Company would be at material risk of damages assessments and awards. Without admitting any liability in respect of the same, the Scheme Company estimates that such awards could, collectively, run into the billions of EUR. As described above, the methodologies proposed by the Scheme Company (without any admission of liability and solely for the purposes of the Steinhoff Group Settlement) for the calculation of the claims of MPC Claimants and Contractual Claimants of the Scheme Company for settlement purposes yield sums of approximately €2.807 billion and €1.869 billion respectively. On no analysis could the Scheme Company afford to pay sums of such magnitude.

¹² As set out in the latest separate financial statements of the Scheme Company for the period ended 30 September 2019 (forming part of the audited results of the of the Group for 2019 financial year), the negative equity of the Scheme Company was €910 683 000 as at 30 September 2019. As set out in the latest unaudited results of the Group for the 6 months ended 31 March 2020, the negative equity of the Group (on a consolidated basis) was € 3.449 billion as of 31 March 2020.

1.4.3 Whilst the various proceedings brought against the Scheme Company in South Africa, the Netherlands and Germany are at different procedural stages, the Scheme Company is of the view that there is a material risk that adverse judgments as to liability may start to be rendered in the latter part of 2021.

1.4.4 In such circumstances, the Scheme Company faces the combined potential issues of:

- (i) 31 December 2021 maturities under the NV Contingent Payment Undertakings with the total debt thereunder being approximately €9.179 billion (as at 30 September 2020); and
- (ii) contingent liabilities in the form of pending litigation claims that may crystallise into very substantial additional financial liabilities in the medium term,

both of which have a material adverse impact on its ability to continue as a going concern.

1.4.5 As noted above, the Scheme Company anticipated the challenges that it would continue to face in the context of its financial restructuring. Specifically, the 2019 Restructuring provided the Group with a ‘breathing space’ period in which it could concentrate on restoring value to its operating businesses, reducing debt (including through disposal of selected assets) and work towards resolving litigation claims pending against it in respect of the accounting issues first disclosed in early December 2017.

1.4.6 At the time of the 2019 Restructuring, the Scheme Company and SIHPL obtained a permission from their lenders for a settlement of the vast majority of legal claims, via the inclusion in the Steinhoff Finance Documents of the concept of a “Permitted Global Settlement”. That permission is subject to an extensive range of conditions set out, in particular, in clause 10 of the Umbrella Agreement governing:

- (i) the pre-conditions to such a settlement (clause 10.2 of the Umbrella Agreement);
- (ii) the sources from which such a settlement could be funded (clause 10.3(a) of the Umbrella Agreement);
- (iii) the maximum value of the Group’s assets that could be deployed as settlement consideration (per the definition of Settlement Value in clause 10.1 of the Umbrella Agreement and currently an amount of no greater than € 261.34 million in accordance with the most recent Quarterly PHL Notice (as defined in the Umbrella Agreement) delivered under the Umbrella Agreement); and
- (iv) the extent of contingent liabilities that would need to be settled in order to constitute a Permitted Global Settlement (per the definition of Group Settlement Threshold in clause 10.1 of the Umbrella Agreement).

As detailed further below, the need for the Scheme arises out of the Scheme Company’s proposal to implement a settlement of its contingent liabilities in such manner as does not fall within these requirements and to extend debt maturities in conjunction therewith.

1.4.7 It was clear to both the Scheme Company and its financial creditors that, in order to arrive at a workable solution that would enable the Group to continue as a going concern in the long term, a ‘universal solution’ would be needed, involving an overall settlement of all or substantially all legal proceedings, including the MPCs and the Contractual Claims (and comparable claims at SIHPL).

1.4.8 Conscious of that reality, the Scheme Company began assessing the basis on which it might be able to design and negotiate such a solution with key counterparties well before

the 2019 Restructuring was implemented and pursued preliminary engagements in that respect in parallel with such implementation. Its initial publication of its proposal for the Steinhoff Group Settlement on 27 July 2020 represented a culmination of many months of intensive effort and engagement that had followed on that part of the Scheme Company, SIHPL and their advisers. Although relevant discussions have been conducted on a confidential and, where relevant, without prejudice basis, they have entailed in summary:

- (i) A series of collective and bilateral discussions with a number of law firms representing the interests of specific groups of MPC Claimants that have brought litigation and/or have pursued class actions, which Steinhoff has labelled the Active Claimant Groups (“**ACGs**”). Based on the Scheme Company’s estimations and settlement methodology, the ACGs are likely to represent approx. 61-62 per cent. of the aggregate estimated value of all MPCs in respect of the Scheme Company and/or like claims in respect of SIHPL (€2.990 billion) that are eligible for settlement consideration.
- (ii) A series of bilateral discussions conducted with Contractual Claimants and parties that either are or claim to be the ultimate beneficiaries of their claims. Such discussions have involved both Contractual Claims against the Scheme Company and those who have brought claims of the same type against SIHPL.
- (iii) Parallel discussions with an *ad hoc* group of material financial creditors of the Scheme Company and SIHPL for the purpose of ensuring that any proposals to be made to ACGs and Contractual Claimants were likely to be acceptable to financial creditors generally.

1.4.9 Given the multitude of relevant creditors and the diversity, complexity and multijurisdictional dimension of the claims, the proposal is the product of discussions and analysis undertaken over many months. Throughout that period, the Scheme Company and SIHPL have worked intensively to formulate a proposed basis of settlement which seeks to achieve the key goal of yielding an outcome likely to be materially better and more certain for each of its litigation and financial creditor constituencies than a “no settlement” scenario (i.e., a likelihood of liquidation of the Scheme Company and SIHPL), whilst also allocating value across such constituencies in a way that reflects fair and defensible treatment between them.

1.4.10 As with any negotiation involving the putative allocation of a very material but finite amount of value amongst a range of sophisticated competing stakeholders, the process has been challenging. Over the course of this year, it has been further complicated by the COVID-19 pandemic, which has had an adverse impact on the intrinsic value of the Group's assets and the ZAR/EUR exchange rate, and, therefore, the means available to the Scheme Company and SIHPL to finance the settlement. Also, and perhaps inevitably, key counterparties have been unwilling to make formal commitments to support proposed terms whilst other counterparties have continued to negotiate.

1.4.11 Nonetheless, conscious of the limited window of opportunity for settlement that was open to them, and in light of both the extensive discussions that they had participated in over many months and a period of assessment of the implications of the COVID-19 pandemic, with the assistance of the Litigation Working Group, the Scheme Company and SIHPL concluded in the summer of 2020 that they were in position publicly to formulate a proposal that, in their view, achieved the key objectives stated above. The proposed terms of the Steinhoff Group Settlement were, accordingly, announced on 27

July 2020 (available at https://www.steinhoffinternational.com/downloads/2020/litigation_claims/Universe_Settlement_Press_Release_2020.pdf) (“**27 July Announcement**”).

- 1.4.12** In essence, the proposal constitutes a basis for a full and final settlement of MPCs and Contractual Claims (and like claims against SIHPL) and (if and to the extent that such claims are ultimately established against the Scheme Company) Non-Qualifying Claims, as well as the terms on which the claims of the financial creditors are to be amended and extended, in each case on the terms set out in the Settlement Term Sheet, as originally published with the 27 July Announcement and subsequently amended and appended to the Consent Request (the “**Settlement Term Sheet**”). A copy of the revised Settlement Term Sheet is appended at annex 2 of the Consent Request which is appended at Appendix F (*Consent Request*).
- 1.4.13** The Steinhoff Group Settlement is proposed on the basis that it does not represent an admission of any liability in respect of any of the litigation claims brought or threatened against any member of the Group or any directors, officers, or employees, past or present.
- 1.4.14** The financial position of the Group and the complex multi-jurisdictional nature of the litigation make implementation of the proposed Steinhoff Group Settlement uniquely challenging. The Scheme Company and SIHPL have therefore been considering a number of options to achieve the necessary certainty and finality required by them and their stakeholders. Because certainty and finality are paramount objectives, it is intended that each of the Scheme Company and SIHPL will undertake a statutory compromise process in its home jurisdiction (the Netherlands for the Scheme Company and South Africa for SIHPL) in order to bind all or substantially all creditors and claimants to the settlement.
- 1.4.15** In this respect, the Scheme Company noted in its press release that the options currently available to the Group to implement the Steinhoff Group Settlement included a Composition Plan submitted in draft form immediately on the filing of the request for an SoP Procedure in the Netherlands by the Scheme Company and a pre-prepared compromise plan by SIHPL pursuant to SA Proceedings. The Scheme Company and SIHPL have commissioned the preparation of such processes, and preparations are in each case well advanced.
- 1.4.16** The Scheme Company continues to consider whether there may be appropriate settlement mechanisms to supplement and/or replace such implementation procedures. In that context, the Scheme Company is actively considering the implications of the recent announcement that the WHOA Procedure will become available from 1 January 2021. The Scheme Company’s intention is, in any event, to decide on which implementation processes are to be pursued as soon as possible, with a view (other consents permitting) to launching the relevant processes as soon as possible thereafter.

2 Lender Consent Request

- 2.1** The 27 July Announcement noted that the implementation of the Steinhoff Group Settlement is also dependent on obtaining:
- 2.1.1** a series of inter-related consents from the Group’s financial creditors under the terms of the Steinhoff Finance Documents (including those which are sought to be obtained pursuant to the Scheme); and

- 2.1.2** an indicative consent of the SARB in respect of certain elements of the proposal and to facilitate the funding of the settlement proposal.
- 2.2** The consents from financial creditors are required primarily because:
- 2.2.1** as detailed above, the terms of the Steinhoff Group Settlement do not fall within the definition of 'Permitted Global Settlement' in the Steinhoff Finance Documents, and in order to carry out the settlement, a number of terms and definitions of the Steinhoff Finance Documents will need to be amended; and
- 2.2.2** as detailed further below, in conjunction and inter-conditionally with the Steinhoff Group Settlement, the Group's financial creditors are also being asked to consent to certain extensions of the maturity of the Scheme Company's obligations under the NV Contingent Payment Undertakings (including the SEAG CPU) and the final repayment dates under the underlying Facilities Agreements.
- 2.3** The consents required to make the necessary amendments to the Steinhoff Finance Documents (including the SEAG CPU and the SEAG Intercreditor Agreement) were sought from the relevant financial creditors via the Consent Request (please refer to Part 4 of this Explanatory Statement and for full details to a copy of the Consent Request at Appendix F (*Consent Request*)).
- 2.4** Pursuant to the Consent Request:
- 2.4.1** the requests sought are a single, non-divisible package and are not capable of separate or individual approval;
- 2.4.2** the extension of the maturity of the Scheme Company's and SIHPL's obligations under the Contingent Payment Undertakings and the final repayment dates under the underlying Facilities Agreements may only apply to all of the Contingent Payment Undertakings and the underlying Facilities Agreements; and
- 2.4.3** since the Interim Effective Time has occurred, the consents already obtained pursuant to the Consent Request are effective and irrevocable pending successful completion of the Scheme. However, if the Scheme should fail to be approved by the requisite majorities of SEAG CPU Creditors or sanctioned by the Court, the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors may give a termination notice, as a result of which the consents and undertakings contained therein, including those relating to the Steinhoff Group Settlement, shall lapse and have no further effect.
- 2.5** Pursuant to the terms of the Contingent Payment Undertakings, Facilities Agreements and the SEAG Intercreditor Agreement, votes of different majorities of creditors are required in respect of the consents sought, as illustrated in the table below. Importantly, however, the consents of all Facility A1 Lenders and Facility A2 Lenders are required for the Scheme Amendments (see paragraph 1 of Part 4 for description of such amendments) to be implemented.
- 2.6** At the expiry of the Consent Request the agents reported that the Group had received the following responses:

No.	Lender groupings	Relevant Thresholds required for the amendments	Approval Levels	Rejection Levels	Approval Levels after "Snooze"
1.		80% or more of total commitments under the SFHG 21/22 Facilities Agreement	88.16%	3.83%	95.84%

No.	Lender groupings	Relevant Thresholds required for the amendments	Approval Levels	Rejection Levels	Approval Levels after "Snooze"
	21/22 SFHG Lenders ¹³	90% or more of the facility A1 lenders under the SFHG 21/22 Facilities Agreement	88.25%	3.75%	95.92%
2.	23 SFHG Lenders ¹⁴	80% or more of total commitments under the SFHG 23 Facilities Agreement	86.40%	5.16%	94.3%
		90% or more of the facility A2 lenders under the SFHG 23 Facilities Agreement	86.36%	5.17%	94.35%
3.	SEAG First Lien Lenders ¹⁵	80% or more total commitments under the SEAG First Lien Facilities Agreement	88.60% (53/85 of SEAG First Lien Lenders)	0.19% (1/85 of SEAG First Lien Lenders)	99.78%
		100% of the Facility A1 Lenders	88.88% (50/79 of Facility A1 Lenders)	0.05% (1/79 of Facility A1 Lenders)	99.94%
4.	SEAG Second Lien Lenders ¹⁶	80% or more total commitments under the SEAG Second Lien Facilities Agreement	90.40% (89/135 of SEAG Second Lien Lenders)	5.50% (2/135 of SEAG Second Lien Lenders)	94%
		100% of the Facility A2 Lenders	88.57% (86/129 of Facility A2 Lenders)	6.60% (2/129 of Facility A2 Lenders)	93%
5.	Hemisphere Lenders ¹⁷	80% or more of total commitments under the Hemisphere Facilities Agreement	96.79%	0%	100%
		100% or more of total commitments under the Hemisphere Facilities Agreement	96.79%	0%	100%

¹³ "Lenders" as defined in the SFHG 21/22 Facilities Agreement

¹⁴ "Lenders" as defined in the SFHG 23 Facilities Agreement

¹⁵ "Lenders" as defined in the SEAG First Lien Facilities Agreement

¹⁶ "Lenders" as defined in the SEAG Second Lien Facilities Agreement

¹⁷ "Lenders" as defined in the Hemisphere Facilities Agreement

- 2.7** Through the consents provided by the relevant lenders and the application of 'snooze' provisions, whereby all parties that did not respond within the time limits set out were either considered to have provided their consent or were excluded from the calculation of the vote in respect of the Consent Request, the relevant amendments were approved at the necessary levels by the Hemisphere Lenders (with unanimous support) and the SFHG Lenders (with the support of between 94 per cent. and 96 per cent. by value). However, with respect to the SEAG debt, the Scheme Company achieved 99.9 per cent. support by value from the Facility A1 Lenders and 93 per cent. by value from the Facility A2 Lenders. Such consents were sufficient for the purposes of amending the SEAG Facilities Agreements, but not to make the associated amendments to the SEAG CPU and SEAG Intercreditor Agreement (i.e. the Scheme Amendments), for which the unanimous consent of both the Facility A1 Lenders and Facility A2 Lenders is required.
- 2.8** As noted above, given the inter-conditionality of the consents and waivers sought in respect of the Steinhoff Finance Documents, the Scheme Company will be unable to extend maturities under other Steinhoff Finance Documents without extending the maturity date under the SEAG CPU. Moreover, its failure to do so would entitle the requisite majority of creditors of the Group to instruct the Umbrella Agent to terminate all consents, releases, waivers and undertakings already given pursuant to the Consent Request (a matter outside the control of the Scheme Company), so that the Scheme Company would not be able to pursue the Steinhoff Group Settlement.
- 2.9** Therefore, the Scheme Company is proposing the Scheme in order to reach a compromise and arrangement with the Scheme Creditors to implement the Scheme Amendments.

3 Purpose of the Scheme

3.1 Amendments to Steinhoff Finance Documents and Steinhoff Group Settlement

- 3.1.1** The purpose of the Scheme is to permit the Scheme Amendments. The Scheme Amendments, in conjunction with the Non-Scheme Amendments effected by the Consent Request Implementation Documents, will allow the Scheme Company to proceed with its efforts to implement the Steinhoff Group Settlement.
- 3.1.2** The Scheme itself will grant authority to the Undertaking Agents to execute and deliver (where applicable, as a deed) the Scheme Implementation Documents to which each Undertaking Agent is expressed to be a party, thereby implementing the Scheme Amendments (and the Scheme will thereby ratify any and all actions taken in connection with the same).
- 3.1.3** The Scheme relates only to the Scheme Amendments, i.e. those amendments to the SEAG CPU and the SEAG Intercreditor Agreement that would otherwise require consent of all Facility A1 Lenders and Facility A2 Lenders under the SEAG CPU and the SEAG Intercreditor Agreement. The SEAG CPU and the SEAG Intercreditor Agreement are subject to certain other amendments comprised within the Consent Request Implementation Documents for which unanimous consent of Facility A1 Lenders and Facility A2 Lenders was not required, and which will be implemented in conjunction with the Scheme Amendments (to take effect on or prior to the Settlement Effective Date).
- 3.1.4** Execution and, where applicable, delivery of the Scheme Implementation Documents and Consent Request Implementation Documents will be carried out at the same time as part of a single process of execution and, where applicable, delivery of all relevant amendment agreements once the Scheme Conditions are satisfied. This, together with

the Non-Scheme Amendments, will, in turn, allow the Scheme Company to seek to implement the Steinhoff Group Settlement.

3.2 Deed of Release

3.2.1 The Scheme also grants authority to the SEAG CPU Agent (as lawful attorney on behalf of each Scheme Creditor) to execute the Deed of Release on behalf of each Scheme Creditor to effect, on behalf of each Scheme Creditor, the releases set out in paragraph 9 of Part 5 of this Explanatory Statement.

3.3 Failure of the Scheme

3.3.1 If the Scheme fails, the Scheme Company will be unable to implement the Scheme Amendments. This, in turn, will lead to the following:

- (i) Pursuant to the terms of the Consent Request, the Umbrella Agent would be entitled, acting upon instructions of the requisite majority of creditors (a matter outside the control of the Scheme Company), to terminate all consents, waivers and undertakings provided in accordance with the Consent Request and none of the Non-Scheme Amendments will become effective. In that event, the Scheme Company will not be able to pursue the Steinhoff Group Settlement due to the restrictions contained in the Steinhoff Finance Documents (please refer to paragraph 1.4.6 of this Part 3).
- (ii) Even if the Umbrella Agent does not so terminate consents in respect of the Non-Scheme Amendments, the maturity dates and termination dates across all Steinhoff Finance Documents will not be extended. Without such extension, the chances of successfully implementing the Steinhoff Group Settlement will be substantially jeopardised, as an important requirement of the proposed terms – namely extending debt to provide the Scheme Company and the Group with a stable platform to continue to implement a deleveraging strategy following the settlement – will not have been achieved.

3.3.2 If the Steinhoff Group Settlement fails, the Scheme Company will not be able to take steps to implement the Steinhoff Group Settlement on the terms proposed and is unlikely be able to do so at all. It would therefore remain subject to the numerous and material litigation claims that it is currently defending. Successful outcomes for the Scheme Company in such litigation can in no way be assured, and, whilst no liability is admitted by the Scheme Company, there is a material risk that adverse judgments in litigation proceedings may start to be obtained against the Scheme Company from the latter part of 2021. In such circumstances, the Scheme Company would not be in a position to refinance its financial indebtedness under the NV Contingent Payment Undertakings (approx. €9.179 billion), which will mature on 31 December 2021.

3.3.3 In such a scenario the Scheme Company would be bound to consider other options for the settlement of litigation claims. However, the Managing Directors of the Scheme Company do not think there is likely to be any viable alternative to the Steinhoff Group Settlement. Indeed, they believe that the Settlement Term Sheet represents the only realistic basis on which to conclude a settlement among all stakeholders, since:

- (i) It represents the product of over 12 months of complex negotiations with key stakeholders, including representatives of major financial creditors and litigation claimants, and has been calibrated carefully in light of those discussions. Because it represents the allocation of a finite available amount of value, and its terms cannot be improved for the benefit of one set of constituents without

detracting from the value of the benefits to be received by others, it reflects a “zero-sum game”, and any further negotiation would likely reopen the entire negotiation with no assurance that any different or substantially different allocation of value would be arrived at.

- (ii) The Managing Directors believe that it achieves the key objective of yielding an outcome likely to be materially better and more certain for each of its litigation and financial creditor constituencies than a “no settlement” scenario (as outlined below), whilst allocating value across such constituencies in a way that reflects fair and defensible treatment between them.
- (iii) The financial position of the Scheme Company is such that the proposal is close to the margins of affordability. The Managing Directors, however, believe that it is affordable and that it allows the Scheme Company, with the benefit of the debt extensions, sufficient headroom to continue as a going concern.

3.3.4 For these reasons, the Managing Directors believe that the Steinhoff Group Settlement is likely to be the only realistic alternative to the continuation of substantial litigation which may take years to resolve and in which the Group cannot be assured of success.

3.3.5 The failure of the Steinhoff Group Settlement would mean that the Scheme Company would be faced with obligations to pay amounts substantially exceeding the value of its assets with no realistic prospect of satisfying or restructuring such liabilities. That prospect would require the directors of the Scheme Company to reassess the going concern scenario and would be likely to cause them to conclude that they should file for the liquidation of the Scheme Company (particularly if the Scheme Company is unable to obtain the benefit of the Interim Extension Option). In this respect:

- (i) As outlined further in Part 6 of this Explanatory Statement, filing for liquidation would inevitably trigger a forced realisation of the Scheme Company’s investments in its subsidiaries in circumstances where distributions to creditors would be very materially delayed by, among other things, the need to resolve ongoing litigation, which is likely to take years to be resolved due to the complex nature of the claims and the risk of appeal proceedings in that respect.
- (ii) In any event, the value of financial debt of the Scheme Company and potential value of contingent litigation claims (estimated on the basis of methodology of the Scheme Company and its advisers) very significantly exceed the value of the assets of the Scheme Company (please refer to the liquidation comparator prepared by the Analysis Group attached at Appendix H (*Liquidation Comparator*)).

Please refer to Part 6 for more detailed analysis of the potential recoveries of Scheme Creditors in the event of a liquidation of the Scheme Company.

3.3.6 In summary, the Scheme Company believes there is a limited window in which it can seek to implement the Steinhoff Group Settlement. This limited window arises, in particular, because the opportunity for settlement is necessarily constrained by the progress of the litigation against the Group, the final repayment date of 31 December 2021 in respect of its financial indebtedness and the timeframes within which to implement statutory processes to give effect to the settlement terms.

3.3.7 The Scheme Company also believes that it is in the interests of Scheme Creditors that the Scheme Company, in conjunction with SIHPL, should be permitted to seek to implement the Steinhoff Group Settlement on the basis that it can, thereafter, continue

to operate as a going concern. The Scheme Company and the rest of the Group are seeking to deleverage the Group's balance sheet position by disposing of selected assets. Due to the impact of the COVID-19 pandemic, certain of its plans have been significantly delayed and, as such, certain expected disposals put on hold or cancelled. The Scheme Company therefore requires more time in the interest of all stakeholders, including the Scheme Creditors, to undertake this deleveraging process. In order to achieve that, it is vital that the Scheme Company obtains the debt maturity extensions that it seeks.

3.3.8 In this respect, the positive responses of the vast majority by value of the Group's financial creditors (including the Scheme Creditors) to the Consent Request fortify the Scheme Company in its view that such extensions are in the interests of Scheme Creditors.

4 Support for the Scheme

4.1 SEAG CPU Creditors

4.1.1 Pursuant to paragraph 55 of the Consent Request, each creditor who provides its consent pursuant to the Consent Request ("**Consenting Lender**") agrees (among other things):

- (i) to support the Implementation Proceedings which include an English law scheme of arrangement, including:
 - (a) attending, either in person or by authorised proxy, all meetings convened in connection with the Implementation Proceedings that are relevant to it;
 - (b) voting and exercising any powers or rights available to it (or authorising a party to do so on its behalf) irrevocably and unconditionally in favour of (a) any proposals, arrangements or composition plan consistent with the Steinhoff Group Settlement and (b) any amendment, waiver, consent or other proposal that the Scheme Company considers necessary to implement in relation to the Steinhoff Group Settlement, provided that it is consistent with the terms of the Consent Request or arrangements that are relevant to it; and
- (ii) refraining from, and procuring that each of its affiliates refrain from, taking, encouraging, assisting, supporting or consenting to (or procuring that any other person takes, encourages, assists, supports or consents to) any action that would, or may reasonably be expected to:
 - (a) breach or be inconsistent with the Steinhoff Group Settlement; or
 - (b) delay, impede or prevent the implementation or consummation of the Steinhoff Group Settlement.

4.1.2 Without factoring in snooze provisions, 88.88 per cent. in value and over 60 per cent. in number of the Facility A1 Lenders and 88.57 per cent. in value and over 60 per cent. in number of the Facility A2 Lenders have provided their consents to the Consent Request. Accordingly, such SEAG CPU Creditors are Consenting Lenders and have, therefore, agreed to support the Scheme.

4.2 Third party support for the Scheme

4.2.1 In order to permit the implementation of (and ultimately implement) the Scheme Amendments through the Scheme, participation is required from of the following third parties:

- (i) the SEAG CPU Agent;
- (ii) the Facility Agents;
- (iii) the SEAG Security Agent;
- (iv) the Umbrella Agent; and
- (v) NewCo 3.

4.2.2 The Scheme Company will use all reasonable endeavours to ensure that the SEAG CPU Agent, each of the Facility Agents, the SEAG Security Agent, the Umbrella Agent and NewCo 3 execute and deliver, prior to the Scheme Sanction Hearing, Deeds of Undertaking in favour of the Court and the Scheme Company pursuant to which each such person will agree to the Scheme and agree and undertake to the Court and the Scheme Company, among other things, upon the occurrence of the Scheme Effective Date:

- (i) to be bound by the Scheme;
- (ii) to procure to be done all such acts and things as may be necessary or desirable for the purposes of giving effect to the Scheme; and
- (iii) to promptly execute the Scheme Implementation Documents (and related documents) to which it or the Scheme Creditors are party (in relation to the Undertaking Agents, acting on the instructions and under the authorisations and power of the Scheme Creditors given to and conferred upon each of the Undertaking Agents under clause 8 (*Grant of authority to SEAG CPU Agent to execute the Scheme Implementation Documents*) of the Scheme).

5 Support for the Non-Scheme Amendments and the Steinhoff Group Settlement

5.1 Non-Scheme Amendments

5.1.1 The required majorities of creditors have provided their consents to implement the Non-Scheme Amendments. The Scheme Company is actively working on agreeing documents for the implementation of the Non-Scheme Amendments.

5.2 Steinhoff Group Settlement

5.2.1 As noted above, in order to achieve the necessary certainty and finality in respect of contingent litigation claims, it is assumed that the Scheme Company and SIHPL will each need to undertake a statutory compromise process in its home jurisdiction in order to bind all or substantially all creditors and claimants to the settlement.

5.2.2 Statutory compromise processes will require the support of the requisite majorities of creditors in numerical and value terms across either the entire creditor and claimant constituency, as in the case of an SoP Procedure, or in each relevant class of creditors, as in the case of SA Proceedings or the WHOA Procedure, in order to be eligible for judicial sanction. In order to succeed, therefore, the Scheme Company and SIHPL will need to receive substantial levels of voting support from both their financial creditors and litigation claimants.

- 5.2.3** Through the approvals to the Consent Request (in particular, the undertakings in Part C of the Consent Request) the Scheme Company has obtained significant support from its financial creditors for the statutory processes. In particular, pursuant to the Consent Request, the Consenting Lenders agreed to support the statutory processes (referred to as Implementation Proceedings in the Consent Request), including:
- (i) providing reasonable assistance to the Scheme Company, SIHPL and each member of the Group in relation to the Steinhoff Group Settlement and the Implementation Proceedings;
 - (ii) suspending or staying any and all existing legal proceedings that have been instituted by it against any member of the Group, and, save for enforcement of rights under the Consent Request, refraining from instituting any further legal proceedings against any member of the Group;
 - (iii) attending, either in person or by authorised proxy, all meetings convened in connection with the Implementation Proceedings that are relevant to it;
 - (iv) voting and exercising any powers or rights available to it (or authorising a party to do so on its behalf) irrevocably and unconditionally in favour of (a) any proposals, arrangements or composition plan consistent with the Steinhoff Group Settlement and (b) any amendment, waiver, consent or other proposal that the Scheme Company and any member of the Group considers necessary to implement in relation to the Steinhoff Group Settlement, provided that it is consistent with the terms of the Consent Request or arrangements that are relevant to it;
 - (v) refraining from, and procuring that each of its affiliates refrain from, taking, encouraging, assisting, supporting or consenting to (or procuring that any other person takes, encourages, assists, supports or consents to) any action that would, or may reasonably be expected to:
 - (a) breach or be inconsistent with the Steinhoff Group Settlement; or
 - (b) delay, impede or prevent the implementation or consummation of the Steinhoff Group Settlement;
 - (vi) promptly supplying the Scheme Company, SIHPL or any member of the Group and/or the administrator with copies of all documents and other evidence that the Scheme Company, SIHPL or any other member of the Group or an administrator, meeting Chairperson or the Steinhoff Recovery Foundation or its agents, may reasonably request in connection with the Steinhoff Group Settlement or the Implementation Proceedings;
 - (vii) instructing the Steinhoff Agents to enter into all documents and take all steps in connection with the Steinhoff Group Settlement; and
 - (viii) promptly upon written request:
 - (a) preparing, executing and filing (or instructing its advisers to prepare, execute and file) any document;
 - (b) making (or instructing its advisers to make) any application for or in support of any order or direction;
 - (c) giving (or instructing its advisers to give) any notice; and

(d) taking any other action,

that the Scheme Company or SIHPL or any member of the Group considers necessary or desirable in connection with the Steinhoff Group Settlement or the Implementation Proceedings.

- 5.2.4** As regards litigation claimants, as more particularly explained in paragraph 3.3.3 of this Part 3 above, the Managing Directors of the Scheme Company do not think there is likely to be any viable alternative to the Steinhoff Group Settlement and believe that the Settlement Term Sheet represents the only realistic basis on which to conclude a settlement among all stakeholders. The Settlement Term Sheet, therefore, reflects, in the Managing Directors' judgement, terms that are also likely to be accepted by sufficient majorities of litigation creditors, although no definite assurance can be provided in that respect.
- 5.2.5** The Scheme Company and SIHPL are seeking to obtain the formal support of material litigation creditors for the Steinhoff Group Settlement before they launch statutory processes in the Netherlands and South Africa. Discussions in that respect are active (and in some cases well advanced) with representatives of certain major MPC Claimant constituencies and Contractual Claimants, and the Scheme Company will make announcements if and when agreements are concluded. Although the obtaining of such formal commitments of support in advance is, where possible, desirable in the interests of maximising the prospects that the Steinhoff Group Settlement will be implemented successfully, the Scheme Company and SIHPL reserve the right to proceed without such advance support. They do so in light of their opinion that the Steinhoff Group Settlement is likely to yield a better outcome for all of their key creditor constituencies, including litigation claimants, relative to a "no settlement" scenario. For this reason, their expectation is that it should ultimately attract the necessary support. Again, however, no definite assurance can be provided in that respect.

PART 4
AMENDMENTS TO STEINHOFF FINANCE DOCUMENTS AND STEINHOFF GROUP SETTLEMENT

1 Scheme Amendments

1.1 The Scheme seeks to grant authority to the Undertaking Agents to execute and deliver (where applicable, as a deed) amendment agreements in respect of the SEAG CPU and the SEAG Intercreditor Agreement, thereby implementing the following amendments to the SEAG CPU and the SEAG Intercreditor Agreement (the “**Scheme Amendments**”):

1.1.1 Term Extension

The date specified in paragraph (a) of the definition of “Maturity Date” under the SEAG CPU (i.e. the date before which the SEAG CPU Agent or a SEAG CPU Creditor is not entitled to claim from the Scheme Company, unless there is an event of default) will be extended from 31 December 2021 to 30 June 2023, with the proviso that such date may be extended for a further 6 months at the request of the Scheme Company with the approval of the Umbrella Agent acting on the instructions of the Simple Majority Guarantee Creditors (as defined in the SEAG CPU Amendment Agreement) (the “**Term Extension**”).

The Term Extension shall have effect only on or after the Settlement Effective Date and on the proviso that the same extension is made to the maturity or termination dates under all Steinhoff Finance Documents. Extensions to the maturity or termination dates under all other Steinhoff Finance Documents have already been approved by the requisite majorities of creditors and will be implemented subject to the occurrence of the Scheme Effective Date and occurrence of the Settlement Effective Date prior to the Consent Long-Stop Date.

As explained in Part 3, the Term Extension is sought to assist the Scheme Company and SIHPL in pursuing the Steinhoff Group Settlement and further stabilising the Group, lending continuing support to the underlying Steinhoff businesses so that the Scheme Company can continue to operate as a going concern without a material risk of insolvency. Please refer to Part 1 for the benefits of the Steinhoff Group Settlement and Part 6 for the analysis of the liquidation scenario.

1.1.2 Interim Extension Option

The date specified in paragraph (a) of the definition “Maturity Date” under the SEAG CPU (i.e. the date prior to which the SEAG CPU Agent or a SEAG CPU Creditor is not entitled to claim from the Scheme Company, unless there is an event of default) may be extended for a period of up to 12 months from 31 December 2021 at the request of the Scheme Company with the approval of the Umbrella Agent acting on the instructions of the Simple Majority Guarantee Creditors (as defined in the SEAG CPU Amendment Agreement) provided that such extension is also implemented across each of the other Contingent Payment Undertakings and each of the Facilities Agreements (the “**Interim Extension Option**”).

The Interim Extension Option may only be exercised by the Scheme Company from the Consent Effective Time (i.e. when all consents pursuant to the Consent Request have been provided by the requisite majorities of creditors under the Steinhoff Finance Documents, including through the Scheme), and if exercised will not be effective until the Scheme Company has commenced Dutch Proceedings for the purpose of

implementing the Steinhoff Group Settlement. The Interim Extension Option will lapse upon the occurrence of the Settlement Effective Date.

The Interim Extension Option is sought to assist the Scheme Company in establishing a going concern basis upon which it can exit the Dutch Proceedings (if that option is taken) without going into liquidation if the Dutch Proceedings fail to obtain necessary creditor approval. Please refer to paragraph 3 of this Part 4 for more details on the Dutch Proceedings.

The same Interim Extension Option was sought by the Scheme Company under the other Steinhoff Finance Documents and the Group has received the required consents from the relevant creditors to effect such changes, subject to the occurrence of the Scheme Effective Date.

1.1.3 CPU Entrenched Provision Thresholds

On and from the Settlement Effective Date, the consent threshold required to effect certain changes to the SEAG CPU as set out in paragraph (a) (*Exceptions*) of clause 19.2 of the SEAG CPU will be changed from “all Lenders” to no less than 80 per cent. of the Total Facility A1 Commitments and no less than 80 per cent. of the Total Facility A2 Commitments (the “**CPU Amendment Threshold Change**”).

The CPU Amendment Threshold Change is required to permit greater flexibility moving forward by authorising amendments to the consent threshold required to effect certain changes to the SEAG CPU from “all Lenders” to no less than 80 per cent. of the Total Facility A1 Commitments and no less than 80 per cent. of the Total Facility A2 Commitments (a change which will, for example, decrease the likelihood that the Scheme Company will need to undertake a further scheme of arrangement in future on the basis of a small minority of opposition). Given the time and cost that can be incurred in undertaking such a process, the Scheme Company also believes this to be in the best interests of Scheme Creditors.

Similar changes were sought with respect to the other Contingent Payment Undertakings and the Scheme Company has received the required consents from the relevant creditors to effect such changes. They will become effective, on their terms, as part of the Consent Request Implementation Documents referred to in the Scheme.

1.1.4 SEAG ICA Entrenched Provision Threshold

Consistent with the CPU Amendment Threshold Change, and with the same commercial purpose in mind, on and from the Settlement Effective Date, the consent threshold required to effect certain changes to the Umbrella Agreement as set out in paragraph (d) of clause 28.2 of the SEAG Intercreditor Agreement will be changed from “all of the SIHNV/SEAG CPU Lenders”¹⁸ to no less than 80 per cent. of the Facility A1 Commitments and no less than 80 per cent. of the Facility A2 Commitments.

1.1.5 SEAG CPU and process for approving amendments to the Hemisphere CPU

Pursuant to the Consent Request, consent of the financial creditors was sought (and obtained) to amend the Umbrella Agreement so that the Hemi CPU Agent may accede to it provided the Scheme Company and the Umbrella Agent, acting on the instructions of the Simple Majority Settlement Creditors (excluding in that calculation for these

¹⁸ where “SIHNV/SEAG CPU Lenders” means Facility A1 Lenders and Facility A2 Lenders

purposes, the Hemisphere Lenders' commitments and total commitments under the Hemisphere Facilities Agreement) confirm that the Hemisphere CPU has been amended to conform to the other NV Contingent Payment Undertakings in a form acceptable to the Umbrella Agent (acting on the instructions of the Simple Majority Settlement Creditors) and the Scheme Company. The relevant majority of creditors have provided consent to this change.

Currently, clause 19.3 of the SEAG CPU provides that the Agent acting on instructions of the Tranche A Majority Lenders (each as defined in the SEAG CPU) may agree to changes to the Hemisphere CPU for the purpose of Hemi CPU Agent acceding to the Umbrella Agreement. Therefore, following the approved change under the Consent Request and to avoid there being two levels of approval for such changes to the Hemisphere CPU it is proposed that clause 19.3 of the SEAG CPU be deleted and in effect replaced by the approval requirements approved under the Consent Request.

This consequential change following the Consent Request was not specified in the Practice Statement Letter as this consistency change was made after the issue of the Practice Statement Letter in the course of settling the final terms of the SEAG CPU Amendment Agreement.

- 1.2 An amendment agreement which will amend the SEAG CPU implementing the Scheme Amendments in respect of the SEAG CPU will be substantially, subject to any amendments or modification made pursuant to the Scheme, in the form attached at schedule 1 to the Scheme which is appended at Appendix A (*The Scheme*) (the “**SEAG CPU Amendment Agreement**”).
- 1.3 An amendment agreement which will amend the SEAG Intercreditor Agreement implementing the Scheme Amendments in respect of the SEAG Intercreditor Agreement will be substantially, subject to any amendments or modifications made pursuant to the Scheme, in the form attached at schedule 2 to the Scheme which is appended at Appendix A (*The Scheme*) (the “**SEAG ICA Amendment Agreement**”).

2 Non-Scheme Amendments

Terms of the amendments

- 2.1 The Scheme Amendments are part of a package of the amendments, waivers and releases which were sought by the Group from its creditors pursuant to the Consent Request to facilitate implementation of the Steinhoff Group Settlement, extend debt maturities, amend certain terms of the Steinhoff Finance Documents and obtain certain waivers and releases. Please refer to a copy of the Consent Request at Appendix F (*Consent Request*) for full details of such amendments, waivers and releases (such amendments, waivers and releases, apart from the Scheme Amendments, being the “**Non-Scheme Amendments**”).
- 2.2 The Scheme Amendments and the Non-Scheme Amendments which in combination will give permission under the Steinhoff Finance Documents to agree and implement the Steinhoff Group Settlement are inter-related in that (while the consents may ultimately be implemented at different times) the consents, as described in the Consent Request, are a single, non-divisible package.
- 2.3 The Non-Scheme Amendments, as approved by requisite creditors, will be made in due course. Under the Consent Request (at paragraph 50) there is a mechanic for the final form documents to be approved by the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors (as defined in the Consent Request). The Consent Request

Implementation Documents implementing certain Non-Scheme Amendments will come into effect, subject to their terms, at the same time as the Scheme, if approved, comes into effect.

- 2.4 Pursuant to the Consent Request (which is the production of negotiations with key financial creditors), it is a condition to the approval of the requests that the Steinhoff Group Settlement must become effective prior to the long stop date set out in the Consent Request which is 30 September 2021 (the “**Consent Long-Stop Date**”), unless extended in accordance with the Consent Request.

SIHNV Security (Non-Scheme Amendment)

- 2.5 With effect from the Settlement Effective Date, the Scheme Company will grant first ranking security over (i) its shares in SIHL, which is a holding company of the South African sub-group and (ii) any loan payable by SIHL to the Scheme Company and outstanding immediately following the Settlement Effective Date (the “**SIHNV Security**”). The SIHNV Security will rank and secure the Scheme Company’s obligations under the NV Contingent Payment Undertakings and the obligations under Intragroup Indebtedness *pari passu* and without any preference between them.
- 2.6 The terms of the SIHNV Security are subject to finalisation and approval by the Umbrella Security Agent acting on instructions of the Simple Majority Settlement Creditors, however the key terms were described in the Consent Request.

3 Steinhoff Group Settlement

General

- 3.1 As noted above, the Scheme Amendments and the Non-Scheme Amendments comprise the package of amendments, waivers and releases required to facilitate the Steinhoff Group Settlement on the terms of the Settlement Term Sheet.
- 3.2 The key terms of the Steinhoff Group Settlement include the following:

3.2.1 payments:

- (i) representing approximately €887 million to MPC Claimants and Contractual Claimants (and like claimants at SIHPL) by or on behalf of a combination of the Scheme Company and SIHPL by way of settlement consideration for the release of litigation claims against the Scheme Company and SIHPL;
- (ii) representing €40 million by or on behalf of the Scheme Company to the Hemisphere Lenders subject to the Hemi CPU Agent acceding to the Umbrella Agreement (and amendment being made to the relevant documentation to effect this) and accordion facilities being issued to the Hemisphere Lenders under the SFHG Facilities Agreements¹⁹;

in each case payable (subject as follows) 50 per cent. in cash and 50 per cent. in PPH shares (PPH being a majority-owned indirect South African subsidiary of the Scheme Company). The settlement in PPH shares is calculated using a deemed value of ZAR 15 per share solely for the purposes of settlement (save in respect of claims brought by certain of the current and former PPH managers,

¹⁹ The Hemisphere CPU was entered into in September 2018 prior to the other NV Contingent Payment Undertakings in August 2019. The terms of the Hemisphere CPU require a pro rata payment to be made to the Hemisphere Lenders, in the event of a litigation settlement, equivalent to the proportion the settlement consideration constitutes of the total litigation claim values. The settlement proposal includes provision to comply with the requirement in the Hemisphere CPU.

which it is proposed to settle in PPH shares at a lower price per share). The Scheme Company and SIHPL retain the option to settle a greater proportion of the settlement consideration in cash;

- (iii) €30 million by SAHPL, an indirect, wholly owned subsidiary of the Scheme Company, in cash to the legal representatives of certain ACGs; and
- (iv) €15 million by or on behalf of the Scheme Company in cash for the purpose of establishing an operating the Steinhoff Recovery Foundation to administer claims and distribute settlement consideration;

3.2.2 with respect to the Scheme Company and its financial creditors (including the Scheme Creditors):

- (i) an extension of the maturity dates and final repayment dates (however described) in the Steinhoff Finance Documents to 30 June 2023, with the ability of the Scheme Company to request a further 6 months' extension on the approval of the Umbrella Agent acting on the instructions of the Simple Majority Guarantee Creditors (as such term is defined in the SEAG CPU Amendment Agreement);
- (ii) the possibility of an interim debt extension for up to 12 months in circumstances in which the Scheme Company has commenced Dutch Proceedings and the extension is approved by the Umbrella Agent acting on the instructions of the Simple Majority Guarantee Creditors (as such term is defined in the SEAG CPU Amendment Agreement);
- (iii) amendment of financial creditor consent thresholds in the Steinhoff Finance Documents in order to harmonise certain entrenched provisions;
- (iv) the grant of the SIHNV Security;
- (v) the issuance by SIHPL of a new loan note for approximately €100 million in favour of the Scheme Company in consideration for the Scheme Company settling MPCs against SIHPL on its behalf (the "**Scheme Company Loan Note**"); and
- (vi) the amendment of the governance arrangements, such that creditor nominated directors are appointed to certain relevant Group Companies;

3.2.3 with respect to the SIHPL and its financial creditors:

- (i) amendments to the SIHPL SFHG CPU to extend the final maturity date to the date that is 6 months after the maturity date of the Titan Receivable (approximately 5 years, 6 months and a day from when the Steinhoff Group Settlement becomes effective);
- (ii) the possibility of an interim debt extension for up to 12 months in circumstances in which the Scheme Company has commenced Dutch Proceedings and the extension is approved by lenders who benefit from Guarantee Commitments (as defined in clause 10 (*Permitted Settlement*) of the Umbrella Agreement) that aggregate more than 50 per cent. of the aggregate of all Guarantee Commitments;
- (iii) the grant of security by SIHPL over its assets to its creditors, reflecting the following priority: (i) the NewCo 2A Loan Note; (ii) the Scheme Company Loan Note; and (iii) the SIHPL SFHG CPU (and certain other residual creditors);

- (iv) the implementation of a quarterly cash sweep at SIHPL (subject to €5 million reserve) and at SAHPL / SIHL (subject to an aggregate reserve of €50 million plus any amount required for the payment of the SIHL preference share dividends);
- (v) the amendments to governance arrangements referenced above;
- (vi) the acquisition by SIHPL of the Titan Premier Investments Proprietary Limited receivable (the "**Titan Receivable**") from Steenbok NewCo 2A Limited for deferred consideration in the form of a loan note issued by SIHPL (the "**NewCo 2A Loan Note**"); and
- (vii) the issuance by SIHPL to the Scheme Company of the Scheme Company Loan Note;

3.2.4 a waiver and release by the financial creditors of the Scheme Company and of SIHPL of claims against:

- (i) the Scheme Company, SIHPL or any other member of the Group in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues;
- (ii) Steinhoff directors, officers, auditors, external valuation professional, and/or any third parties linked (directly or indirectly) to the pre-December 2017 legacy accounting issues; and
- (iii) directors, officers and advisers in relation to post-December 2017 announcements matters, save for fraud and gross misconduct.

3.3 The Steinhoff Group Settlement will, if successful, finally settle all MPCs and Contractual Claims (and like claims against SIHPL), thus removing the material risk of damages assessments and awards in connection with the pre-December 2017 legacy accounting issues. Based on the Scheme Company's methodology, the potential combined value of MPCs and Contractual Claims against the Scheme Company and like claims against SIHPL are €4.840 billion and €4.140 billion respectively.

3.4 With respect to MPCs:

- 3.4.1** MPC Claimants in respect of shares acquired in the Scheme Company in the period after the effectiveness of the SIHPL South African scheme of arrangement will be treated as creditors of the Scheme Company;
- 3.4.2** like claimants in respect of shares acquired in SIHPL in the period prior to the effectiveness of the SIHPL South African scheme of arrangement will be treated as creditors of SIHPL; and
- 3.4.3** the settlement consideration in respect of all such claims will be funded by the Scheme Company, but on the basis that certain consideration will be issued to the Scheme Company by SIHPL in order to compensate the former for its settlement of all such claims, including those held by persons who are treated by the Steinhoff Group Settlement as creditors of SIHPL. This construct permits uniform claim calculation and settlement methodologies to apply and be administered on a consistent basis across all such claimants.

- 3.5** Contractual Claims against the Scheme Company²⁰ will be settled at the same recovery rate as MPCs.
- 3.6** Non-Qualifying Claims against the Scheme Company²¹ will only be entitled to settlement consideration to the extent that they are ultimately finally adjudicated in favour of the relevant claimant by a court with jurisdiction in respect of the same or are otherwise admitted to be liabilities of the Scheme Company. In such event, they will be eligible for settlement consideration, calculated with respect to their value, at the same rate as MPCs and Contractual Claims. Any proposed settlement for this purpose of a Non-Qualifying Claim at a value in excess of stipulated individual and cumulative Reserve Amounts (total €35 million subject to no single payment being greater than €15 million)²² will require the prior written approval of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors. Non-Qualifying Claims which are finally determined by court proceedings or any binding alternative dispute resolution procedure will not be subject to the Reserve Amount.
- 3.7** Ordinary course creditors of the Scheme Company or SIHPL (including professional and other service providers) will be unaffected by the Steinhoff Group Settlement.
- 3.8** For reasons outlined in paragraph 3.3.3 of Part 3 of this Explanatory Statement, the Managing Directors of the Scheme Company do not think there is likely to be any viable alternative to the Steinhoff Group Settlement. However, the Settlement Term Sheet allows for the possibility that limited adjustments may need to be made to the terms prior to the Settlement Effective Date. In this respect, it provides that (i) the Settlement Term Sheet may be amended with the consent of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors but that (ii) no consent of creditors will be required for any minor, technical or administrative changes.

As noted above, in order to achieve the necessary certainty and finality, it is assumed that the Scheme Company and SIHPL will need to undertake a statutory compromise process in its home jurisdiction in order to bind all or substantially all creditors and claimants to the settlement. The Scheme Company and SIHPL are considering achieving the settlement by a combination of (i) a Composition Plan submitted in draft form immediately on the filing of the request for the SoP Procedure and (ii) the SA Proceedings. The Scheme Company is also actively considering the implications of the recent announcement that the WHOA Procedure in the Netherlands will become available from 1 January 2021.

SoP Procedure

- 3.9** In summary, the SoP Procedure is a form of formal insolvency proceedings governed by Dutch law, which triggers a general deferment of payment of unsecured/non-preferential claims. For the duration of the proceedings, no recourse actions can be taken by the holders of such claims against assets belonging to the debtor's estate.
- 3.10** Commencement of the SoP Procedure can only be ordered by the court at the request of the debtor company. The court appoints an insolvency administrator who will act alongside the debtor's management. The court may also appoint a supervisory judge whose role is generally limited to regulating certain procedural matters and advising the insolvency administrator upon his request.

²⁰ Different terms apply in respect of similar claims against SIHPL.

²¹ Different terms apply in respect of similar claims against SIHPL.

²² The Reserve Amounts are applied on an aggregate basis, i.e. it is the maximum amount which the Scheme Company (and SIHPL) may utilise for the settlement of such claims. Please refer to the Consent Request for full details.

- 3.11** The debtor prepares and submits to a creditor vote a composition plan to implement a restructuring. The composition plan can be described as a multilateral agreement between the debtor and its creditors. Few restrictions apply to the contents of the composition plan, and, in the context of resolving tortious or contractual claims against the debtor company, it may provide that all such claims will be cancelled and unenforceable if they have not been submitted by a fixed date. If the composition plan is approved by the required majority of creditors whose claims have been lodged and admitted for voting (or by a committee of representation representing creditors) and sanctioned by the court, it will be binding upon all ordinary creditors of the debtor, whether known or unknown (a cram-down effect) and, therefore, will allow to achieve finality to the known and unknown unsecured/non-preferential claims. Generally, the composition plan is adopted if it is approved by a majority of attending ordinary creditors with admitted claims which represent at least half of the total amount of admitted ordinary insolvency claims.
- 3.12** Following the adoption of the composition plan by creditors, a separate court hearing will be held to confirm the composition plan (the confirmation hearing). Such confirmation is a precondition for the composition plan to become effective and serves to protect dissenting and non-participating creditors from being imposed an unfair deal by the consenting majority. Creditors can issue written statements to the court with their objections to or support for the plan. The confirmation hearing must take place between eight and fourteen days after the composition plan has been adopted by the creditors (or established by the supervisory judge). There are certain mandatory grounds under which the court shall refuse confirmation of the composition plan, including (i) in case the value of the assets comprised in the insolvency estate substantially exceed the sum offered to creditors under the terms of the composition plan, (ii) in case the performance of the debtor's obligations under the composition plan is insufficiently safeguarded or (iii) in case the composition plan is the result of deceit (fraud), or the preferred treatment of one or more creditors or any other unfair means, irrespective of whether the insolvent debtor or a particular third party was a contributing factor.
- 3.13** The court also has a discretionary power to refuse the confirmation of the composition plan on other grounds or *ex officio*.
- 3.14** If the court confirms the composition plan, upon the lapse of the 8-day period for an appeal, the SoP Procedure is automatically terminated and the composition plan becomes binding and effective in respect of all ordinary creditors (including dissenting and/or non-participating ordinary creditors).
- 3.15** If the court refuses to confirm the composition plan (or even before the confirmation hearing), the court has a discretionary power to commence bankruptcy proceedings against the debtor company. Such power of the court cannot be ruled out under the terms of the composition plan or by any other act of the parties.
- 3.16** The debtor company will only be declared bankrupt if it is apparent to the court that the statutory test is met: the debtor company must be in a position where it has ceased paying its due and payable debts.
- 3.17** If the Scheme Company decides to pursue the settlement through a composition plan and launches the SoP Procedure, the Scheme Creditors as unsecured creditors of the Scheme Company will be able to submit their claims for voting and, once the claims are admitted, will be able to exercise their voting rights to approve or reject the composition plan (or abstain from voting). In addition, if the Scheme Creditors consider the composition plan is not in their interests, they will be entitled to apply to the court with objections.

WHOA Procedure

- 3.18** On 6 October 2020, the Dutch Senate passed a bill for the implementation of a composition outside bankruptcy or moratorium of payments proceedings referred to as the Act on Confirmation of Extrajudicial Restructuring Plans (WHOA Procedure). WHOA Procedure is a new Dutch pre-insolvency procedure to restructure debts of companies in financial distress. The WHOA Procedure will enter into effect on 1 January 2021.
- 3.19** The WHOA Procedure provides that a debtor or a court-appointed restructuring expert may offer creditors (including secured creditors) and shareholders a composition plan. The plan may be offered if the debtor is in a position where it is ‘reasonably plausible that it will no longer continue to pay its debts’ (limited insolvency test). Subject to certain exceptions, the debtor is free to select which creditors and shareholders to include in the plan and how their rights are changed. The WHOA Procedure allows a large degree of flexibility to determine the content of the plan.
- 3.20** The WHOA Procedure offers two types of proceedings: ‘public proceedings’, which are treated in open hearings and subject to the jurisdiction rules of the EU Insolvency Regulation, and ‘undisclosed proceedings’, which are treated in closed hearings and are subject to the jurisdiction rules of the WHOA Procedure and Dutch private international law.
- 3.21** The WHOA Procedure commences with the filing of a statement with the court that the debtor offers (or intends to offer) a draft composition plan or the appointment of a restructuring expert. During the proceedings, the debtor remains in possession of its assets. The court may grant a stay on enforcement of a maximum of four months, with a possible extension of a further four months.
- 3.22** Voting on a composition plan is carried out in classes. Approval by a class requires that a majority representing at least two-thirds of the total value of the claims of creditors in that class that have exercised their vote, have voted in favour of the composition plan.
- 3.23** If the composition plan is approved by at least one class of creditors that would likely receive a recovery in a bankruptcy of the debtor, the debtor or restructuring expert (if appointed) may submit the composition plan to the court for confirmation. The court will confirm a composition plan, unless there is a ground for refusal. There are three sets of grounds for refusal: (i) the court must refuse confirmation in the event of certain general grounds of refusal; (ii) the court may refuse confirmation if the composition plan puts creditors or shareholders in a substantially worse position as compared to the debtor’s bankruptcy and the liquidation of its assets; and (iii) the court must refuse confirmation at the request by an affected creditor of a non-consenting class in the event of certain additional grounds for refusal. These additional grounds for refusal include the event where the composition plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class (unless there are reasonable grounds for such deviation and the dissenting class members are not harmed in their interests as a result) and where members of the non-consenting class cannot opt for a cash distribution in at least the amount they would likely receive in a bankruptcy of the debtor.
- 3.24** Upon confirmation by the court, such plan is binding on the creditors and shareholders that were eligible to vote, including dissenting classes (cross-class cram-down).

SA Proceedings

- 3.25** In order to settle MPCs and Contractual Claims against it, SIHPL expects to pursue compromise proceedings under the laws of the Republic of South Africa pursuant to section 155 of the Companies Act 2008 (the “**SA Proceedings**”). Such proceedings will also compromise the rights of claimants under the SIHPL SFHG CPU. For the avoidance of doubt, they will not entail any compromise of the rights of Scheme Creditors under the SEAG CPU.

- 3.26** The SA Proceedings are similar to an English law scheme of arrangement and allow the scheme company to reach a statutory compromise with its creditors (or one or more classes of its creditors) if it achieves certain voting majorities, subject where relevant to the sanction of the court.
- 3.27** The proposal is made by the board of a scheme company to its creditors (or one or more classes thereof) and it may contain a pre-packaged deal. Creditors will be classed based on the comparability of their rights against the proposing company. Creditors whose rights are not so dissimilar that they cannot consult together with a view to their common interest will form a class, and are creditors whose rights are so dissimilar will need to be placed in one or more separate classes. It follows that it is not a requirement that the rights of creditors be identical to be placed in the same class. Once a section 155 proposal has been drafted, the board delivers it, and notice of the meeting at which the creditors will be able to vote on the proposal, to (i) every known creditor or every member of the relevant class of creditors, and (ii) the Companies and Intellectual Property Commission (“**CIPC**”). A section 155 proposal will have to be supported by a majority in number, representing at least 75 per cent. in value of the creditors or members of a relevant class, present and voting in person or by proxy, in order for the proposal to be adopted.
- 3.28** Once the proposal is adopted by the creditors, the company may apply to court for an order approving the proposal. A court may sanction the compromise if it considers it just and equitable to do so, having regard to the number of creditors of any affected class of creditors who were present / represented at the meeting and who voted in favour of the proposal.
- 3.29** A copy of the court order sanctioning the compromise must be filed with CIPC within 5 business days, it once filed it becomes final and binding on all creditors or members of the relevant class of creditors. Scheme creditors will have their claims against the company compromised and will have no further claims against the company in terms of the specific debt(s) included in the compromise.

Inter-conditionality

- 3.30** Because the Steinhoff Group Settlement can only be implemented if relevant claims against both the Scheme Company and SIHPL are compromised on the basis proposed, the success and effectiveness of the Dutch Proceedings will be conditional on the success and effectiveness of the SA Proceedings, and *vice versa*.

4 Scheme Amendments, Non-Scheme Amendments and Steinhoff Group Settlement: sequence and inter-conditionality

- 4.1** It is currently expected that the Scheme Amendments, the Non-Scheme Amendments and the Steinhoff Group Settlement will be implemented as follows:

4.1.1 once the Scheme Effective Date occurs and Scheme Conditions are satisfied, the Scheme Implementation Documents and the Consent Request Implementation Documents implementing the Scheme Amendments and certain Non-Scheme Amendments as set out therein will be executed, delivered and/or released at the same time. However, the effectiveness of the terms of the Scheme Amendments and such Non-Scheme Amendments themselves (except for those set out therein, including the Interim Extension Option and related provisions) will be conditional on the occurrence of the Settlement Effective Date;

4.1.2 the effectiveness of the Scheme itself does not depend on the occurrence of the Settlement Effective Date;

- 4.1.3 the Interim Extension Option (and any consequential changes) will become effective as set out in paragraph 1.1.2 of this Part 4 above and does not depend on the Settlement Effective Date;
 - 4.1.4 the documents creating the SIHNV Security and the arrangements referred to in paragraph 3.2.3 of this Part 4 will be in agreed form at the Scheme Effective Date and will be executed in the period after the Scheme Effective Date and will be conditional on the Settlement Effective Date;
 - 4.1.5 in parallel with the Scheme or after the Scheme Effective Date the Scheme Company and SIHPL will take further steps to implement the Steinhoff Group Settlement, including commencement of the relevant statutory processes (if it is decided that such processes should be used for that purpose);
 - 4.1.6 parallel statutory compromise processes for the implementation of the Steinhoff Group Settlement (if it is decided that such processes should be used for that purpose) will be inter-conditional; and
 - 4.1.7 once the Settlement Effective Date occurs, the relevant terms of the Scheme Amendments and the Non-Scheme Amendments which were subject to the Settlement Effective Date together with other all documents giving effect to the Non-Scheme Amendments, will come into effect. At this point, the Interim Extension Option will lapse.
- 4.2 All of the steps set out in paragraph 4.1 above must be completed by the Consent Long-Stop Date.

PART 5

DESCRIPTION OF THE SCHEME

1 Scheme of arrangement overview

- 1.1** The compromises and arrangements in respect of the Scheme Amendments are proposed to be effected by way of a scheme of arrangement of the Scheme Company under the laws of England and Wales.
- 1.2** A scheme of arrangement is a formal procedure under Part 26 of the Act which enables a company to agree a compromise or arrangement with its creditors or any class of its creditors in respect of its debts or obligations owed to those creditors. A scheme of arrangement requires the following to occur in order to become legally binding:
- 1.2.1** the approval of a majority in number representing at least 75 per cent. in value of the creditors or class of creditors present in person or by proxy and voting at the meeting convened to approve the scheme of arrangement;
 - 1.2.2** the approval of the Court by the making of an order sanctioning the scheme of arrangement; and
 - 1.2.3** the delivery of the order sanctioning the scheme of arrangement to the Registrar of Companies.
- 1.3** If a scheme of arrangement is approved by the requisite majorities and sanctioned by the Court and the order sanctioning the scheme of arrangement is delivered to the Registrar of Companies, the scheme of arrangement will become effective in accordance with its terms and bind all the creditors subject to it (whether they voted in favour of it, voted against it or did not vote at all) and their successors and assigns.
- 1.4** A scheme of arrangement cannot be sanctioned by the Court unless the Court is satisfied, among other things, that the relevant provisions of Part 26 of the Act have been complied with and that an intelligent and honest person, being a member of the class concerned and acting in respect of his/her own interest, might reasonably approve the scheme of arrangement.
- 1.5** The actions required of the Scheme Creditors in connection with the Scheme are set out in detail in Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement, to which Scheme Creditors should refer.
- 1.6** A summary of: (i) the identity of Scheme Creditors; (ii) an explanation of class constitution of the Scheme Meetings; (iii) the process for and voting at the Scheme Meeting; (iv) when the Scheme will become effective; and (v) what the Scheme will do, is set out below.

2 Identity of the Scheme Creditors

- 2.1** The creditors who are bound by the terms of the Scheme, if it becomes effective, are referred to in the Scheme as Scheme Creditors.
- 2.2** The Scheme is being proposed by the Scheme Company in respect of the Scheme Claims of the Scheme Creditors.
- 2.3** The Scheme Company considers that a Facility A1 Lender and/or a Facility A2 Lender, in each case for the purposes of, and as defined in, the SEAG CPU, shall be a “creditor” of the Scheme Company for the purposes of the Scheme as the Scheme seeks a compromise or arrangement in respect of its Scheme Claims.

- 2.4** The Scheme Company considers that a SEAG CPU Creditor shall be a Scheme Creditor in respect of its Scheme Claims on the basis that, although the SEAG CPU Creditors have not executed the SEAG CPU (instead the SEAG CPU Agent has signed the SEAG CPU as agent on their behalf), they are:
- 2.4.1** by its express terms to be considered parties to it because each is separately entitled to enforce and enjoy the benefit of the SEAG CPU (see clauses 1.3 (*Third party rights*) and 15 (*Lenders' Rights*));
 - 2.4.2** disclosed as principals of the SEAG CPU Agent who has signed the SEAG CPU acting as agent on their behalf, including in respect of clause 2.2 (*Deferred contingent payment undertaking*) of the SEAG CPU and the related guarantee and indemnity given by the Scheme Company under clause 2.3 (*Guarantee and indemnity*) of the SEAG CPU;
 - 2.4.3** the beneficiaries of direct rights of enforcement against the Scheme Company under clause 2.2 (*Deferred contingent payment undertaking*) of the SEAG CPU, subject to the contingencies set out therein, and the related guarantee and indemnity given by the Scheme Company under clause 2.3 (*Guarantee and indemnity*) of the SEAG CPU; and
 - 2.4.4** in any event, the ultimate recipients of payments required to be made by the Scheme Company under the SEAG CPU, and therefore the parties that are substantively affected by the Scheme.
- 2.5** To the extent there are any, Lenders in respect of the Super Senior Facility, Facility B1, Facility B3 or Facility B5 under and as defined in the SEAG First Lien Facilities Agreement and lenders in respect of Facility B2, Facility B4 or Facility B6 under and as defined in the SEAG Second Lien Facilities Agreement are not Scheme Creditors and are not therefore bound by the Scheme.
- 2.6** SEAG CPU Creditors are holders of certain rights under the SEAG Intercreditor Agreement in respect of which the Scheme seeks a compromise or arrangement (described in paragraph 1.1.4 of Part 4 of this Explanatory Statement). The Scheme Company considers that a compromise or arrangement may be achieved pursuant to the Scheme on the basis that:
- 2.6.1** paragraph (d) of clause 28.2 of the SEAG Intercreditor Agreement provides that, to amend certain provisions of the Umbrella Agreement, the consent of all of the SEAG CPU Creditors is required;
 - 2.6.2** the Scheme Creditors and the SEAG CPU Creditors are one and the same. Thus, paragraph (d) of clause 28.2 of the SEAG Intercreditor Agreement relates to the rights of the Scheme Creditors in their capacity as such; and
 - 2.6.3** accordingly, a scheme of arrangement between the Scheme Company and the Scheme Creditors can properly amend paragraph (d) of clause 28.2 of the SEAG Intercreditor Agreement, and it is necessary for this provision to be amended in order to give effect to the terms of the Scheme.

Any other Creditors under and as defined in the SEAG Intercreditor Agreement are not Scheme Creditors and are not therefore bound by the Scheme.

3 Approval of the Scheme

- 3.1** In order for the Scheme to become effective, it must be approved by a majority in number representing at least 75 per cent. in value of the Scheme Claims of the Scheme Creditors present and voting either in person or by proxy at the Scheme Meeting of the relevant class.

4 Scheme classes

- 4.1** In accordance with the Practice Statement, it is the responsibility of the Scheme Company to formulate the classes of creditors for the purposes of convening meetings to consider and, if thought fit, approve the proposed Scheme.
- 4.2** Where creditors affected by a scheme have rights which are so dissimilar, or would be affected so differently by the Scheme, as to make it impossible for them to consult together with a view to their common interest, they must be divided into separate classes, and a separate meeting must be held for each class of creditor.
- 4.3** The Scheme Company has considered the existing rights of each of the Scheme Creditors against the Scheme Company and the way in which those rights will be affected by the Scheme.
- 4.4** In considering the composition of classes for the purposes of the Scheme, the Scheme Company has considered the following matters:
- 4.4.1** the Scheme Company's principal obligation under the SEAG CPU is confined to paying the payment amount to the Umbrella Agent as agent for the Scheme Creditors to be applied in accordance with the terms of the Umbrella Agreement and the SEAG CPU;
 - 4.4.2** the Scheme Company is not responsible for implementing or policing how the amounts paid to the Umbrella Agent are ultimately distributed to the Facility A1 Lenders and the Facility A2 Lenders;
 - 4.4.3** the rights of the Facility A1 Lenders and the Facility A2 Lenders will be subject to the same amendments contemplated by the terms of the Scheme, none of which affect the relative rights of the Facility A1 Lenders and the Facility A2 Lenders before and after the Scheme;
 - 4.4.4** the SEAG CPU nonetheless recognises on its face the different ranking of the Facility A1 Lenders and the Facility A2 Lenders as per the payments' waterfall in clause 2.5 (Application of payments) in the SEAG CPU; and
 - 4.4.5** the SEAG CPU also recognises individual rights of enforcement for Lenders pursuant to clauses 1.3 (Third party rights) and 15 (Lenders' Rights), and include rights in respect of payments to be made by the Scheme Company under clause 2.2 (Deferred contingent payment undertaking), subject to the contingencies set out therein, and the related guarantee and indemnity given by the Scheme Company under clause 2.3 (Guarantee and indemnity) of the SEAG CPU.
- 4.5** Having assessed the rights and obligations identified in paragraph 4.4, and in particular those matters referenced in paragraphs 4.4.4 and 4.4.5, the Scheme Company deems it prudent to proceed with two classes. Accordingly, it is proposed that two Scheme Meetings, one of the Facility A1 Lenders and another of the Facility A2 Lenders, be convened for the purposes of considering and, if the Scheme Creditors think fit, approving the Scheme.
- 4.6** The Scheme Company considers that the respective rights of the Facility A1 Lenders and the Facility A2 Lenders amongst themselves as separate classes are sufficiently similar so as to make it possible for them to consult together within the classes identified above with a view to their common interest without further sub-division. This is because:
- 4.6.1** each of the Facility A1 Lenders has materially the same rights against the Scheme Company, in so far as the claims of the Facility A1 Lenders rank *pari passu* as between themselves. The same is true for the claims of the Facility A2 Lenders as between themselves. The claims of the Facility A1 Lenders amongst themselves, alike the claims

of the Facility A2 Lenders amongst themselves, would have the same *pari passu* recovery in a liquidation of the Scheme Company, which is the likely alternative should the Scheme not be implemented and the Steinhoff Group Settlement does not become effective by the Consent Long-Stop Date. Without the Scheme, the Scheme Company's only significant assets are investments in its subsidiaries which have no sufficient value to satisfy all claims under the NV Contingent Payment Undertakings and contingent litigations claims and, therefore, the Scheme Company will not be able to satisfy the SEAG CPU in full if demand is made. The different ranking of the Facility A1 Lenders and the Facility A2 Lenders relative to one another, therefore, necessitates two classes to consider the Scheme; however, for the above reasons, there is no difference in existing rights that requires any further sub-division within those classes; and

4.6.2 if the Scheme becomes effective in accordance with its terms, the existing rights of each Scheme Creditor within the same class against the Scheme Company will be changed on identical terms. As such, there is no prospective difference in the rights to be conferred by the Scheme as would require any further sub-division within the two classes proposed by the Scheme Company.

4.7 For the purposes of determining the appropriate class composition, the Scheme Company also notes that it does not consider that Scheme Creditors who also hold other interests in debt issued by other members of the Group should be put into a separate class for the purpose of voting on the Scheme. The Scheme Company is advised that it should have regard only to the Scheme Creditor's respective rights against the Scheme Company as creditors of the Scheme Company when considering questions of class constitution, not a Scheme Creditor's interests as a creditor of other Group Companies. To the extent that material crossholdings exist, those holdings represent differences in interests amongst Scheme Creditors, not differences in rights of the Scheme Creditors against the Scheme Company.

4.8 In connection with the 2019 Restructuring, certain creditors of the Group reached an agreement with the relevant obligors within the Group (other than the Scheme Company) for the reimbursement of adviser fees in connection with the 2019 Restructuring. This reimbursement arrangement in respect of such creditors has continued following the 2019 Restructuring, relevantly in relation to the Steinhoff Group Settlement. The Scheme Company is not and has at no time been a party to that arrangement and has not paid any such fees.

4.9 The Scheme Company has therefore concluded that the Scheme Creditors fall into two classes for the purposes of voting on the Scheme at the Scheme Meetings:

4.9.1 the Facility A1 Lenders; and

4.9.2 the Facility A2 Lenders.

5 Scheme Meetings

5.1 Before the Scheme can become effective and binding on the Scheme Company and the Scheme Creditors, the Scheme must be passed by the requisite majorities (as set out above) at:

5.1.1 the Scheme meeting of the Facility A1 Lenders (the "**First Lien Scheme Meeting**"); and

5.1.2 the Scheme meeting of the Facility A2 Lenders (the "**Second Lien Scheme Meeting**", and any of the First Lien Scheme Meeting and the Second Lien Scheme Meeting, a "**Scheme Meeting**");

5.2 Pursuant to the Convening Order:

5.2.1 the First Lien Scheme Meeting will be held on 15 December 2020 at 10:00 a.m. (London time);

5.2.2 the Second Lien Scheme Meeting will be held on 15 December 2020 at 12:00 p.m. (London time) (or as soon as practicable thereafter following the conclusion or adjournment of the First Lien Scheme Meeting),

in each case by way of video conference. The notice of each Scheme Meeting is set out in Appendix D (*Notice of Scheme Meetings*) of this Explanatory Statement.

5.3 Any Scheme Creditor with a Scheme Claim as at the Voting Record Time (being 5:00 p.m. (London time) on 10 December 2020) will be entitled to vote at the relevant Scheme Meeting. For the avoidance of doubt, only a Scheme Creditor (i.e. a person who is a lender of record under Facility A1 or Facility A2) will be entitled to vote. Any person who solely holds a beneficial (but not legal interest) in Facility A1 or Facility A2 will not be entitled to vote.

5.4 The amount of the Scheme Claims of each Scheme Creditor for each Scheme Meeting will be calculated for voting purposes as at the Voting Record Time as an amount determined as follows:

$(A/B) \times C$

Where:

A= the Scheme Creditor's Facility A1 Commitments or Facility A2 Commitments (as applicable) under the applicable SEAG Facilities Agreement;

B= the aggregate of the Facility A1 Commitments and Facility A2 Commitments of all Facility A1 Lenders and Facility A2 Lenders under the SEAG Facilities Agreements; and

C= the Payment Amount under the SEAG CPU.

5.5 Facility A1 Commitments and Facility A2 Commitments will be determined on the basis of records in the register of the Facility Agents recording the lenders of record under Facility A1 or Facility A2, respectively, of the SEAG Facilities Agreements.

5.6 In order to vote on the Scheme and attend the relevant Scheme Meeting, Scheme Creditors should complete the Form of Proxy and submit their Form of Proxy as set out in Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement.

A Scheme Creditor who does not submit a Form of Proxy by the Proxy Deadline will be unable to attend or vote at the Scheme Meeting except that the Chairperson of the Scheme Meeting will have the discretion to accept a Form of Proxy submitted to the Chairperson after the Proxy Deadline provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) the Form of Proxy is received before the Chairperson closes the Scheme Meeting. The Chairperson will not permit such a Scheme Creditor or its proxy to attend or vote at the Scheme Meeting until the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.

5.7 Each Scheme Meeting will be chaired by James Douglas of Linklaters LLP or, if for any reason he is unable so to act, Juliana Leite de Barros of Linklaters LLP (the "**Chairperson**").

5.8 Scheme Creditors should be aware that they have previously been afforded an opportunity to raise any issues in relation to the constitution of the relevant Scheme Meeting, pursuant to the letter dated 4 November 2020 (with an update provided on 9 November 2020) written by the

Scheme Company to the Scheme Creditors pursuant to the Practice Statement. If Scheme Creditors have not already raised any such issues, the Court will expect any Scheme Creditors doing so at the Scheme Sanction Hearing to show good reason why such issues were not raised at an earlier stage.

- 5.9** Scheme Creditors should refer to the detailed instructions in relation to voting at the relevant Scheme Meeting in Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement.

6 Effectiveness of the Scheme

Court sanction of the Scheme

- 6.1** Before the Scheme can become effective and binding on the Scheme Company and the Scheme Creditors, the Court must sanction the Scheme at the Scheme Sanction Hearing. The Scheme Sanction Hearing will take place after the requisite statutory majorities of the Scheme Creditors have approved the Scheme at the relevant Scheme Meeting. The Scheme Company expects that the Scheme Sanction Hearing will take place on or around 26 January 2021 at the Court. The Scheme Company will give notice to Scheme Creditors of the exact time and date of the Scheme Sanction Hearing once it is confirmed with the Court.

- 6.2** The Scheme Company may, at any hearing to sanction this Scheme (including the Scheme Sanction Hearing), consent on behalf of the Scheme Creditors to any modification of, or addition to, this Scheme or to any terms or conditions, in each case that the Court may think fit to approve or impose, and which would not directly or indirectly have a material adverse effect on the interests of a Scheme Creditor (taking into account for this purpose only its interest as a Scheme Creditor) under this Scheme.

- 6.3** Save as otherwise expressly provided in the Scheme, including pursuant to clauses 8.1.1, 11.1 (*Waiver of the Scheme Conditions*) and 11.2.1 of the Scheme, any amendment or waiver to the terms of the Scheme which is minor, insubstantial and not materially adverse to the rights of the Scheme Creditors may be made with the written consent of: (i) the Scheme Company; (ii) the Majority Scheme Creditors; and (iii) to the extent that any such modification or waiver will or may affect the rights, obligations or interests of an Undertaking Agent, such Undertaking Agent.

Occurrence of the Scheme Effective Date

- 6.4** Pursuant to the Scheme, following:

6.4.1 approval by a majority in number representing at least 75 per cent. in value of each class of the Scheme Creditors present and voting either in person or by proxy at the Scheme Meetings;

6.4.2 the granting by the Court of the Scheme Sanction Order; and

6.4.3 the delivery of the Scheme Sanction Order to the Registrar of Companies,

the Scheme Effective Date will occur.

Immediately effective terms of the Scheme

- 6.5** The Scheme shall take effect on and from the Scheme Effective Date.

- 6.6** The arrangement effected by the Scheme shall be binding on each Scheme Party and its successors and assigns from the Scheme Effective Date.

7 Conditions precedent to commencing the Scheme Steps

- 7.1** Prior to the commencement of the Scheme Steps, the Scheme Company (acting reasonably and in good faith) must notify each Scheme Creditor and the Undertaking Parties that the Scheme Conditions have been (i) duly satisfied or (ii) waived with the written consent of the Scheme Company and the Majority Scheme Creditors.
- 7.2** The Scheme Conditions include that:
- 7.2.1** the Scheme Effective Date shall have occurred;
 - 7.2.2** receipt by the Scheme Company and certain of its subsidiaries of the consent of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors to the form of the SEAG CPU Amendment Agreement and the SEAG ICA Amendment Agreement in accordance with paragraph 50 of the Consent Request;
 - 7.2.3** all the Consent Request Implementation Documents shall have been duly executed and all relevant signature pages delivered to the Scheme Company;
 - 7.2.4** the Scheme Implementation Documents shall have been duly executed in accordance with the Scheme and all relevant signature pages delivered to the Scheme Company; and
 - 7.2.5** the Scheme Company and the Umbrella Security Agent shall have confirmed that the SIHNV Security is in agreed form.

8 Authority to execute Scheme Implementation Documents and Scheme Steps

- 8.1** Under the Scheme, to the extent not executed prior to the Scheme Effective Date, as soon as practicable after the Scheme Effective Date, the Scheme Company, each Undertaking Agent and each other relevant party shall execute each Scheme Implementation Document to which it is or (in the case of the SEAG CPU Agent acting as lawful attorney for the Scheme Creditors) the Scheme Creditors are party and deliver its signature pages to the Scheme Company.
- 8.2** The Undertaking Agents shall execute any Scheme Implementation Document required to be executed by them or a Scheme Creditor (acting under and in accordance with the authority and power conferred on them under the Scheme) following the occurrence of the Scheme Effective Date, under the instructions, authority and power conferred upon the Undertaking Agents under the Scheme to:
- 8.2.1** agree on their behalf any amendments to the Scheme Implementation Documents which the Scheme Company (acting reasonably and in good faith) deems necessary or desirable in order to ensure that:
 - (i) they reflect the terms of the Scheme, the Scheme Amendments and the transactions intended to be entered into in order to effect the Scheme Steps;
 - (ii) the information and categories of information contained, or referred to, in any formula, schedule, annex or similar, signature blocks, parties' provisions or notice details in any Scheme Implementation Document reflect the relevant information and categories of information as of the applicable date;
 - (iii) the Scheme Implementation Documents may be duly executed and delivered, and/or
 - (iv) the Scheme Implementation Documents are legal, valid, binding and enforceable upon the parties to them in accordance with the Scheme;

- 8.2.2** enter into, sign, execute and deliver signature pages to the Scheme Company and, where applicable, deliver as a deed, each Scheme Implementation Document to which such Undertaking Agent is expressed to be a party, along with any such other documents as are required to implement the Scheme Steps and to effect the Scheme Amendments;
 - 8.2.3** in relation to the SEAG CPU Agent only, to enter into, sign, execute and deliver as a deed, as lawful attorney on behalf of each Scheme Creditor, the Deed of Release along with any such other documents to which a Scheme Creditor is expressed to be a party and as are required to implement the Scheme Steps and to effect the Scheme Amendments; and
 - 8.2.4** carry out any related or ancillary actions necessary or desirable to implement the transactions contemplated in this Scheme and/or to implement or consummate the Scheme Steps and the Scheme Amendments.
- 8.3** Upon the occurrence of the Scheme Conditions Satisfaction Time, certain steps will be carried out by the Scheme Company, the Undertaking Agents and NewCo 3, including, among other things:
- 8.3.1** the Scheme Company shall date and release (and, if applicable, deliver) all the Consent Request Implementation Documents and such documents shall become effective in accordance with their terms; and
 - 8.3.2** the Scheme Company shall release the signature pages to, and date, the Scheme Implementation Documents and the Scheme Implementation Documents shall become immediately effective in accordance with their terms.

9 Releases and waivers

- 9.1** With effect from the Effective Time and subject to the terms set out in the Scheme and the Deed of Release (which will be executed by the SEAG CPU Agent as lawful attorney on behalf of each Scheme Creditor pursuant to the authority conferred on it under the Scheme), each Scheme Creditor, the Scheme Company and NewCo 3 (on behalf of itself and each of its successors and assignees):
- 9.1.1** irrevocably and unconditionally fully, finally and absolutely waives and releases and forever discharges, to the fullest extent permitted by law, each and every claim and any and all proceedings, damages, counterclaims, complaints, demands, causes of action, Liabilities, liens, rights of set-off, indemnities and rights or interests of any kind or nature whatsoever arising, whether present or future, prospective or contingent, whether in this jurisdiction or any other or under any law or in equity, in contract (including breaches, or non-performance of contract), statute or in fact (including negligence, breach of trust and misrepresentation) or any other manner whatsoever, breaches of statutory duty, for contribution or for interest and/or costs and/or disbursements, whether or not for a fixed or unliquidated amount, whether filed or unfiled, whether asserted or unasserted, whether direct or indirect, whether foreseen or unforeseen, whether suspected or unsuspected, whether or not presently known to the parties or to the law, that it ever had, may have or hereafter can, shall or may have against any Released Party in each case, in relation to or arising out of or in connection with:

 - (i) the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); and

- (ii) the execution of the Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme or the taking of any steps or actions necessary or desirable to implement the transactions contemplated in the Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them; and

9.1.2 irrevocably and unconditionally undertakes that it will not assert, threaten, bring, commence, facilitate, participate, provide any information (to the extent that non-provision of information is permissible under applicable law or regulation) take or continue, cooperate in any manner or support any person commencing, taking or continuing, or instruct any person to commence, take or continue any Proceedings or other judicial, quasi-judicial, administrative or regulatory process in any jurisdiction whatsoever against any Released Party, in each case in relation to or arising out of or in connection with:

- (i) the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); and
- (ii) the execution of the Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme, or the taking of any steps or actions necessary or desirable to implement the transactions contemplated in the Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them.

9.2 For the avoidance of doubt, with effect from the Scheme Effective Date, each Scheme Creditor (solely in relation to its rights as a Lender):

9.2.1 agrees that any action taken by the Scheme Company in accordance with the Scheme, the Scheme Steps and/or the Scheme Implementation Documents will not constitute a default, breach or non-compliance (each howsoever described) under SEAG CPU, the Umbrella Agreement or any SEAG Finance Document; and

9.2.2 agrees that nothing in the Scheme or any of the Scheme Implementation Documents shall be construed as a waiver of any default or any event of default (each howsoever described and howsoever occurring) arising or continuing after the occurrence of the Effective Time or impair any right consequent thereof.

10 Timing

A high-level summary of the timing for the implementation of the Scheme is set out in the section entitled "Expected timetable of principal events in relation to the Scheme" of this Explanatory Statement.

11 Questions

11.1 Scheme Creditors are entitled to appear at the Scheme Sanction Hearing, which is expected to be held on 26 January 2021 at the Court or by way of a virtual hearing. The exact time and date of the Scheme Sanction Hearing will be notified to Scheme Creditors, once it is confirmed with the Court, at least one Business Day prior to the Scheme Sanction Hearing. Scheme Creditors who wish to ask any questions in advance of the relevant Scheme Meeting or Scheme Sanction Hearing are encouraged to contact Linklaters as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com.

11.2 Additionally, Scheme Creditors will have the opportunity at the relevant Scheme Meeting to raise any questions or issues they may have in relation to the Scheme.

PART 6

LIQUIDATION COMPARATOR

1 Comparator

- 1.1** For the reasons described in Part 3, the failure of the Steinhoff Group Settlement would mean that the Scheme Company would be faced with obligations to pay amounts substantially exceeding the value of its assets with no realistic prospect of satisfying or restructuring such liabilities. That prospect would require the directors of the Scheme Company to reassess the going concern scenario and, whilst all options would be explored, would be likely to cause them in due course to conclude that they should file for the liquidation of the Scheme Company (particularly if the Scheme Company is unable to obtain the benefit of the Interim Extension Option). Accordingly, the relevant comparator to the Scheme is a winding-up of the Scheme Company.
- 1.2** Such a process will result in the financial creditors and litigation claimants lodging their claims against the Scheme Company. In order to seek to satisfy proven debts owed to financial creditors and any judgment debts owed to litigation claimants, there would need to be a realisation of the Scheme Company's investments in its subsidiaries. As described below, the combined value of the financial debt of the Scheme Company and the potential value of contingent litigation claims against it (without admitting liability and estimated on the basis of methodology of the Scheme Company and its advisers) very significantly exceeds the value of the assets of the Scheme Company.
- 1.3** Moreover, the Scheme Company's economic interest in the underlying business assets of the Group is held through direct and indirect equity and intercompany debt interests in its subsidiaries, and in particular its South African subsidiaries. Accordingly, any distributions to creditors would be very materially delayed by the need to realise and then upstream value through such subsidiaries. Because key South African subsidiaries, such as SIHL, SIHPL and SAHPL, are either themselves insolvent and/or party to substantial intercompany debts which ultimately benefit a diversity of underlying external stakeholders, such subsidiaries are likely to have to enter into liquidation proceedings themselves. Such proceedings would interpolate local officeholders between the Scheme Company and underlying assets and result in a loss of control over the timing and manner of the realisation of such assets and the distribution of net proceeds up to the Scheme Company.
- 1.4** Further factors which would impact stakeholders' recoveries in a liquidation of the Scheme Company include:
- 1.4.1** the need to resolve the validity and value of claims against the Scheme Company, and in particular the very substantial litigation claims that are pending (which will require ongoing long-term litigation);
 - 1.4.2** the quality and marketability of assets on the balance sheet of the Group Companies;
 - 1.4.3** the need to resolve the validity and value of third party or intercompany claims against and between subsidiaries that could bear on the extent of the Scheme Company's ultimate economic interest in the proceeds of any sale;
 - 1.4.4** the amount of time given to liquidators by, and co-operation from, creditors and counterparties to organise asset sales in an orderly manner and at maximum value;
 - 1.4.5** the level of cooperation between liquidators of different entities and the possibility of disputes or claims arising between them;

- 1.4.6 the possibility that liquidators of any entity will conclude that they need to undertake and conclude investigations into the circumstances of such entity's liquidation;
- 1.4.7 the costs incurred in the liquidation process (and in subsidiary processes); and
- 1.4.8 the ability of the liquidator (and liquidators of subsidiaries) to retain key resources and/or gain access to funding to facilitate asset sales and an orderly winding-up generally.

Each of these factors is uncertain.

1.5 The Scheme Company has commissioned financial experts, Analysis Group, to produce a liquidation comparator designed to model the estimated returns to the Scheme Company's creditors, including the Scheme Creditors, in the event that the Scheme Company were to enter into liquidation proceedings following a failure of the Steinhoff Group Settlement. A copy of the liquidation comparator is attached at Appendix H (*Liquidation Comparator*). The comparator has been produced for the Scheme Company on the basis that only the Scheme Company and the Court can rely on it.

1.6 The analysis is based on the following assumptions:

1.6.1 **Liquidation commencement:** a hypothetical liquidation of the Scheme Company would commence on 31 March 2021, being an estimated date as to when it might become clear, following exploration of all other potential options (particularly if the Scheme Company is unable to obtain the benefit of the Interim Extension Option), that the Steinhoff Group Settlement had failed and the directors of the Scheme Company should as a result initiate liquidation proceedings.

1.6.2 **Liquidation process:** the liquidation will occur starting with the realisation of the underlying assets, with value (if any) flowing upwards through the Group, ultimately to the Scheme Company. It is assumed that assets indirectly owned by the Scheme Company would be sold by relevant subsidiaries over an 18-month period, being an estimate taking into account an assessment of the liquidity of the relevant markets and the likely timescale for sales processes. On average, for the purpose of the relevant calculations, it is assumed that liquidation proceeds of the indirectly owned assets would be realized on 31 March 2022, one year after the start of the liquidation.

1.6.3 **Cash flow and liability payment:**

- (i) SAHPL and SIHL are assumed to pay on their liabilities in 2024 (including intercompany debts owed to SIHPL), on the basis of the estimated time required for the realisation of underlying assets in the South African sub-group and liquidation processes with respect to SAHPL and SIHL themselves;
- (ii) SIHL, being the holding company of the South African sub-group and a direct subsidiary of the Scheme Company, will upstream any equity value in 2026 following the completion of its liquidation process and settlement of its preference share liabilities; and
- (iii) SEAG and SFHG are assumed to be able to make payments on their liabilities in 2026, on the basis of the estimated time required for the realisation of underlying assets in the European sub-group and the liquidations of those obligors. It is not anticipated however that there will be any equity value in the European sub-group, due to the level of debt in that sub-group, and as such no distributions would be made by the European sub-group to the Scheme Company.

- 1.6.4 Interest rates and foreign exchange rates:** liquidation proceeds in ZAR will grow at the ZAR risk-free rate of 7 per cent. until they are up-streamed to the Scheme Company and converted to EUR. ZAR will be converted to EUR using the current forward exchange rate as of the assumed conversion date. Proceeds at the Scheme Company are assumed to be held constant in EUR (there being no realistic prospect of interest-bearing accounts being available).
- 1.6.5 Fees and other expenses:** the liquidation would give rise to legal, professional, and liquidator fees, both at the Scheme Company and for the purposes of the realisation of the underlying assets. Such fees would reduce the proceeds available for upward distribution and ultimately distributions to the Scheme Company's creditors. The assumed fees have been estimated on the basis of advice from jurisdiction specific legal advisers.
- 1.6.6 Litigation challenges:** the various realisation and liquidation processes may be the subject of challenge and litigation, in addition to the existing claims already brought against the Scheme Company and SIHPL; however, it is assumed that any litigation that needs to be resolved for the completion of the liquidation is concluded in a timely manner and is not subject to multiple appeals.
- 1.6.7 Scheme Company litigation claims:** the full extent of litigation claims that might ultimately be made against the Scheme Company is unknown, but (all in cases without admitting liability) potential litigation claims against the Scheme Company are estimated on the basis of the information currently available. Shareholders claims are assessed as being those shareholders of the Scheme Company that purchased shares between 2 March 2009 and 5 December 2017 and held Scheme Company shares as of 5 December 2017 (except those with excluded claims, such as Steinhoff insiders).

The litigation against the Scheme Company is characterised based on the nature of the share purchases and contractual relationship (if any) with the Scheme Company or SIHPL:

- (i) **Contractual Claims:**²³ are claims arising from claimants who sold their businesses to the Scheme Company in consideration for shares in the Scheme Company or otherwise acquired shares in the Scheme Company pursuant to direct agreements with the Scheme Company. Such Contractual Claims are valued by estimating the original value of the shares acquired less any benefits received, including dividends, income from sales, and the estimated residual value of the shares.
- (ii) **MPCs:** are claims arising from claimants who purchased shares in the Scheme Company on the secondary market following the December 2015 scheme of arrangement under which SIHPL shares were exchanged for shares in the Scheme Company, and who are deemed to have purchased such shares at prices inflated by the misstatements. The amount of inflation attributable to the misstatements²⁴ is estimated on each day during the relevant period and the estimated claims of each MPC Claimant are calculated as the sum of the inflation of any shares purchased less the sum of the inflation of any shares sold in the relevant period to 5 December 2017.

²³ The Contractual Claimants are those referred to in the liquidation comparator at [A.1], [A.2] and [A.3].

²⁴ The maximum estimated inflation is estimated based on the observed share price correction immediately following the corrective disclosures in December 2017.

- 1.6.8 Intercompany claim:** the Scheme Company also has an intercompany liability owed to Steenbok Newco 2A Limited, which is considered at face value.
- 1.6.9 Other litigation claims:** no quantification has been made from claims arising from ongoing regulatory and fiscal investigations nor other tortious allegations, including any claims that are deemed to be Non-Qualifying Claims for the purpose of the Steinhoff Group Settlement. Any such claims, if established, would have a negative incremental impact on estimated liquidation recoveries for the Scheme Creditors.
- 1.6.10 Scheme Company asset valuation and liquidation discounts:** for each asset, the fair market value of the asset is estimated by reference to one or more of the following as applicable: a public share price; the value implied by the trading price of comparable companies; the carrying value; or other relevant valuation methodologies.

With respect to the South African companies and assets:

- (i) PPH is valued by projecting its share price as of the start of liquidation, based on the current share price, and applying applicable discounts for an 18-month realisation process;
- (ii) South African properties are valued based on pending or projected transaction proceeds; and
- (iii) the stake in the IEP Group²⁵ is valued based the latest carrying value projected to the start of liquidation.

With respect to the European companies and business units, Pepco, Poundland, Greenlit, Mattress Firm and LIPO are valued based on a multiples approach; and the remaining companies and business units, including Conforama, European Manufacturing, Sourcing and Logistics and Hemisphere, are valued based on their net asset values.

The liquidation value for Scheme Company's assets is determined by applying a liquidation discount to reflect the implications of selling a large quantity of assets within a limited period of time in a liquidation context. In addition, for some assets, the fair market value includes an adjustment for lack of marketability.

- 1.6.11 Liquidation Distribution:** proceeds from the liquidation of assets in each relevant Group holding company are assumed to first satisfy each such company's liabilities, claims, and costs of liquidation; any remaining proceeds (equity) are then up-streamed and ultimately to the Scheme Company by 31 March 2026, five years after the start of liquidation, consistent with the assumptions set out above regarding the realisation of the underlying assets and the liquidation of the Scheme Company's subsidiaries.

The up-streamed proceeds are assumed to be kept at the Scheme Company for another five years until 31 March 2031, to allow for the time that, based on the advice of Dutch counsel, it is likely to take to complete the Scheme Company's liquidation process. Following such time the residual asset value at the Scheme Company is distributed to the Scheme Company's creditors, *pari passu*, based on the size of their respective claims as of 31 March 2021.

- 1.7** For the purpose of providing a relevant comparator, liquidation distribution payments at 31 March 2031 are discounted back to 31 March 2021 at a rate of 1.5 per cent. per annum to give

²⁵ IEP Group, Pepco, Poundland, Greenlit, Mattress Firm, LIPO, Conforama, European Manufacturing, Sourcing and Logistics and Hemisphere are business unites of the Group.

a present value of the payment that the Scheme Company's creditors are estimated to receive. The recovery of the Scheme Company's creditors (including the Scheme Creditors) is equal to the discounted Scheme Company's asset value as a percent of the claims of the Scheme Company's creditors.

1.8 In summary, the analysis estimates that:

1.8.1 there would be net proceeds to the Scheme Company from realisation of the underlying assets owned by its subsidiaries (after paying the liabilities at the level of the relevant underlying assets and paying liquidation costs) at the end of projected liquidation proceedings of the Scheme Company (March 2031) in the amount of €631 million;

1.8.2 the total liabilities which will stand to be owed by the Scheme Company are estimated at approximately €14.864 billion. Out of that amount, the estimated potential value of contingent litigation claims is €4.994 billion; and

1.8.3 the present value of the potential recovery rate of all creditors, including financial creditors, and thus the Scheme Creditors, is 3.7 c/€.

1.9 The analysis estimates a total potential value of contingent litigation claims of approximately €5 billion. That estimate assumes that liability in respect of such claims will ultimately be established and those non-quantified claims referred to in paragraph 1.6.9 above do not materialise. The Scheme Company makes no admission in this respect, and the success or failure of any such claims is ultimately subject to determinations to be made by relevant courts of matters of law and fact. There is inherent uncertainty in this respect. By way of illustration, in June 2020 the High Court in Johannesburg delivered a judgment²⁶ dismissing a putative class action filed against, among others, the Scheme Company and SIHPL in South Africa on the basis that it failed to plead a cause of action that raised triable issues. However, there can be no assurance at all of similar dismissals in respect of other pending proceedings against the Scheme Company.

1.10 In this respect if the total potential value of contingent litigation claims were to be reduced by 50 per cent. to approximately €2.5 billion, the present value of the potential recovery rate of the financial creditors (including the Scheme Creditors) would increase to 4.4 c/€.

1.11 In contrast, it is possible that certain financial creditors may seek to assert tortious claims against the Scheme Company in the event of a liquidation of the Scheme Company on the basis of the alleged misstatements. To date, no claimants have instigated such claims against any member of the Group and the Scheme Company denies that it would have liability in that respect. Nonetheless, the possibility of such claims and quantum of such claims, if they were successfully asserted, could materially decrease the recovery rate of the Scheme Company's creditors. The terms of the Steinhoff Group Settlement require any such claims that might be held by financial creditors to be waived.

1.12 Since the Steinhoff Group Settlement entails the proposed discharge of litigation creditors but not financial creditors (whose claims are to remain in place subject to their extension and enhancement via the proposed grant of SIHNV Security) and the continuation of the Scheme Company as a going concern following its implementation, it is not possible to predict the outcome for financial creditors (including the Scheme Creditors) as a result of its successful implementation relative to their outcome in a liquidation of the Scheme Company. The former outcome will be dependent on how the underlying businesses trade (including their recovery from the effects of the pandemic), the success of the Group's disposal programme and other

²⁶ *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020)

economic factors such as movement in exchange rates over time. In terms of the Group overall, it will also be dependent on the extent to which, and timing by which, financial creditors of the Scheme Company (including the Scheme Creditors) receive payments from other obligors within the Group in respect of their claims (as creditors of the Scheme Company under the NV Contingent Payment Undertakings are also creditors of subsidiaries of the Scheme Company). More generally, it will depend on the extent to which such recoveries may ultimately be enhanced as a result of the removal of the “overhang” of the material litigation claims facing the Scheme Company and the uncertainty that that creates for the Group.

- 1.13** In any event, the Steinhoff Group Settlement proposes that MPCs and Contractual Claims be settled in exchange for a settlement consideration representing a sum of €887 million (and that the further amounts totalling €85 million be paid), on the basis set out in Part 4 of this Explanatory Statement. Whilst no liability is admitted in this respect, the Scheme Company considers that such claims are capable of ultimately being adjudicated against it in a materially greater amount. If the Steinhoff Group Settlement succeeds, such claims will instead be discharged and, in addition, potential damages claims relating to acquisition of financial instruments will be waived by financial creditors. Such settlements and waivers will result in the removal of very material uncertainty as to the quantum of the Scheme Company’s contingent liabilities, for the benefit of its financial creditors, including the Scheme Creditors.

PART 7
ADDITIONAL INFORMATION REGARDING THE SCHEME COMPANY

1 Managing Directors

The members of the Management Board (“**Managing Directors**”) of the Scheme Company and their functions are:

Name	Title
Louis Jacobus Du Preez	Managing Director, Chief Executive Officer
Theodore Le Roux De Klerk	Managing Director, Chief Financial Officer

2 Directors’ other interests

2.1 The following table shows the shareholding interests of the Managing Directors as at 3 November 2020:

Managing Director	Group Company	Number of shares	(%)
Louis Jacobus Du Preez	Scheme Company	5 165 ordinary shares	0.00012%
	PPH	10 122 ordinary shares	0.00028%
Theodore Le Roux De Klerk	Scheme Company	194 270 ordinary shares	0.00455%

2.2 The Managing Directors hold positions as directors in various Group Companies

2.3 Except as set out in paragraphs 2.1 and 2.2 of this Part 7, to the best of the Scheme Company’s knowledge, the Managing Directors have no:

- 2.3.1** interest, direct or indirect, in the share capital of the Scheme Company; or
- 2.3.2** a material interest (whether as a director, member, creditor or otherwise) in the Group beyond the salaries and/or other emoluments they receive in their capacity as directors and/or employees.

2.4 To the best of the Scheme Company’s knowledge, the Managing Directors have no interest, direct or indirect, in the Scheme and the Scheme will have no effect on the interests of the Managing Directors other than to the extent they benefit from the releases granted by the Scheme Creditors on the Scheme Effective Date, namely that they shall be released from any claims in relation to or arising out of or in connection with:

- 2.4.1** the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); or
- 2.4.2** the execution of the Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme or the taking of any steps or actions required in order to implement the Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them.

2.5 No non-monetary benefits are established in favour of the Managing Directors. The Managing Directors have the benefit of existing directors’ and officers’ liability insurance.

- 2.6** Neither of the Managing Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by the Scheme Company or any of its subsidiaries during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

3 Litigation and regulatory proceedings

Ordinary litigation

- 3.1** As discussed in Part 3, the Scheme Company is involved in a number of disputes arising in connection with the pre-December 2017 legacy accounting issues which, if the Scheme fails and the Scheme Company does not implement the Steinhoff Group Settlement, could have a material adverse effect on its business, results of operations or financial position.
- 3.2** Other than the disputes referred in paragraph 3.1 above, the Group is involved in other commercial, regulatory and tax disputes and litigation. These disputes are being managed on an ongoing basis and have been previously reported in the Scheme Company's public statements. The outcome of these matters cannot be predicted with certainty. Some of the ongoing matters are material which, if determined against the Scheme Company or Group entities, could have a detrimental impact on the Group's business, results of operations or financial position.

4 Description of ordinary share capital of the Scheme Company

- 4.1** The issued share capital of the Scheme Company consists of 4,269,609,051 ordinary shares with a nominal value of €0.01 each. The issued and paid up capital of the Scheme Company is €42,696,090.51.
- 4.2** The Scheme Company has a primary listing on the FSE with a secondary listing on the JSE.

5 Incorporation and registration

- 5.1** The Scheme Company is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands under number 63570173, with tax residency in South Africa.
- 5.2** The Scheme Company's registered office and business office is Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch 7600, South Africa.

6 Documents available for inspection

- 6.1** Electronic copies of the following documents may be requested by Scheme Creditors, free of charge, : (i) from the Scheme Company by contacting Linklaters as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com. or (ii) in the case of paragraph 6.1.4 below from Lucid Agency Services Limited at deals@lucid-ats.com / middleoffice@lucid-ats.com during usual business hours on any weekday, until and including the date of the Scheme Meeting:
- 6.1.1** the deed of incorporation and articles of association of the Scheme Company;
- 6.1.2** the Scheme Implementation Documents referred to in Part 4 of this Explanatory Statement;

- 6.1.3 the Group's unaudited results for six months ended 31 March 2020 included in Appendix E of this Explanatory Statement; and
- 6.1.4 this Explanatory Statement.

PART 8 RISK FACTORS

All statements in this Explanatory Statement are to be read subject to, and are qualified in their entirety by, the matters referred to in this Part 8 (Risk Factors).

The risk factors described below are those that the Group believes are potentially significant, but this should not be regarded as a comprehensive statement of all potential risks and uncertainties relating to the Scheme, the Scheme Amendments, Non-Scheme Amendments or the Steinhoff Group Settlement. Additional risks and uncertainties not presently known to the Group, or that the Group currently considers to be immaterial, may also have an adverse effect on the Scheme, the Scheme Amendments, Non-Scheme Amendments or the Steinhoff Group Settlement, the Scheme Company and/or the Group, and no assurance can be given that all material risks relating to the Group are set out below. Scheme Creditors should carefully consider these risk factors and the other information set out in this Explanatory Statement.

This Explanatory Statement also contains forward-looking statements that include risks and uncertainties. Actual results may differ from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Explanatory Statement.

If a Scheme Creditor is in any doubt about the action it should take, such Scheme Creditor is advised to consult appropriately authorised independent professional advisers.

1 Risks relating to the Scheme and the overall restructuring

Adverse publicity relating to the uncertainty of the Steinhoff Group Settlement and the financial condition of the Group may adversely affect its key business relationships and market perception of its business

- 1.1 Adverse publicity relating to the uncertainty of the Steinhoff Group Settlement and the financial condition of the Group may have a material adverse effect on its business by making it difficult to convince suppliers, customers, stakeholders and counterparties to continue to do business with the Group. Suppliers may demand quicker payment terms or refuse to extend normal trade credit, all of which could further materially adversely affect the Group entities' working capital position or in extreme cases suppliers may choose not to continue to supply the Group and the Group may find it difficult to obtain new or alternative suppliers. There can be no assurance that the Group's existing key business relationships will continue in the event that Steinhoff Group Settlement fails, or even if it should succeed. Ongoing negative publicity may also have a long-term negative effect on the brand names owned or used by the Group, which could make it more difficult for the Group to operate.

Effectiveness of the Scheme requires the approval of Scheme Creditors

- 1.2 In order for the Scheme to be approved by the Scheme Creditors at the Scheme Meetings, more than 50 per cent. in number representing not less than 75 per cent. in value of each class of Scheme Creditors who vote at the Scheme Meetings must vote in favour of the Scheme (further details on voting at the Scheme Meetings are set out in paragraph 5 of Part 1 (*Letter from the Management Board of the Scheme Company*) of this Explanatory Statement). If the requisite majorities of each class of Scheme Creditors do not vote in favour of the Scheme at the Scheme Meetings, the Scheme will be withdrawn, the Scheme Amendments will not be made pursuant to the Scheme and debt maturities will not be extended. This will substantially jeopardise the chances of successfully implementing the Steinhoff Group Settlement as an important requirement of the proposed terms – namely extending debt to provide the Scheme Company

and the Group with a stable platform to continue to implement a deleveraging strategy following the settlement – will not have been achieved.

- 1.3 However, as noted in paragraph 4 of Part 3 of this Explanatory Statement, without factoring in snooze provisions, 88.88 per cent. in value and over 60 per cent. in number of the Facility A1 Lenders and 88.57 per cent. in value and over 60 per cent. in number of the Facility A2 Lenders provided their consents to the Consent Request. Accordingly, such Scheme Creditors are Consenting Lenders and have agreed to support, among other things, the Scheme. However, if the Consent Request terminates in accordance with its terms, any Scheme Creditors that had provided their consents would cease to be bound by their obligation to support the Scheme.

Even if the Scheme Creditors approve the Scheme, the Scheme may be objected to and may not be completed

- 1.4 If the Scheme is approved at the Scheme Meetings, it is possible for a person with an interest in the Scheme (whether a Scheme Creditor or otherwise) to lodge objections to the Scheme with the Court, and, if such objections have been lodged, to attend or be represented at the Scheme Sanction Hearing in order to make representations that the Scheme should not be approved and to appeal against the granting of the Scheme Sanction Order. In particular, two related Scheme Creditors that comprise the sole Facility A2 Lenders to have voted against the Consent Request together with an affiliated entity informed the Scheme Company that they intend to contest the Scheme. Such entities have not given any indication as to the precise grounds upon which they intend to challenge or object to the Scheme (or in the case of the affiliated entity have standing to do so), but they have indicated generally that they intend to do so because that an affiliated entity is currently engaged in a dispute with the Scheme Company in relation to the terms of the Steinhoff Group Settlement.

- 1.5 Therefore, there can be no assurance that objections will not be made at or before the Scheme Sanction Hearing, or that an appeal will not be made against the grant of the Scheme Sanction Order and that any such objections or appeal will not delay or possibly prevent the implementation of the Scheme Amendments and, ultimately, the Steinhoff Group Settlement.

Effectiveness of the Scheme requires the sanction of the Court

- 1.6 In order for the Scheme to become effective, it must receive the sanction of the Court. The Court will not sanction the Scheme unless it is satisfied that the correct procedures have been followed, the proposed arrangements are reasonable and that there are no other reasons why the Scheme should not be approved. There can be no assurance that the Court will determine that the Scheme is reasonable or that the Court will not conclude that there are other reasons why the Scheme should not be sanctioned. If the Court does not sanction the Scheme, or sanctions it subject to conditions or amendments which: (i) the Scheme Company deems unacceptable, or (ii) would have (directly or indirectly) a material adverse effect on the interests of any Scheme Creditor and such conditions or amendments are not approved by the Scheme Creditors, the Scheme will not become effective. In such case the requisite majority of creditors of the Group will have the right to instruct the Umbrella Agent to terminate all consents, releases, waivers and undertakings already given pursuant to the Consent Request (a matter outside the control of the Scheme Company) and the Steinhoff Group Settlement will not be implemented.

The Settlement Effective Date may not occur by the Consent Long-Stop Date

- 1.7 The majority of the terms of the Scheme Amendments and the Non-Scheme Amendments, including those relating to the Term Extension and the SIHNV Security, are subject to occurrence of the Settlement Effective Date and that the Settlement Effective Date comes into effect before the Consent Long Stop Date. There is no assurance that the Steinhoff Group Settlement will be

successful and be implemented. It may fail for a number of reasons, including the failure of or a successful challenge to relevant implementation proceedings (Dutch Proceedings or SA Proceedings) or the failure of the SARB to provide the necessary consents to facilitate the payment of scheme consideration.

- 1.8** As more particularly explained in paragraph 3.3.3 of Part 3 above, the Managing Directors of the Scheme Company do not think there is likely to be any viable alternative to the Steinhoff Group Settlement and believe that the Settlement Term Sheet represents the only realistic basis on which to conclude a settlement among all stakeholders. The Settlement Term Sheet, therefore, reflects, in the Managing Directors' judgement, terms that are also likely to be accepted by sufficient majorities of litigation creditors. However, there can be no definite assurance in that respect.
- 1.9** The Scheme Company and SIHPL are seeking to obtain the formal support of material litigation creditors for the Steinhoff Group Settlement before they launch statutory processes in the Netherlands and South Africa. Discussions in that respect are active (and in some cases well advanced) with representatives of certain major MPC Claimant constituencies and Contractual Claimants, and the Scheme Company will make announcements if and when agreements are concluded. Although the obtaining of such formal commitments of support in advance is, where possible, desirable in the interests of maximising the prospects that the Steinhoff Group Settlement will be implemented successfully, the Scheme Company and SIHPL reserve the right to proceed without such advance support. They do so in light of their opinion that the Steinhoff Group Settlement is likely to yield a better outcome for all of their key creditor constituencies, including litigation claimants, relative to a "no settlement" scenario. For this reason, their expectation is that it should ultimately attract the necessary support. Again, however, no definite assurance can be provided in that respect.

The Steinhoff Group Settlement may be delayed or prevented by regulatory action

- 1.10** The Steinhoff Group Settlement will be conditional on the consent of the SARB in respect of certain elements of the Steinhoff Group Settlement and the arrangements contemplated by the Consent Request (including those relating to the funding of the settlement proposal, the SIHNV Security and security over SIHPL's assets and undertakings shares, as contemplated by the Settlement Term Sheet). The Scheme Company had preliminary discussions with the SARB and made a formal application to the SARB for the consent on 8 October 2020, requesting a response on or before 30 November 2020. The Scheme Company is not aware of reason for the approval to be refused, but there can be no assurance that such consent will be granted in time in order to avoid either delay in the implementation of the Steinhoff Group Settlement or prevent it altogether.

The SoP Procedure may result in the Scheme Company being put into liquidation

- 1.11** For the reasons described in Part 3 of this Explanatory Statement, the failure of the Steinhoff Group Settlement would mean that the Scheme Company would be faced with obligations to pay amounts substantially exceeding the value of its assets with no realistic prospect of satisfying or restructuring such liabilities. That prospect would require the directors of the Scheme Company to reassess the going concern scenario and, whilst all options would be explored, would be likely to cause them in due course to conclude that they should file for the liquidation of the Scheme Company (particularly if the Scheme Company is unable to obtain the benefit of the Interim Extension Option). The potential consequences of such proceedings for the creditors of the Scheme Company, including the Scheme Creditors, are discussed in Part 6 of this Explanatory Statement.

1.12 The SoP Procedure is one of the options the Scheme Company is considering in order to effect the Steinhoff Group Settlement. If the Scheme Company finally chooses to pursue this option, as noted in paragraphs 3.11 and 3.15 of Part 4 of this Explanatory Statement, there is a risk that the court may refuse to confirm the Composition Plan and may itself exercise its discretionary powers to commence bankruptcy proceedings against the Scheme Company, subject to the applicable insolvency test. In such circumstances the directors of the Scheme Company may be deprived of the ability to explore alternative options to bankruptcy.

However, with the benefit of legal advice, the Managing Directors believe there are ways to mitigate such risk.

First, as stated above, the Managing Directors believe that the Settlement Term Sheet, on which the Steinhoff Group Settlement is based, represents the only realistic basis on which to conclude a settlement among all stakeholders and, in the best judgement of the Managing Directors, reflect terms that are ultimately likely to be accepted by sufficient majorities of litigation and financial creditors. Therefore, the Managing Directors believe that the Scheme Company is likely to have sufficient support of litigants and financial creditors to approve the Composition Plan submitted in the course of the SoP Procedure.

Second, in the event that the court refuses to confirm the Composition Plan, the Scheme Company will only be declared bankrupt if it is apparent to the court that the statutory insolvency test for a conversion into bankruptcy is satisfied: the debtor company must be in a situation where it has ceased paying its due and payable debts. The Interim Extension Option is expected to assist in this respect. Moreover, it is unlikely that the court will proceed immediately to declare the commencement of bankruptcy proceedings if a significant majority of creditors have voted in favour of the Composition Plan and have issued going concern statements which specifically oppose the existence of a “bankruptcy situation” and support a “going concern exit” for the purpose of allowing the Scheme Company time to explore alternative options.

In this respect, Consenting Lenders will have standing at the Dutch court and, pursuant to the Consent Request, have agreed that in the event that the Scheme Company commences Dutch Proceedings and:

- (i) the Composition Plan offered by the Scheme Company in the SoP Procedure is not approved (“*aangenomen*”) at the relevant voting hearing;
- (ii) the Dutch court does not order a confirmation hearing (“*homologatiezitting*”); or
- (iii) the Dutch court refuses to confirm (“*homologeren*”) the Composition Plan,

and/or the equivalent, as applicable, in relation to the WHOA Procedure, each Consenting Lender will, in its capacity as a creditor of the Scheme Company, assist and support any request by the Scheme Company to the Dutch court to terminate the Dutch Proceedings without a subsequent conversion of the Dutch Proceedings into bankruptcy proceedings.

In light of (i) the support of the Consenting Lenders, (ii) the fact that litigation claims have not as yet resulted in a judgment determining a debt owed by the Scheme Company and (iii) possibility of the Scheme Company being able to obtain the benefit of the Interim Extension Option (which does not depend on the success of the Steinhoff Group Settlement) with requisite financial creditor support, the Scheme Company believes it has prospects of persuading the court that it should permit the Scheme Company time to explore alternative options, rather than forcing the Scheme Company immediately into bankruptcy proceedings.

Scheme Creditors are responsible for complying with the procedures set out in this Explanatory Statement

- 1.13 Scheme Creditors are solely responsible for complying with all of the procedures of the Scheme, including, but not limited to, submitting Forms of Proxy in accordance with the instructions and information provided to Scheme Creditors in this Explanatory Statement, as applicable. Further details on voting at the relevant Scheme Meeting are set out in Appendix B (*Voting Instructions to Scheme Creditors*).

Scheme Creditors are responsible for assessing the merits of the Scheme, the Non-Scheme Amendments and the Steinhoff Group Settlement the Scheme aims to facilitate

- 1.14 Each Scheme Creditor is responsible for independently assessing the merits of the Scheme and, subject to satisfaction of certain conditions, ensuing implementation of the Non-Scheme Amendments and the Steinhoff Group Settlement. This Explanatory Statement has been prepared without taking into account the objectives, financial situation or needs of any particular recipient of it and, consequently, the information contained in this Explanatory Statement may not be sufficient or appropriate for the purpose for which a recipient might use it. Any such recipients should conduct their own due diligence and consider the appropriateness of the information in this Explanatory Statement having regard to their own objectives, financial situations and needs, and making an assessment of how this Explanatory Statement and the Scheme will affect them.

The Scheme may not be implemented in accordance with the timeline envisaged in this Explanatory Statement

- 1.15 Factors unknown to the Scheme Company at the date of this Explanatory Statement may result in delays to the implementation of the Scheme. Any delays to the implementation of the Scheme risk jeopardising the implementation of the Non-Scheme Amendments and the Steinhoff Group Settlement and adversely impact the financial condition and business performance of the Group.

2 Operational risks

The Scheme does not guarantee viability of the Scheme Company or the Group

- 2.1 While it is anticipated that the Scheme and the ensuing implementation of the Non-Scheme Amendments and the Steinhoff Group Settlement will ensure the continued viability of the Group and the Scheme Company, there may be other factors which have an impact on the financial performance, business, affairs and continued progress of the Scheme Company and the Group, in particular given the extent of the COVID-19 pandemic and its negative impact on the business of the Group and currency fluctuations. The successful implementation of the Scheme and the ensuing Non-Scheme Amendments and the Steinhoff Group Settlement cannot be taken as an indication or guarantee of the continued viability of the Scheme Company or the Group.

Scheme Creditors are responsible for consulting with their advisers

- 2.2 Scheme Creditors should consult their own tax, accounting, financial, legal and other advisers regarding the suitability to themselves of the tax, accounting and other consequences of participating or declining to vote in favour of in the Scheme. Each Scheme Creditor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that participation in the Scheme is fully consistent with its objectives and condition, complies and is fully consistent with all internal policies, guidelines and restrictions applicable to it, and is a fit, proper and suitable action for it. Scheme Creditors

are solely liable for any taxes and similar or related payments imposed under the laws of any applicable jurisdiction arising in connection with the Scheme.

3 Jurisdictional risks

The Group contains entities organised under the laws of several jurisdictions

- 3.1** The Group contains entities organised under the laws of several jurisdictions. In the event that a Group Company faces financial difficulty, it is not possible to predict with certainty in which jurisdictions insolvency or similar proceedings would be commenced or how these proceedings would be resolved. Any insolvency proceedings commenced in respect of a Group Company would most likely be based on and governed by the insolvency laws of the jurisdiction under which it is organised. As a result, creditors will most likely be subject to the insolvency laws of that Group Company's jurisdiction of incorporation. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in insolvency proceedings relating to several jurisdictions.
- 3.2** Further, one or more Group Companies may in the future take actions which result in the insolvency laws of a different or additional jurisdiction being applicable to them. In certain circumstances, those laws may conflict, or one or more persons may dispute the applicability of, any such insolvency laws.
- 3.3** The insolvency and other laws of the jurisdiction in which each Group Company is organised or operates may be materially different from, or conflict with, both each other and the laws under any creditor's country of incorporation. Some jurisdictions may be less favourable to the interests of certain creditors than others, which may affect, among other things: the ability to obtain post-petition interest; the duration of proceedings; preference periods; and the priority of governmental and other creditors in any insolvency proceeding.
- 3.4** Prospective creditors should seek independent legal advice in each relevant jurisdiction when entering into financing arrangements with any Group Company, in particular with regard to the impact of local law on their rights as creditors in the event of insolvency.

APPENDIX A
THE SCHEME

THE SCHEME

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

No. 2020-004268

IN THE MATTER OF STEINHOFF INTERNATIONAL HOLDINGS N.V.

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

STEINHOFF INTERNATIONAL HOLDINGS N.V.

and

THE SCHEME CREDITORS

(as hereinafter defined)

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Recitals:

- (A) Steinhoff International Holdings N.V. is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands under number 63570173 (the “**Scheme Company**”).
- (B) The Scheme Company is a party to a contingent payment undertaking dated 12 August 2019 (the “**SEAG CPU**”) entered into by the Scheme Company in favour of (1) Lucid Trustee Services Limited acting as Security Agent (under and as defined in the SEAG Intercreditor Agreement) acting for these purposes solely as agent on behalf of the Lenders (as defined in the SEAG CPU) (the “**SEAG CPU Agent**”) and (2) Lucid Agency Services Limited acting as SEAG First Lien Agent and SEAG Second Lien Agent (each as defined in the SEAG CPU).
- (C) The Scheme Company is a party to an intercreditor agreement dated 12 August 2019 entered into by and between, among others, Steenbok NewCo 3 Limited as parent, Lucid Agency Services Limited in its capacities as SEAG First Lien Agent, SEAG Second Lien Agent and SIHNV Umbrella Agent (as defined therein) and Lucid Trustee Services Limited as Security Agent (as defined therein) (the “**SEAG Intercreditor Agreement**”).
- (D) The purpose of this Scheme is to provide the Scheme Creditors’ consent to certain amendments to the SEAG CPU and to the SEAG Intercreditor Agreement in respect of certain rights of the Scheme Creditors thereunder (such amendments being the “**Scheme Amendments**”), to provide instructions and authority from the Scheme Creditors to the Undertaking Agents to enter into each Scheme Implementation Document to which an Undertaking Agent is expressed to be a party and to provide authority for the SEAG CPU Agent to enter into the Deed of Release on each Scheme Creditor’s behalf as lawful attorney.
- (E) In order to implement the consents provided pursuant to the Consent Request, certain other amendments to the Steinhoff Finance Documents and certain intercompany loan agreements will be effected by the Scheme Company and its Subsidiaries (the “**Non-Scheme Amendments**”).
- (F) The Undertaking Agents and NewCo 3, who are persons involved in the implementation of this Scheme but who are not Scheme Creditors, have each executed and delivered a Deed of Undertaking in favour of the Court, the Scheme Company and the Scheme Creditors, pursuant to which they have, among other things, each severally consented to this Scheme and agreed and undertaken to the Court, the Scheme Company and the Scheme Creditors on and from the Scheme Effective Date: (i) to be bound by the Scheme; (ii) to promptly do or procure to be done all such acts and things necessary or desirable for the purpose of giving effect to this Scheme; and (iii) to promptly execute and be bound by the Scheme Implementation Documents (and related documents) to which they are a party.

1 Definitions and interpretation

1.1 Definitions

In this Scheme, the following terms shall, unless the context otherwise requires, have the following meanings:

“**Act**” means the United Kingdom Companies Act 2006;

“**Amended SEAG CPU**” means the SEAG CPU as amended pursuant to the terms of the SEAG CPU Amendment Agreement;

“Amended SEAG Intercreditor Agreement” means the SEAG Intercreditor Agreement as amended pursuant to the terms of the SEAG ICA Amendment Agreement;

“Business Day” means a day on which commercial banks are open for business in London and Amsterdam (excluding, for the avoidance of doubt, Saturdays, Sundays and public holidays);

“Consent Request” means the Omnibus Steinhoff Consent Request dated 9 October 2020, issued by the Scheme Company and certain of its Subsidiaries, set out in Appendix I of the Explanatory Statement;

“Consent Request Implementation Documents” means the amendment agreements or amendment and restatement agreements in relation to the following documents to be entered into to implement the Non-Scheme Amendments: Umbrella Agreement, the SIHPL SFHG CPU, 21/22 SFHG CPU, 23 SFHG CPU, the SEAG CPU (which, for the avoidance of doubt, will include amendments other than those set out in the SEAG CPU Amendment Agreement), the SEAG First Lien Facilities Agreement, the SEAG Second Lien Facilities Agreement, SFHG Facilities Agreements, Hemisphere CPU, Hemisphere Facilities Agreement and Intercompany SIHNV Loans (as each such term is defined in the Explanatory Statement, other than those defined herein) and the Intercompany Group Loans (as such term is defined in the Consent Request);

“Court” means the High Court of Justice of England and Wales;

“Deed of Release” means the deed of release substantially in the form set out in Schedule 3 hereto;

“Deeds of Undertaking” means deeds of undertaking executed by the Undertaking Agents and NewCo 3 pursuant to which they have consented to this Scheme and agreed and undertaken to the Court, the Scheme Company and the Scheme Creditors, on and from the Scheme Effective Date: (i) to be bound by this Scheme; (ii) to promptly do or procure to be done all such acts and things necessary or desirable for the purpose of giving effect to this Scheme; and (iii) to promptly execute the Scheme Implementation Documents (and related documents) to which it or (in the case of the SEAG CPU Agent acting as lawful attorney for the Scheme Creditors) the Scheme Creditors are a party;

“Effective Time” has the meaning given to it in Clause 3.3.1;

“Explanatory Statement” means the explanatory statement in relation to this Scheme required to be provided to the Scheme Creditors pursuant to section 897 of the Act;

“Facility A1 Lenders” has the meaning given to it in the SEAG CPU;

“Facility A2 Lenders” has the meaning given to it in the SEAG CPU;

“Facility Agents” means each of the SEAG First Lien Agent and the SEAG Second Lien Agent as defined in the SEAG CPU;

“Liability” means any debt, liability or obligation whatsoever whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and whether it arises at common law, in equity or by statute, in England and Wales or in any other jurisdiction, or in any other manner whatsoever, and **“Liabilities”** shall be construed accordingly;

“Majority Scheme Creditors” means in excess of 50 per cent. in aggregate by value of the Scheme Creditors;

“NewCo 3” means Steenbok NewCo 3 Limited, a private limited company incorporated under the laws of England and Wales, having its registered office at 5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH and company number 11728460, acting as the Parent under and as defined in the SEAG Intercreditor Agreement;

“Non-Scheme Amendments” has the meaning given in Recital (E);

“Proceedings” means any process, action or other legal proceedings (including, without limitation, any demand arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture re-entry, lien, enforcement of judgment or enforcement of any security), whether arising in connection with the Scheme or otherwise;

“Registrar of Companies” means the registrar of companies within the meaning of the Act;

“Scheme” means this scheme of arrangement, proposed to be made under Part 26 of the Act between the Scheme Company and the Scheme Creditors, with or subject to any modification, addition or condition approved or imposed in accordance with Clause 11.2 (*Modification*);

“Scheme Amendments” means the amendments set out in the SEAG CPU Amendment Agreement and SEAG ICA Amendment Agreement and as summarised in paragraph 1.1 of Part 4 of the Explanatory Statement in relation to certain of the Liabilities and obligations of the Scheme Company and certain rights of the Scheme Creditors under or in connection with the SEAG CPU and the SEAG Intercreditor Agreement;

“Scheme Claims” means any claim or claims in respect of any Liability of the Scheme Company to a Scheme Creditor arising, directly or indirectly, in relation to, or arising out of or in connection with, the SEAG CPU;

“Scheme Company” has the meaning given to it in Recital (A);

“Scheme Conditions” means:

- (i) the occurrence of the Scheme Effective Date;
- (ii) receipt by the Scheme Company and certain of its Subsidiaries of the consent of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors (as defined in the Consent Request) to the form of the SEAG CPU Amendment Agreement and the SEAG ICA Amendment Agreement in accordance with paragraph 50 of the Consent Request;
- (iii) the execution of the Scheme Implementation Documents by each of the parties thereto in accordance with Clause 3.2 (*Execution of Scheme Implementation Documents*) and Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*) and the delivery of all relevant signature pages to the Scheme Company;
- (iv) the execution of the Consent Request Implementation Documents by each of the parties thereto and the delivery of all relevant signature pages to the Scheme Company; and
- (v) confirmation from SIHNV and the Umbrella Security Agent that the SIHNV Security (each as defined in the Explanatory Statement) is in agreed form;

“Scheme Conditions Satisfaction Time” means the time at which the Scheme Company (acting reasonably and in good faith) considers that all of the Scheme Conditions have been satisfied or waived in accordance with Clause 11.1 (*Waiver of the Scheme Conditions*), as applicable and has provided notice of the same to each Scheme Creditor and the Undertaking Agents;

“Scheme Creditors” means the Facility A1 Lenders and Facility A2 Lenders;

“Scheme Effective Date” means the date on and time at which an office copy of the Scheme Sanction Order has been delivered to the Registrar of Companies for registration in respect of this Scheme;

“Scheme Implementation Documents” means:

- (i) the SEAG CPU Amendment Agreement;
- (ii) the SEAG ICA Amendment Agreement;
- (iii) the Deed of Release; and
- (iv) all documents, agreements and instruments which the Scheme Company considers necessary and/or desirable to implement and/or consummate this Scheme;

“Scheme Parties” means the Scheme Company, each Scheme Creditor, NewCo 3 and the Undertaking Agents;

“Scheme Released Party” has the meaning given to it in Clause 10.1.1;

“Scheme Sanction Hearing” means the hearing of the Court for the purpose of obtaining the Scheme Sanction Order;

“Scheme Sanction Order” means the order of the Court sanctioning this Scheme under section 899 of the Act;

“Scheme Steps” means the steps detailed in Clause 3.3.1;

“SEAG ICA Amendment Agreement” means the amendment agreement amending the SEAG Intercreditor Agreement substantially in the form set out in Schedule 2 hereto;

“SEAG CPU” has the meaning given to it in Recital (B);

“SEAG CPU Agent” has the meaning given to it in Recital (B);

“SEAG CPU Amendment Agreement” means the amendment agreement amending the SEAG CPU substantially in the form set out in Schedule 1 hereto;

“SEAG Finance Documents” means:

- (i) “Finance Documents” as defined in the SEAG First Lien Facilities Agreement; and
- (ii) “Finance Documents” as defined in the SEAG Second Lien Facilities Agreement;

“SEAG First Lien Facilities Agreement” means the first lien facilities agreement dated 12 August 2019 entered into by and between, among others, NewCo 3, Steenbok Lux Finco 2 S.a r.l., Lucid Agency Services Limited in its capacity as agent and Lucid Trustee Services Limited in its capacity as security agent (as subsequently amended from time to time);

“SEAG Intercreditor Agreement” has the meaning given to it in Recital (C);

“SEAG Second Lien Facilities Agreement” means the second lien facilities agreement dated 12 August 2019 entered into by and between, among others, NewCo 3, Steenbok Lux Finco 2 S.a r.l., Lucid Agency Services Limited in its capacity as agent and Lucid Trustee Services Limited in its capacity as security agent (as subsequently amended from time to time);

“SEAG Security Agent” means Lucid Trustee Services Limited as Security Agent under and as defined in the SEAG Intercreditor Agreement;

“Steinhoff Finance Documents” has the meaning given to that term in the Explanatory Statement;

“Subsidiaries” means, in relation to any company or corporation, a company or corporation:

- (i) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (ii) more than half of the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (iii) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

“Umbrella Agent” means Lucid Agency Services Limited as Umbrella Agent under and as defined in the Umbrella Agreement;

“Umbrella Agreement” means the umbrella agreement between, among others, the Scheme Company, the SEAG CPU Agent, the Facility Agents and Lucid Agency Services Limited as the Umbrella Agent dated 12 August 2019;

“Undertaking Agents” means the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent and the Umbrella Agent;

“Voting Record Time” means 5:00 p.m. (London time) on 10 December 2020; and

“Website” means the data room on the Debtdomain website (www.debtdomain.com) maintained by the Facility Agents in accordance with the SEAG First Lien Facilities Agreement and the SEAG Second Lien Facilities Agreement.

1.2 Interpretation

In this Scheme, unless the context otherwise requires or otherwise expressly provides for:

- 1.2.1** references to this Scheme shall include the Schedules to this Scheme;
- 1.2.2** references to “Clauses” and “Schedules” are references to the clauses and appendices respectively of this Scheme;
- 1.2.3** references to a “person” include references to an individual, firm, partnership company, corporation, unincorporated body of persons or any state or state agency and shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

- 1.2.4 references to a statute or statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
- 1.2.5 references to a document include the same as subsequently supplemented, amended and/or restated from time to time;
- 1.2.6 references to a time of the day are references to London time;
- 1.2.7 the singular includes the plural and vice versa and words importing one gender shall include all genders;
- 1.2.8 the term “including” means “including, without limitation”; and
- 1.2.9 headings are for ease of reference only and shall not affect the interpretation of this Scheme.

2 Effectiveness

- 2.1 This Scheme shall take effect on and from the Scheme Effective Date.
- 2.2 The arrangement effected by this Scheme shall apply to all Scheme Claims and shall be binding on each Scheme Party and its successors and assigns from the Scheme Effective Date.
- 2.3 The Scheme Company shall promptly notify the Scheme Creditors and Undertaking Agents in writing that the Scheme Effective Date has occurred.

3 Implementation

3.1 Undertakings to be bound

Pursuant to the Deeds of Undertaking, the Undertaking Agents and NewCo 3 have severally agreed to be bound by and comply with: (i) the obligations expressed to apply to them under this Scheme and the Scheme Implementation Documents; and (ii) their respective undertakings.

3.2 Execution of Scheme Implementation Documents

- 3.2.1 As soon as practicable after the Scheme Effective Date, each of the Undertaking Agents, acting on instructions and under the authorisation of the Scheme Creditors given to and conferred upon such Undertaking Agents under Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*), NewCo 3 and the Scheme Company shall sign but leave undated the Scheme Implementation Documents to which it is or the Scheme Creditors are party for the purposes of effecting the Scheme Amendments and deliver its signature pages to the Scheme Company.
- 3.2.2 The signature pages to the Scheme Implementation Documents shall be held by the Scheme Company and shall be dated, released and become effective in accordance with Clause 3.3 (*Scheme Conditions Satisfaction Time*).

3.3 Scheme Conditions Satisfaction Time

- 3.3.1 On the occurrence of the Scheme Conditions Satisfaction Time, the following steps will occur and take effect in the following order (and each transaction or sub-step in each Scheme Step is deemed to occur simultaneously):

- (i) the Scheme Company shall date and release the signature pages to the Scheme Implementation Documents and the Scheme Implementation Documents shall become effective in accordance with their terms; and
- (ii) the Scheme Company shall date and release (and if applicable, deliver) all the Consent Request Implementation Documents and such Consent Request Implementation Documents shall become effective in accordance with their terms,

and the “**Effective Time**” shall be deemed to have occurred.

3.3.2 If the Effective Time has not occurred by 5:00 p.m. on 31 December 2021 (or such later date as the Scheme Company and SEAG CPU Agent, acting on instructions of the Majority Scheme Creditors, may agree):

- (i) as soon as reasonably practicable, the Scheme Company shall notify the Undertaking Agents, NewCo 3 and the Scheme Creditors;
- (ii) the Scheme shall terminate and shall be construed as if it had never been effective, save that Clause 1 (*Definitions and interpretation*), this Clause 3.3.2 and Clause 11.6 (*Governing law and jurisdiction*) shall survive and remain in full force and effect, notwithstanding such termination;
- (iii) any steps taken to implement the terms of the Scheme shall be nullified and shall be of no effect;
- (iv) all other such steps due to be taken under or pursuant to the Scheme will not occur or will be deemed not to have occurred;
- (v) any actions taken, and compromises, releases or waivers imposed or granted, under or pursuant to the Scheme shall have no valid or binding effect (legal or otherwise) and be deemed to be null and void and not having occurred for the purposes of the Scheme;
- (vi) to the extent legally possible, all parties shall take all steps reasonably necessary or desirable to unwind any such steps which have been completed such that the terms of the Scheme shall be treated as having no valid or binding effect; and
- (vii) to the fullest extent permitted by law, no Undertaking Agent shall have any Liability whatsoever to the Scheme Company, any Scheme Creditor or any other person in connection with the Scheme, the Scheme Implementation Documents, any Scheme Step and/or the unwind of any Scheme Step.

3.4 Variation of claims

3.4.1 With effect from the Effective Time:

- (i) the rights and obligations of the Scheme Creditors under the SEAG CPU shall each be amended, varied and restated as set out in the Amended SEAG CPU; and
- (ii) the rights of the Scheme Creditors under the SEAG Intercreditor Agreement shall be amended, varied and restated as set out in the Amended SEAG Intercreditor Agreement.

3.4.2 The amendments and variations of the SEAG CPU and the SEAG Intercreditor Agreement as set out above and the other provisions of this Clause 3 shall be final and shall apply for all purposes including, without limitation, for the purpose of amending, varying and restating claims against (and obligations and liabilities of) the Scheme Company in respect of Scheme Claims and the respective rights of the Scheme Creditors under the SEAG CPU and the SEAG Intercreditor Agreement affected by the Scheme Amendments and each Scheme Creditor shall be prohibited from asserting any right or taking any action against the Scheme Company which would be inconsistent therewith.

4 Scheme Creditor acknowledgement and undertaking

Subject to:

- 4.1.1 the other provisions of this Scheme;
- 4.1.2 the Scheme Company having executed the Scheme Implementation Documents to which it is a party;
- 4.1.3 the SEAG CPU Agent having executed the Deed of Release to which the Scheme Creditors are party, on behalf of each of the Scheme Creditors as lawful attorney;
- 4.1.4 each Undertaking Agent and NewCo 3 having executed the other Scheme Implementation Documents to which it is a party; and
- 4.1.5 each other party to the Scheme Implementation Documents having executed the Scheme Implementation Documents to which it is party,

then,

in consideration for the rights and benefits that each Scheme Creditor is entitled to under the Scheme Implementation Documents and/or the Consent Request Implementation Documents, each Scheme Creditor acknowledges and agrees that the provisions of the Scheme Implementation Documents shall be binding from such time that such documents become effective in accordance with this Scheme and their respective terms without any further consent, sanction, authority or confirmation being required from any Scheme Creditor, and each Scheme Creditor shall be prohibited from taking any action, and undertakes not to assert any right against any Undertaking Agent and/or the Scheme Company which would be inconsistent therewith.

5 Determination of Scheme Claims

All Scheme Claims shall be determined as at the Voting Record Time in accordance with the mechanism set out in paragraph 5.4 of Part 5 of the Explanatory Statement.

6 Transfers of Scheme Claims

6.1 None of the Scheme Company nor any of the Undertaking Agents shall:

- 6.1.1 be under any obligation to recognise any assignment or transfer of a Scheme Claim in the period from (and including) the Voting Record Time to (and including) the day of the Scheme Meetings for the purposes of the SEAG CPU, the SEAG Finance Documents, the Scheme and the Scheme Implementation Documents (including determining any participation in or allocations under any of the foregoing); or

6.1.2 have any obligations hereunder to any person other than a Scheme Creditor,

provided that, where the Scheme Company and the Undertaking Agents have received from the relevant parties, notice in writing of an assignment or transfer within the period set in Clause 6.1.1, the Scheme Company and the Undertaking Agents may, in their sole discretion and subject to the production of such other evidence in relation to such transfer or assignment as they may require and to any other terms and conditions which the Scheme Company and/or the Undertaking Agents may consider necessary or desirable, agree to recognise such assignment or transfer. Any assignee or transferee of a Scheme Claim so recognised by the Scheme Company and the Undertaking Agents shall be bound by the terms of the Scheme as a Scheme Creditor and shall produce such evidence as the Scheme Company may reasonably require to confirm that it has agreed to be bound by the terms of the Scheme.

7 Certain consents

Each of the Scheme Creditors, NewCo 3 and the Scheme Company irrevocably agree and consent to the Scheme, the implementation and consummation of the Scheme Steps and the terms of the Scheme Implementation Documents, notwithstanding any provision of the SEAG CPU, the SEAG Intercreditor Agreement or any SEAG Finance Document which would or might otherwise restrict the implementation or consummation of the Scheme, the Scheme Steps or entry into the Scheme Implementation Documents by the Scheme Creditors, any of the Undertaking Agents, NewCo 3 and/or the Scheme Company (as relevant).

8 Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents

8.1 Without limiting the scope of any other authorisation, instruction or consent provided by any Scheme Creditor pursuant to this Scheme, each of the Scheme Creditors irrevocably instructs, authorises and empowers each Undertaking Agent (acting by its authorised signatories from time to time, individually or jointly), on and from the Scheme Effective Date (and shall for all purposes be treated as having irrevocably authorised, instructed and empowered each Undertaking Agent):

8.1.1 to agree on their behalf any amendments to the Scheme Implementation Documents which the Scheme Company (acting reasonably and in good faith) deems necessary or desirable in order to ensure that:

- (i) they reflect the terms of this Scheme, the Scheme Amendments and the transactions intended to be entered into in order to effect the Scheme Steps;
- (ii) the information and categories of information contained, or referred to, in any formula, schedule, annex or similar, signature blocks, parties' provisions or notice details in any Scheme Implementation Document reflect the relevant information and categories of information as of the applicable date;
- (iii) the Scheme Implementation Documents may be duly executed and delivered; and/or
- (iv) the Scheme Implementation Documents are legal, valid, binding and enforceable upon the parties to them in accordance with this Scheme;

- 8.1.2** to enter into, sign, execute and, on and in accordance with Clause 3 (*Implementation*), to deliver signature pages to the Scheme Company and, where applicable, deliver as a deed, each Scheme Implementation Document to which such Undertaking Agent is expressed to be a party, along with any such other documents as are required to implement the Scheme Steps and to effect the Scheme Amendments;
- 8.1.3** in relation to the SEAG CPU Agent only, to enter into, sign, execute and deliver as a deed, as lawful attorney on behalf of each Scheme Creditor, the Deed of Release (and, in accordance with Clause 3 (*Implementation*), to deliver signature pages to the Deed of Release to the Scheme Company) along with any such other documents to which a Scheme Creditor is expressed to be a party and as are required to implement the Scheme Steps and to effect the Scheme Amendments; and
- 8.1.4** to carry out any related or ancillary actions necessary or desirable to implement the transactions contemplated in this Scheme and/or to implement or consummate the Scheme Steps and the Scheme Amendments.
- 8.2** Once a Scheme Implementation Document has been executed and becomes effective, it may only be amended in accordance with its terms and the authority granted by each Scheme Creditor to the Undertaking Agents under this Clause 8 shall immediately expire in respect of that Scheme Implementation Document.
- 8.3** The instructions, authorisations and powers (including, without limitation, the appointment of the SEAG CPU Agent as lawful attorney on behalf of each Scheme Creditor) granted under this Clause 8 shall be treated, for all purposes whatsoever and without limitation, as having been granted by deed.
- 8.4** Each Scheme Creditor hereby irrevocably and unconditionally ratifies and affirms everything which the Undertaking Agents and their delegates, directors, managers, officers and authorised signatories may lawfully do or cause to be done or purport to do pursuant to the authority conferred by this Clause 8.
- 8.5** None of the Undertaking Agents is responsible or liable for the legality, validity, effectiveness, adequacy or enforceability of any Scheme Implementation Document.

9 Agents

- 9.1** On and from the Scheme Effective Date, each Scheme Creditor hereby irrevocably confirms to each Undertaking Agent that:
- 9.1.1** in acting in accordance with any instruction, authorisation or power given to the Undertaking Agents under, or contemplated by Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*) or otherwise in accordance with the terms of this Scheme, the Undertaking Agents will be acting as agent in accordance with the terms of the SEAG CPU, the SEAG Finance Documents and the Umbrella Agreement and will be fulfilling its duties thereunder and shall incur no liability to any person for doing so;
- 9.1.2** in acting in accordance with any such instruction, authorisation or power or otherwise in accordance with the terms of this Scheme (including, for the avoidance of doubt, in taking any Scheme Step), nothing that an Undertaking Agent does or omits to do, in accordance with such instruction, authorisation or power or otherwise in

accordance with the terms of this Scheme will constitute negligence or wilful misconduct on the part of such Undertaking Agent; and

- 9.1.3** in the case of each Scheme Creditor, it will not claim, assert, plead, argue or (if applicable) raise by way of defence against a claim by any Undertaking Agent under any indemnity provided under clause 29.10 (*Lenders' indemnity to the Agent*) of the SEAG First Lien Facilities Agreement, clause 29.10 (*Lenders' indemnity to the Agent*) of the SEAG Second Lien Facilities Agreement, clause 20.13 (*Primary Creditors' and SIHNV/SEAG CPU Lenders indemnity to the Security Agent*) of the SEAG Intercreditor Agreement or clause 21.1 (*Indemnity*) of the SEAG Intercreditor Agreement, any negligence or wilful misconduct by an Undertaking Agent or any of their advisers, employees or agents in carrying out the acts and/or omissions set out in such authorisations, instructions or power in accordance with their terms or in otherwise acting in accordance with the terms of this Scheme.
- 9.2** To the extent permitted by law, the Scheme Company and each Scheme Creditor shall not be entitled to challenge the validity of any act done or omitted to be done in good faith by an Undertaking Agent (or its delegates, directors, managers, officers or authorised signatories) pursuant to any instruction, authority or power granted to it under Clause 8 (Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents) or in otherwise acting in connection with the Scheme or the exercise by an Undertaking Agent (or its delegates, directors, managers, officers or authorised signatories) in good faith of any power or authority conferred upon it for the purposes of this Scheme.
- 9.3** No Undertaking Agent (or Lucid Agency Services Limited acting in any other capacity in connection with the Scheme) shall be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any cost, loss or liability in connection with this Scheme unless such cost, loss or liability is directly attributable to its (or its delegates, directors, managers, officers or authorised signatories) gross negligence, fraud or wilful misconduct. In acting in accordance with any instruction, authorisation or power or otherwise in accordance with the terms of this Scheme (including, for the avoidance of doubt, in taking any Scheme Step), nothing that an Undertaking Agent (or Lucid Agency Services Limited acting in any other capacity in connection with the Scheme) does or omits to do, in accordance with such instruction, authorisation or power or otherwise in accordance with the terms of this Scheme will constitute gross negligence, wilful misconduct or fraud on the part of it. No Undertaking Agent (or Lucid Agency Services Limited acting in any other capacity in connection with the Scheme) shall be liable for any consequential loss or liability incurred by any person in connection with this Scheme unless such consequential loss or liability is attributable to its (or its delegates, directors, managers, officers or authorised signatories) fraud or wilful misconduct.
- 9.4** Notwithstanding anything in this Scheme, no Undertaking Agent shall be obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation, a breach of a fiduciary duty or duty of confidentiality or a breach of the terms of this Scheme.
- 9.5** The Scheme Company acknowledges that all existing indemnity provisions under the SEAG CPU, the SEAG Finance Documents and the Umbrella Agreement in respect of the conduct of the Undertaking Agents remain in full force and effect.

10 Releases and waivers

10.1 With effect from the Effective Time, each Scheme Creditor, the Scheme Company and NewCo 3, subject to Clause 10.2 and to the extent it has not already done so above, on behalf of itself and each of its successors and assignees hereby:

10.1.1 irrevocably and unconditionally fully, finally and absolutely waives and releases and forever discharges, to the fullest extent permitted by law, each and every claim and any and all proceedings, damages, counterclaims, complaints, demands, causes of action, Liabilities, liens, rights of set-off, indemnities and rights or interests of any kind or nature whatsoever arising, whether present or future, prospective or contingent, whether in this jurisdiction or any other or under any law or in equity, in contract (including breaches, or non-performance of contract), statute or in fact (including negligence, breach of trust and misrepresentation) or any other manner whatsoever, breaches of statutory duty, for contribution or for interest and/or costs and/or disbursements, whether or not for a fixed or unliquidated amount, whether filed or unfiled, whether asserted or unasserted, whether direct or indirect, whether foreseen or unforeseen, whether suspected or unsuspected, whether or not presently known to the parties or to the law, that it ever had, may have or hereafter can, shall or may have against the Scheme Company, any of the Scheme Company's Subsidiaries, NewCo 3, any of the Undertaking Agents, Lucid Agency Services Limited acting in any other capacity in connection with the Scheme and any other Scheme Creditor and each of their respective directors, managers, officers, employees, professional advisers and statutory auditors, or any of them (each, a "**Scheme Released Party**"), in each case, in relation to or arising out of or in connection with:

- (i) the negotiation, preparation, implementation and/or consummation of this Scheme and/or the Scheme Implementation Documents (or related documentation); and
- (ii) the execution of this Scheme, the Scheme Implementation Documents or any other documents required in order to implement this Scheme or the taking of any steps or actions necessary or desirable to implement the transactions contemplated in this Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them;

10.1.2 irrevocably and unconditionally undertakes that it will not assert, threaten, bring, commence, facilitate, participate, provide any information (to the extent that non-provision of information is permissible under applicable law or regulation) take or continue, cooperate in any manner or support any person commencing, taking or continuing, or instruct any person to commence, take or continue any Proceedings or other judicial, quasi-judicial, administrative or regulatory process in any jurisdiction whatsoever against any Scheme Released Party, in each case in relation to or arising out of or in connection with:

- (i) the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); and
- (ii) the execution of this Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme, or the taking of any steps or actions necessary or desirable to implement the

transactions contemplated in this Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them.

10.2 However, Clauses 10.1.1 and 10.1.2 shall not:

10.2.1 in any way impair or prejudice any other rights of any Scheme Creditor arising under any Scheme Implementation Document (including as a consequence of non-compliance with the terms of any Scheme Implementation Document) or any remedy in respect of such right; and/or

10.2.2 apply to any claim or Liability in respect of fraud or wilful misconduct by any Scheme Released Party.

10.3 For the avoidance of doubt, with effect from the Scheme Effective Date, each Scheme Creditor (solely in relation to its rights as a Lender (as defined in the SEAG CPU)) hereby:

10.3.1 agrees that any action taken by the Scheme Company in accordance with this Scheme, the Scheme Steps and/or the Scheme Implementation Documents will not constitute a default, breach or non-compliance (each howsoever described) under the SEAG CPU, the Umbrella Agreement or any SEAG Finance Document and, to the extent any such default, breach or non-compliance has arisen, waives each and every such default, breach or non-compliance; and

10.3.2 agrees that nothing in the Scheme or any of the Scheme Implementation Documents shall be construed as a waiver of any default or any event of default (each howsoever described and howsoever occurring) arising or continuing after the occurrence of the Effective Time or impair any right consequent thereof.

10.4 The waivers, releases and undertakings granted under this Clause 10 shall be treated, for all purposes whatsoever and without limitation, as having been granted by deed.

11 Provisions applicable to the Scheme

11.1 Waiver of the Scheme Conditions

11.1.1 The Scheme Conditions (other than limbs (i) and (ii) of the definition of Scheme Conditions) may be waived only with the written consent of: (a) the Scheme Company; and (b) the Majority Scheme Creditors.

11.2 Modification

11.2.1 The Scheme Creditors hereby agree that the Scheme Company may, at any hearing to sanction this Scheme (including the Scheme Sanction Hearing), consent on behalf of the Scheme Creditors to any modification of, or addition to, this Scheme or to any terms or conditions, in each case that the Court may think fit to approve or impose, and which would not directly or indirectly have a material adverse effect on the interests of a Scheme Creditor (taking into account for this purpose only its interest as a Scheme Creditor) under this Scheme.

11.2.2 Save as otherwise expressly provided in this Scheme, including pursuant to Clause 8.1.1, Clause 11.1 (*Waiver of the Scheme Conditions*) and Clause 11.2.1, any amendment or waiver to the terms of this Scheme which is minor, insubstantial and not materially adverse to the rights of the Scheme Creditors may be made with the written consent of: (i) the Scheme Company; (ii) the Majority Scheme Creditors; and

(iii) to the extent that any such modification or waiver will or may affect the rights, obligations or interests of an Undertaking Agent, such Undertaking Agent.

11.2.3 Nothing in this Scheme shall prevent the modification of any Scheme Implementation Document in accordance with their respective terms.

11.3 Obligations on days other than a Business Day

If any obligation is to be performed under the terms of this Scheme on a day other than a Business Day, the relevant obligation shall be performed on the next Business Day.

11.4 Notices

11.4.1 Any notice or other written communication to be given under or in relation to this Scheme shall be given in the English language in writing and shall be deemed to have been duly given if it is delivered by hand, email, pre-paid recorded delivery or international courier to the address or email address as set out below (or as may be notified by notice to Scheme Parties from time to time).

11.4.2 The addresses for notices are as follows:

- (i) in the case of the Scheme Company:
 - (a) by courier or post to: Linklaters LLP, One Silk Street, London, EC2Y 8HQ
 - (b) by email to james.douglas@linklaters.com / Juliana.leite_de_barros@linklaters.com
- (ii) in the case of a Scheme Creditor, it is sent by email to the SEAG First Lien Agent and the SEAG Second Lien Agent at:
Attention: Transaction Management
Email: deals@lucid-ats.com
and is uploaded by the SEAG First Lien Agent and the SEAG Second Lien Agent to the Website
- (iii) in the case of the SEAG First Lien Agent and the SEAG Second Lien Agent:
by courier or post to: 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, marked for the attention of Transaction Management
by email to: deals@lucid-ats.com (Attention: Transaction Management)
- (iv) in the case of the SEAG CPU Agent:
by courier or post to: 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, marked for the attention of Transaction Management
by email to: deals@lucid-ats.com (Attention: Transaction Management)
- (v) in the case of the SEAG Security Agent:
by courier or post to: 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, marked for the attention of Transaction Management

by email to: deals@lucid-ats.com (Attention: Transaction Management)

(vi) in the case of the Umbrella Agent:

by courier or post to: 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, marked for the attention of Transaction Management

by email to: deals@lucid-ats.com (Attention: Transaction Management)

(vii) in the case of any other person, any address set forth for that person in any agreement entered into in connection with this Scheme.

11.4.3 Any notice or other written communication to be given under this Scheme shall be deemed to have been served:

(i) at the time of delivery if delivered personally;

(ii) at the time of transmission if sent by email (provided such written communication is in legible form);

(iii) two (2) Business Days after the time and date of posting if sent by pre-paid recorded delivery if the recipient is in the country of dispatch, otherwise seven (7) Business Days after posting;

(iv) seven (7) Business Days after the time and date of posting if sent by international courier; or

(v) when the recipient received (or, having regard to paragraph (ii) above, is deemed to have received) an email notification or other written communication that such notice or other written communication is available through access of the Website.

11.4.4 The accidental omission to send any notice, written communication or other document in accordance with this Clause 11.4, or the non-receipt of any such notice by any Scheme Creditor shall not affect the operation of the provisions of this Scheme or the validity of anything done in accordance with its terms.

11.4.5 The Scheme Company shall not be responsible for any loss or delay in the transmission of any notices, other documents or payments posted by or to any Scheme Creditors, which shall be posted at the risk of such Scheme Creditors.

11.5 Delegation

11.5.1 The Scheme Company may perform its rights, powers, duties, discretions and/or obligations through such one or more authorised signatories, acting jointly or severally, as it may appoint from time to time.

11.5.2 The Scheme Company may also delegate its rights, powers, duties, discretions and/or obligations (including the execution and delivery of any document or instrument) to any person it deems appropriate, in its sole discretion.

11.6 Governing law and jurisdiction

11.6.1 This Scheme and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England and Wales.

11.6.2 Each of the Scheme Parties hereby agrees that the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of the Explanatory Statement or any provision of this Scheme, or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme or any non-contractual obligations arising out of or in connection with this Scheme and, for such purposes, each of the Scheme Parties irrevocably submit to the jurisdiction of the Court, provided, however, that nothing in this Clause 11.6 shall:

- (i) affect the validity of other provisions determining governing law and jurisdiction as between the Scheme Company and any of the Scheme Parties, whether contained in any contract or otherwise; or
- (ii) prevent the Scheme Company from relying upon the provisions of this Scheme in any foreign court.

Schedule 1
SEAG CPU Amendment Agreement

Amendment agreement

Dated [_____] 2020

for

STEINHOFF INTERNATIONAL HOLDINGS N.V.

and

LUCID TRUSTEE SERVICES LIMITED

acting as Agent on behalf of the Lenders

and

LUCID AGENCY SERVICES LIMITED

each acting as a Facility Agent

**RELATING TO THE (SEAG) CONTINGENT PAYMENT
UNDERTAKING ORIGINALLY DATED 12 AUGUST 2019**

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THIS DEED is dated [_____] 2020 and made between:

- (1) STEINHOFF INTERNATIONAL HOLDINGS N.V. ("**SIHNV**");
- (2) LUCID TRUSTEE SERVICES LIMITED as Security Agent (under and as defined in the Intercreditor Agreement) acting for these purposes solely on behalf of the Lenders (the "**Agent**");
- (3) LUCID AGENCY SERVICES LIMITED in its capacity as agent on behalf of the Lenders under the SEAG First Lien Facilities Agreement (the "**SEAG First Lien Agent**"); and
- (4) LUCID AGENCY SERVICES LIMITED in its capacity as agent on behalf of the Lenders under the SEAG Second Lien Facilities Agreement (the "**SEAG Second Lien Agent**" and together with the SEAG First Lien Agent, each a "**Facility Agent**").

BACKGROUND

- (A) This Deed is supplemental to the contingent payment undertaking entered into by SIHNV, the Agent and each of the Facility Agents on 12 August 2019 (the "**Original SEAG Contingent Payment Undertaking**").
- (B) The High Court of Justice of England and Wales has on [●] January 2021 sanctioned a scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") between SIHNV (as scheme company) and the Lenders (being the Scheme Creditors under and as defined in the Scheme).
- (C) In relation to, and as contemplated by, the Scheme, each of the Facility Agents and the Agent has entered into this Agreement to implement the Scheme Amendments (as defined in the Scheme) to the Original SEAG Contingent Payment Undertaking.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"Amended SEAG Contingent Payment Undertaking" means the Original SEAG Contingent Payment Undertaking as amended by this Deed.

"Consent Effective Time" has the meaning given to that term in the Omnibus Settlement Consent Request.

"Omnibus Settlement Consent Request" means the omnibus consent request from, amongst others, SIHNV to, amongst others, each of the Facility Agents seeking consent to the amendments made pursuant to this Deed, dated 9 October 2020.

"Party" means a party to this Deed.

1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, terms defined in the Original SEAG Contingent Payment Undertaking have the same meaning in this Deed.
- (b) The principles of construction set out in clause 1.2 (Construction) of the Original SEAG Contingent Payment Undertaking shall have effect as if set out in this Deed.

1.3 Third Party Rights

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.
- (b) For the avoidance of any doubt, the Lenders shall be considered parties to the Amended SEAG Contingent Payment Undertaking and shall be entitled, unless provided otherwise therein, to enforce and enjoy the benefit of any clause, term or provision of the Amended SEAG Contingent Payment Undertaking.

2. AMENDMENT

With effect from the Consent Effective Time, the Original SEAG Contingent Payment Undertaking shall be amended as follows:

- (a) the following shall be added as new definitions in clause 1.1 (Definitions) of the Original SEAG Contingent Payment Undertaking:

"Consent Effective Time" has the meaning given to that term in the Omnibus Settlement Consent Request.

"Facility Agreement" has the meaning given to it in the Umbrella Agreement.

"Guarantee Commitment" means in relation to a Lender under a Facility Agreement, an amount determined as follows:

$(A/B) \times C$

Where:

A= the Lender's Commitment under that Facility Agreement;

B= the aggregate Commitments of all Lenders under that Facility Agreement; and

C= the Payment Amount under the NV Contingent Payment Undertaking relating to that Facility Agreement (and for the purposes of calculating the Payment Amount for these purposes, the Initial Payment Amount and the Payment Amount under this Deed shall be calculated separately in relation to the Facility A1 Loans and the Facility A2 Loans and the respective Lenders thereunder), and for these purposes "Lender", "Commitment" and "Payment Amount" shall each have the meaning given to them in the Umbrella Agreement.

"Interim Option Extension Availability Date" means the date on which SIHNV commences the Dutch law suspension of payment proceedings or, if enacted, the Dutch procedure *wet homologatie onderhands akkoord* for purposes of implementing a Permitted Settlement on the basis set out in the Omnibus Settlement Consent Request.

"Omnibus Settlement Consent Request" means the omnibus consent request from, amongst others, SIHNV to, amongst others, each Facility Agent seeking consent to the amendments made pursuant to this Deed, dated 9 October 2020.

"Settlement Effective Date" means the date following the Consent Effective Time on which the Permitted Settlement has come into full force and effect and as notified by SIHNV to the Umbrella

Agent and the Primary Agents (as defined in the Umbrella Agreement) under the Omnibus Settlement Consent Request.

“Simple Majority Guarantee Creditors” means, lenders who benefit from the NV Contingent Payment Undertakings (including the NV/Hemisphere Contingent Payment Undertaking) and whose Guarantee Commitments at that time aggregate more than 50 per cent. of the aggregate of the Guarantee Commitments of all such lenders who benefit from the NV Contingent Payment Undertakings (including the NV/Hemisphere Contingent Payment Undertaking).

- (b) the definition of “Maturity Date” in clause 1.1 (Definitions) of Original SEAG Contingent Payment Undertaking shall be deleted and replaced with the following and the cross references in Clauses 2.2(a) (Deferred contingent payment undertaking) and 2.3(b) (Guarantee and indemnity) to paragraph (a) of the definition of Maturity Date shall be amended to refer to paragraphs (a)(i) and (b)(i) of the definition of Maturity Date accordingly:

“Maturity Date” means:

- (a) prior to the Settlement Effective Date and subject to Clause 12.1 (Interim Extension Option), the earlier of:
- (i) 31 December 2021; and
 - (ii) the date on which a notice under Clause 7.15 (*Notification of Event of Default*) is delivered to SIHNV in accordance with the terms of this Deed; and
- (b) on and after the Settlement Effective Date and subject to Clause 12.2 (Term Extension Option) the earlier of:
- (i) 30 June 2023; and
 - (ii) the date on which a notice under Clause 7.15 (*Notification of Event of Default*) is delivered to SIHNV in accordance with the terms of this Deed.
- (c) the following shall be inserted as a new clause 12 (Extension options) of the Original SEAG Contingent Payment Undertaking and each subsequent clause and all related cross references shall be renumbered accordingly:

12. EXTENSION OPTIONS

12.1 Interim Extension Option

- (a) In the period from the Consent Effective Time and to (but not including) the Settlement Effective Date, SIHNV may request under the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request) (a copy of such request to be sent by SIHNV to the Agent) that the date set out in paragraph (a)(i) of the definition of the Maturity Date (and the equivalent date in each other NV Contingent Payment Undertaking and the SIHPL Contingent Payment Undertaking and the termination date under each Facility Agreement) is extended by a period of up to 12 months (the **“Interim Extension Option Request”**).
- (b) The date set out in paragraph (a)(i) of the definition of Maturity Date shall be extended by such period of up to 12 months on the later of (i) the date on which the Umbrella Agent

notifies the Agent under the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request) that the Interim Extension Option Request has been agreed to by the Simple Majority Guarantee Creditors in accordance with the terms of the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request) and (ii) the Interim Option Extension Availability Date.

- (c) SIHNV may only submit one Interim Extension Option Request and for one extension.
- (d) The Interim Extension Option Request is made without prejudice to, and independent of, any other request for an extension to the Maturity Date which may be made under this Deed.
- (e) The security referred to in the Omnibus Settlement Consent Request to be granted by SIHNV will only be granted with effect from the Settlement Effective Date and shall not be granted in circumstances in which the Interim Extension Option Request is made but the Settlement Effective Date does not occur.

12.2 Term Extension Option

- (a) From (and including) the Settlement Effective Date, the Maturity Date will be determined in accordance with paragraph (b) of the definition of Maturity Date. Additionally, from (and including) the Settlement Effective Date, SIHNV may request under the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request) (a copy of such request to be sent by SIHNV to the Agent) that the date set out in paragraph (b)(i) of the definition of Maturity Date (and the equivalent date in each other NV Contingent Payment Undertaking and the termination date under each Facility Agreement) be extended to on or before 31 December 2023 (the “**Term Extension Option Request**”).
 - (b) The date set out in paragraph (b)(i) of the definition of Maturity Date shall be extended to such date on or before 31 December 2023 on the date on which the Umbrella Agent notifies the Agent (in accordance with the terms of the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request)) that the Term Extension Option Request has been agreed to by the Simple Majority Guarantee Creditors (in accordance with the terms of the Umbrella Agreement (as amended and restated on or around the date of this Deed in accordance with the Omnibus Settlement Consent Request)).
 - (c) SIHNV may only submit one Term Extension Option Request and for one extension.
 - (d) The Term Extension Option Request is made without prejudice to, and independent of, any other request for an extension to the Maturity Date which may be made under this Deed.
- (d) paragraph (a) of clause 19.2 (Exceptions) of the Original SEAG Contingent Payment Undertaking shall be deleted and replaced with the following:

- (a) An amendment, waiver or consent of, or in relation to, this Deed that has the effect of changing or which relates to:
- (i) the definition of "SEAG 1L Cap", "SEAG 2L Cap", "Tranche A Majority Lenders", "Tranche A Instructing Group", "Payment Amount", "Initial Payment Amount", "Recovery Cap Date" or "Termination Date";
 - (ii) an extension to the date of payment of any amount under this Deed;
 - (iii) a reduction in the amount of any payment payable under this Deed;
 - (iv) a change in currency of payment of any amount under this Deed; and
 - (v) Clause 2 (SIHNV Obligations), Clause 11.1 (Changes to the Lenders), Clause 11.2 (Changes to SIHNV), Clause 16 (Lender's rights), this Clause 20, Clause 23 (Governing law) or Clause 25 (Enforcement),

shall require the consent of,

- (A) prior to the Settlement Effective Date, all Lenders in respect of the Total Facility A1 Commitments and Total Facility A2 Commitments; and
 - (B) on and following the Settlement Effective Date:
 - (I) Facility A1 Lenders whose Facility A1 Commitments at that time aggregate no less than 80 per cent. of the Total Facility A1 Commitments (as defined in the SEAG First Lien Facilities Agreement) at that time (or if the Total Facility A1 Commitments have been reduced to zero, aggregated no less than 80 per cent. immediately prior to that reduction); and
 - (II) Facility A2 Lenders whose Facility A2 Commitments at that time aggregate no less than 80 per cent. of the Total Facility A2 Commitments (as defined in the SEAG Second Lien Facilities Agreement) at that time (or if the Total Facility A2 Commitments have been reduced to zero, aggregated no less than 80 per cent. immediately prior to that reduction).
- (e) paragraph 19.3 (Hemisphere Agent) of the Original SEAG Contingent Payment Undertaking shall be deleted in its entirety.

3. REPRESENTATIONS

SIHNV makes the Repeating Representations by reference to the facts and circumstances then existing at the Consent Effective Time, on the date of this Deed and on the Settlement Effective Date.

4. TRANSACTION EXPENSES

SIHNV shall within five Business Days of demand reimburse the Agent for the amount of all costs and expenses (including legal fees) (together with applicable VAT) reasonably incurred by the Agent in connection with the negotiation, preparation, printing and execution of this Deed and any other documents referred to in this Deed, and the completion of the transactions contemplated by this Deed and the Omnibus Settlement Consent Request

5. MISCELLANEOUS

5.1 Incorporation of terms

- (a) The provisions of clauses 13 (*Notices*), 17 (*Partial Invalidity*), 18 (*Remedies and Waivers*) and clause 24 (*Enforcement*) of the Original SEAG Contingent Payment Undertaking shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to "this Deed" are references to this Deed.
- (b) The Original SEAG Contingent Payment Undertaking and this Deed will be read and construed as one document.

5.2 Counterparts

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

5.3 No waiver

Except as expressly provided by this Deed, the Original SEAG Contingent Payment Undertaking continues in full force and effect. For the avoidance of doubt, no waivers are given under this Deed in respect of any breach of, or Default under, the Original SEAG Contingent Payment Undertaking or the Amended SEAG Contingent Payment Undertaking.

6. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed has been entered into on the date stated at the beginning of this Deed and is executed and delivered as a deed on the date specified above.

SIGNATURES

SIHNV

**EXECUTED as a DEED by STEINHOFF
INTERNATIONAL HOLDINGS N.V.**, a company
incorporated in the Netherlands, acting by:

.....
(Print name)

.....
Signature
Title: Authorised Signatory

and

.....
(Print name)

.....
Signature
Title: Authorised Signatory

who, in accordance with the laws of that territory, is
(or are) acting under the authority of the company

Address: Herengracht 466
1017 Amsterdam, The Netherlands

Fax No: +31 20 6241007

Attention:

The Agent

Executed as a Deed by Lucid Trustee Services Limited
as Agent on behalf of the Lenders by:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention: Transaction Management

Email: deals@lucid-ats.com

.....
Director

In the presence of:

.....
Witness

Name:
Address:

The SEAG First Lien Agent

Executed as a Deed by Lucid Agency Services Limited as Facility Agent on behalf of the Lenders in respect of the SEAG First Lien Facilities Agreement by:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention: Transaction Management

Email: deals@lucid-ats.com

.....
Director

In the presence of:

.....
Witness

Name:
Address

The SEAG Second Lien Agent

Executed as a **Deed** by **Lucid Agency Services Limited** as Facility Agent on behalf of the Lenders in respect of the SEAG Second Lien Facilities Agreement by:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention: Transaction Management

Email: deals@lucid-ats.com

.....
Director

In the presence of:

.....
Witness

Name:
Address

Schedule 2
SEAG ICA Amendment Agreement

Amendment agreement

Dated [_____] 2020

for

STEENBOK NEWCO 3 LIMITED

and

LUCID TRUSTEE SERVICES LIMITED

acting as Security Agent

and

LUCID AGENCY SERVICES LIMITED

acting as SIHNV Umbrella Agent, First Lien Agent and Second Lien Agent

**RELATING TO THE LUXFINCO 2 INTERCREDITOR
AGREEMENT ORIGINALLY DATED 12 AUGUST 2019**

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THIS DEED is dated [_____] 2020 and made between:

- (1) LUCID AGENCY SERVICES LIMITED as First Lien Agent;
- (2) LUCID AGENCY SERVICES LIMITED as Second Lien Agent;
- (3) LUCID AGENCY SERVICES LIMITED as SIHNV Umbrella Agent;
- (4) STEENBOK NEWCO 3 LIMITED (the "**Parent**");
- (5) LUCID TRUSTEE SERVICES LIMITED as security trustee and security agent for the Secured Parties (the "**Security Agent**").

BACKGROUND

- (A) This Deed is supplemental to an intercreditor agreement dated 12 August 2019 made between amongst others, the Parent, the Original Debtors and the Security Agent (the "**Original LuxFinco 2 Intercreditor Agreement**").
- (B) The High Court of Justice of England and Wales has on [●] January 2021 sanctioned a scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") between the SIHNV (as scheme company), and the SIHNV/SEAG CPU Lenders (being the Scheme Creditors under and as defined in the Scheme).
- (C) In relation to, and as contemplated by, the Scheme, each of the Facility Agents, the SIHNV Umbrella Agent and the Security Agent has entered into this Agreement to implement the Scheme Amendments (as defined in the Scheme) to the Original LuxFinco 2 Intercreditor Agreement.
- (D) The Parent is entering into this Deed as Parent and on behalf of each Obligor (as Obligor's Agent pursuant to Clause 2.4 (*Obligors' Agent*) of each of the First Lien Facilities Agreement and Second Lien Facilities Agreement).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"**Amended LuxFinco 2 Intercreditor Agreement**" means the Original LuxFinco 2 Intercreditor Agreement as amended by this Deed.

"**Consent Effective Time**" has the meaning given to the term in the Omnibus Settlement Consent Request.

"**Omnibus Settlement Consent Request**" means the omnibus consent request from, amongst others, SIHNV to, amongst others, the First Lien Agent and the Second Lien Agent seeking consent to the amendments made pursuant to this Deed, dated 9 October 2020.

"**Party**" means a party to this Deed.

1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, terms defined in the Original LuxFinco 2 Intercreditor Agreement have the same meaning in this Deed.

- (b) The principles of construction set out in clause 1.2 (*Construction*) of the Original LuxFinco 2 Intercreditor Agreement shall have effect as if set out in this Deed.

1.3 **Third Party Rights**

Without in any way limiting the effect of clause 1.3 (*Third party rights*) of the Original LuxFinco 2 Intercreditor Agreement, unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

2. **AMENDMENT**

With effect from the Consent Effective Time, the Original LuxFinco 2 Intercreditor Agreement shall be amended as follows:

- (a) the following shall be added as new definitions in clause 1.1 (*Definitions*) of the Original LuxFinco 2 Intercreditor Agreement:

"Consent Effective Time" has the meaning given to that term in the Omnibus Settlement Consent Request.

"Facility A1 Lenders" means each First Lien Facility Lender only in respect of its Facility A1 Commitments (under and as defined in the First Lien Facilities Agreement).

"Facility A2 Lenders" means each Second Lien Facility Lender only in respect of its Facility A2 Commitments (under and as defined in the Second Lien Facilities Agreement).

"Omnibus Settlement Consent Request" means the omnibus consent request from, amongst others, SIHNV to, amongst others, the First Lien Agent and the Second Lien Agent seeking consent to certain amendments to this Agreement, dated 9 October 2020.

"Settlement Effective Date" means the date following the Consent Effective Time on which the Permitted Settlement (as defined in the SIHNV Umbrella Agreement) has come into full force and effect and as notified by SIHNV to the SIHNV Umbrella Agent and the Primary Agents (as defined in the SIHNV Umbrella Agreement) under the Omnibus Settlement Consent Request.

- (b) paragraph (d) of clause 28.2 (*Amendments and Waivers: Transaction Security Documents and SIHNV Umbrella Agreement*) shall be deleted and replaced with the following:

(d) Any amendment to paragraph (c) above or this paragraph (d) or any amendment or waiver of, or consent under, the SIHNV Umbrella Agreement that has the effect of changing or which relates to:

- (i) the definition of "Payment Amount";
- (ii) an extension to the date of payment of any amount under the SIHNV Umbrella Agreement;
- (iii) a reduction in the amount of any payment payable under the SIHNV Umbrella Agreement;
- (iv) a change in currency of payment of any amount under the SIHNV Umbrella Agreement;

- (v) a change in the ranking and priority of the NV Obligations under and as defined in the SIHNV Umbrella Agreement; and
- (vi) clause 3 (Ranking), clause 4 (Application of Proceeds), clause 16 (Amendments and Waivers), clause 19 (Governing Law) or clause 20 (Enforcement) of the SIHNV Umbrella Agreement,

shall require the consent of:

- (A) prior to the Settlement Effective Date, all of the SIHNV/SEAG CPU Lenders and
- (B) on and following the Settlement Effective Date:
 - (I) Facility A1 Lenders whose Facility A1 Commitments (as defined in the First Lien Facilities Agreement) at that time aggregate no less than 80 per cent. of the Total Facility A1 Commitments (as defined in the First Lien Facilities Agreement) at that time (or if the Total Facility A1 Commitments have been reduced to zero, aggregated no less than 80 per cent. immediately prior to that reduction); and
 - (II) Facility A2 Lenders whose Facility A2 Commitments (as defined in the Second Lien Facilities Agreement) at that time aggregate no less than 80 per cent. of the Total Facility A2 Commitments (as defined in the Second Lien Facilities Agreement) at that time (or if the Total Facility A2 Commitments have been reduced to zero, aggregated no less than 80 per cent. immediately prior to that reduction).

3. TRANSACTION EXPENSES

The Parent shall within five Business Days of demand reimburse the Security Agent and the other Finance Parties for the amount of all costs and expenses (including legal fees) (together with applicable VAT) reasonably incurred by the Security Agent and the other Finance Parties in connection with the negotiation, preparation, printing and execution of this Deed and any other documents referred to in this Deed, and the completion of the transactions contemplated by this Deed and the Omnibus Settlement Consent Request.

4. MISCELLANEOUS

4.1 Incorporation of terms

- (a) The provisions of clauses 26 (*Notices*), 27.1 (*Partial Invalidity*), 27.3 (*Remedies and Waivers*) and clause 31 (*Enforcement*) of the Original LuxFinco 2 Intercreditor Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to "this Agreement" are references to this Deed.
- (b) The Original LuxFinco 2 Intercreditor Agreement and this Deed will be read and construed as one document.

4.2 Counterparts

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

4.3 **No waiver**

Except as expressly amended by this Deed, the Original LuxFinco 2 Intercreditor Agreement continues in full force and effect. For the avoidance of doubt, no waivers are given under this Deed in respect of any breach of, or Default under, the Original LuxFinco 2 Intercreditor Agreement or the Amended LuxFinco 2 Intercreditor Agreement.

5. **GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed has been entered into on the date stated at the beginning of this Deed and is executed and delivered as a deed by the Parent on the date specified above.

Signatures

The First Lien Agent

LUCID AGENCY SERVICES LIMITED

By:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention:

Email: Transaction Management
deals@lucid-ats.com

The Second Lien Agent

LUCID AGENCY SERVICES LIMITED

By:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention: Transaction Management

Email: deals@lucid-ats.com

The SIHNV Umbrella Agent

LUCID AGENCY SERVICES LIMITED

By:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Attention: Transaction Management

Email: deals@lucid-ats.com

The Parent

EXECUTED AS A DEED

By **STEENBOK NEWCO 3 LIMITED**

Signature of Director

Name of Director

in the presence of

Signature of witness

Name of witness

Address of witness

Occupation of witness

Address:

Fax:

Attention:

The Security Agent

LUCID TRUSTEE SERVICES LIMITED

By:

Address: 6th Floor, No 1 Building,
1-5 London Wall Buildings,
London Wall,
London, EC2M 5PG,
United Kingdom

Fax:

Attention: Transaction Management

Email: deals@lucid-ats.com

**Schedule 3
Deed of Release**

ENGLISH DEED OF RELEASE
by
STEINHOFF INTERNATIONAL HOLDINGS N.V.
- and -
THE SCHEME CREDITORS
- and -
STEENBOK NEWCO 3 LIMITED
in favour of
THE RELEASED PARTIES

Dated ____ 2021

Linklaters

Ref: L-289367

Linklaters LLP

THIS DEED OF RELEASE is made on _____ 2021

BETWEEN:

- (1) **STEINHOFF INTERNATIONAL HOLDINGS N.V.**, a company incorporated in the Netherlands with registration number 63570173 whose registered office is at Building B2 Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch 7600, South Africa (the "**Scheme Company**");
- (2) **THE SCHEME CREDITORS** (as defined in the Scheme (as defined below)), acting by the SEAG CPU Agent (as defined in the Scheme) as lawful attorney pursuant to the authority and power conferred on the SEAG CPU Agent by the Scheme Creditors in accordance with the Scheme (each a "**Scheme Creditor**" and together the "**Scheme Creditors**"); and
- (3) **STEENBOK NEWCO 3 LIMITED** (Registered no. 11728460), a private limited company incorporated under the laws of England and Wales, having its registered office at 5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH ("**NewCo 3**");

IN FAVOUR OF THE RELEASED PARTIES (as defined below).

WHEREAS:

- (A) The High Court of Justice of England and Wales has on [26 January 2021] sanctioned a scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") between the Scheme Company and the Scheme Creditors.
- (B) Under the authority and power conferred by the Scheme, the SEAG CPU Agent is authorised, in accordance with Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*) of the Scheme, to execute and deliver this Deed as lawful attorney on behalf of each of the Scheme Creditors in connection with the transactions contemplated by the Scheme.
- (C) Pursuant to Clause 10 (*Releases and waivers*) of the Scheme and in consideration of the mutual covenants set out in this Deed, each of the Scheme Creditors, the Scheme Company and NewCo 3 have agreed to give the mutual releases and waivers set out in this Deed.
- (D) Each Party intends that this document takes effect as a deed (even though a Party may execute it under hand).

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions

In this Deed, words and expressions defined in the Scheme shall have the same meanings when used in this Deed unless otherwise provided or the context otherwise requires:

"**Party**" means a party to this Deed.

"**Released Party**" means the Scheme Company, any of the Scheme Company's Subsidiaries, NewCo 3, the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent, the Umbrella Agent, Lucid Agency Services Limited acting in any other capacity in connection with the Scheme and (in relation to a Scheme Creditor) any other Scheme Creditor and in each case each of their directors, managers, officers, employees, professional advisers and statutory auditors.

1.2 Construction

The provisions of Clause 1.2 (*Interpretation*) of the Scheme shall apply to this Deed with the necessary changes.

1.3 Third Party Rights

- (a) Except as otherwise expressly provided in this Deed, the terms of this Deed may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.
- (b) Each Released Party who is not a Party may, subject to this Clause 1.3 (*Third Party Rights*) and the Contracts (Rights of Third Parties) Act 1999, rely on any Clause of this Deed which expressly confers rights on it.
- (c) Notwithstanding any term of this Deed, the consent of any person who is not a Party (other than the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent and the Umbrella Agent, whose consent shall be required to rescind or vary this Deed) is not required to rescind or vary this Deed at any time.

2 RELEASE AND DISCHARGE

2.1 Subject to Clause 2.2, each Scheme Creditor, the Scheme Company and NewCo 3 (on behalf of itself and each of its successors and assignees) hereby:

2.1.1 irrevocably and unconditionally fully, finally and absolutely waives and releases and forever discharges, to the fullest extent permitted by law, each and every claim and any and all proceedings, damages, counterclaims, complaints, demands, causes of action, Liabilities, liens, rights of set-off, indemnities and rights or interests of any kind or nature whatsoever arising, whether present or future, prospective or contingent, whether in this jurisdiction or any other or under any law or in equity, in contract (including breaches, or non-performance of contract), statute or in fact (including negligence, breach of trust and misrepresentation) or any other manner whatsoever, breaches of statutory duty, for contribution or for interest and/or costs and/or disbursements, whether or not for a fixed or unliquidated amount, whether filed or unfiled, whether asserted or unasserted, whether direct or indirect, whether foreseen or unforeseen, whether suspected or unsuspected, whether or not presently known to the parties or to the law, that it ever had, may have or hereafter can, shall or may have against any Released Party in each case, in relation to or arising out of or in connection with:

- (i) the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); and
- (ii) the execution of the Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme or the taking of any steps or actions necessary or desirable to implement the transactions contemplated in the Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them;

2.1.2 irrevocably and unconditionally undertakes that it will not assert, threaten, bring, commence, facilitate, participate, provide any information (to the extent that non-provision of information is permissible under applicable law or regulation) take or continue, cooperate in any manner or support any person commencing, taking or

continuing, or instruct any person to commence, take or continue any Proceedings or other judicial, quasi-judicial, administrative or regulatory process in any jurisdiction whatsoever against any Released Party, in each case in relation to or arising out of or in connection with:

- (i) the negotiation, preparation, implementation and/or consummation of the Scheme and/or the Scheme Implementation Documents (or related documentation); and
- (ii) the execution of the Scheme, the Scheme Implementation Documents or any other documents required in order to implement the Scheme, or the taking of any steps or actions necessary or desirable to implement the transactions contemplated in the Scheme, including the Scheme Steps, and the carrying out of the actions, steps and transactions contemplated by them.

2.2 However, Clauses 2.1.1 and 2.1.2 shall not:

2.2.1 in any way impair or prejudice any other rights of any Scheme Creditor arising under any Scheme Implementation Document (including as a consequence of non-compliance with the terms of any Scheme Implementation Document) or any remedy in respect of such right; and/or

2.2.2 apply to any claim or Liability in respect of fraud or wilful misconduct by any Released Party.

2.3 For the avoidance of doubt, with effect from the Scheme Effective Date, each Scheme Creditor (solely in relation to its rights as a Lender) hereby:

2.3.1 agrees that any action taken by the Scheme Company in accordance with the Scheme, the Scheme Steps and/or the Scheme Implementation Documents will not constitute a default, breach or non-compliance (each howsoever described) under the SEAG CPU, the Umbrella Agreement or any SEAG Finance Document; and

2.3.2 agrees that nothing in the Scheme or any of the Scheme Implementation Documents shall be construed as a waiver of any default or any event of default (each howsoever described and howsoever occurring) arising or continuing after the occurrence of the Effective Time or impair any right consequent thereof.

2.4 Each Released Party who is not a Party may rely on, enforce and enjoy the benefit of this Clause 2 as if they were a Party to the Deed.

3 EXCLUSION OF LIABILITY

To the extent permitted by law, each Scheme Creditor, the Scheme Company and NewCo 3 each agree that they shall not be entitled to challenge the validity of any act done or omitted to be done in good faith by the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent, Lucid Agency Services Limited acting in any other capacity in connection with the Scheme or the Umbrella Agent pursuant to any instruction, authority or power granted to it under Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*) of the Scheme or in otherwise acting in connection with the Scheme or the exercise in good faith of any authority or power conferred on it for the purposes of the Scheme.

4 FURTHER ASSURANCE

Each Party agrees and undertakes, at the cost and expense of the requesting Released Party, to execute and deliver to the Scheme Company or the relevant Released Party all such documents and do all such acts as shall be reasonably requested to achieve or evidence the releases referred to in Clause 2 (*Release and Discharge*).

5 REPRESENTATIONS

5.1 Each of the Scheme Company and NewCo 3 makes the following representations and warranties on the date of this Deed by reference to the facts and circumstances then existing:

5.1.1 it is duly incorporated and validly existing under the law of its jurisdiction of incorporation or formation or, if relevant, effective place of management;

5.1.2 the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable, subject to any applicable legal principles having general application;

5.1.3 subject to any applicable legal principles having general application, the entry into, delivery of, and the performance by it of, and the transactions contemplated by, this Deed do not and will not conflict with any law or regulation applicable to it or its constitutional or organisational documents;

5.1.4 it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of this Deed and the transactions contemplated by this Deed; and

5.1.5 all necessary authorisations required for the performance by it of this Deed and the transactions contemplated by this Deed and to make this Deed admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

6 EXPENSES

The Scheme Company shall promptly on demand pay the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent and the Umbrella Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with this Deed.

7 AMENDMENTS AND WAIVERS

No amendment or waiver of this Deed shall be effective unless in writing and signed by or on behalf of each of the Parties, the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent and the Umbrella Agent.

8 PARTIAL INVALIDITY

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

9 COUNTERPARTS

This Deed may be executed in any number of counterparts and by different parties on separate counterparts, each of which when executed and delivered shall be an original, and all the counterparts shall together constitute one and the same Deed.

10 GOVERNING LAW AND JURISDICTION

- (a) This Deed (and any dispute, controversy, proceedings or claims of whatever nature arising out of or in any way relating to this Deed or its formation) including any non-contractual obligations shall be governed by and construed in accordance with English law.
- (b) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**").
- (c) The parties to this Deed agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

THIS DEED has been executed and delivered as a deed on the date stated at the beginning of this Deed.

The Scheme Company

Signed as a deed by **STEINHOFF INTERNATIONAL HOLDINGS N.V.** acting by
[name of Director] a Director in the presence of
[name of witness]

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Occupation:

Address:

EXECUTED as a deed by each **SCHEME CREDITOR**

[Signature of Director]

and signed and delivered as a deed on behalf of each Scheme Creditor by **LUCID TRUSTEE SERVICES LIMITED** as SEAG CPU Agent and as lawful attorney pursuant to the authority conferred upon the SEAG CPU Agent for this purpose by the Scheme Creditors pursuant to Clause 8 (*Grant of authority to the Undertaking Agents to execute the Scheme Implementation Documents*) of the scheme of arrangement under Part 26 of the Companies Act 2006 in respect of Steinhoff International Holdings N.V. which was sanctioned by the High Court of Justice of England and Wales on [26 January] 2021

.....

[Signature of witness]

.....

Name:

Occupation:

Address:

Signed as a deed by **STEENBOK NEWCO 3**
acting by [name of Director] a Director in the
presence of [name of witness]

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Occupation:

Address:

APPENDIX B
VOTING INSTRUCTIONS TO SCHEME CREDITORS

VOTING INSTRUCTIONS TO SCHEME CREDITORS

VOTING INSTRUCTIONS TO SCHEME CREDITORS

Please take the action requested of you in paragraphs 4 and 5 of this Appendix B (*Voting Instructions to Scheme Creditors*) of this Explanatory Statement. There is only a limited time period within which the Form of Proxy can be completed, duly executed and returned to the Scheme Company by all relevant persons as directed in these instructions, in order to vote at the relevant Scheme Meeting.

As explained in paragraph 7 of this Appendix, the Scheme Meetings will be held by way of video conference and therefore references in these instructions to attending the relevant meeting and/or attending in person should be read as participating in such video conference.

1 Voting at the Scheme Meeting

- 1.1 Set out below is a guide for Scheme Creditors as to the Scheme Meeting at which they will be entitled to vote in respect of their claims against the Scheme Company.
- 1.2 Any Scheme Creditor with a Scheme Claim as at the Voting Record Time will be entitled to vote at the Scheme Meeting. For the avoidance of doubt, only a Scheme Creditor (i.e. a person who is a lender of record under Facility A1 or Facility A2) will be entitled to vote. Any person who solely holds a beneficial (but not legal interest) in Facility A1 or Facility A2 will not be entitled to vote.

2 Voting Record Time

- 2.1 The Voting Record Time is 5:00 p.m. (London time) on 10 December 2020. For the purposes of voting in each Scheme Meeting, each Scheme Creditor's Scheme Claim (as determined by the Chairperson of the relevant Scheme Meeting) will be calculated as an amount determined as follows:

$$(A/B) \times C$$

Where:

A= that Scheme Creditor's Facility A1 Commitments or Facility A2 Commitments (as applicable) under the applicable SEAG Facilities Agreement

B= the aggregate of the Facility A1 Commitments and Facility A2 Commitments of all Facility A1 Lenders and Facility A2 Lenders under the SEAG Facilities Agreements; and

C= the Payment Amount under the SEAG CPU.

Facility A1 Commitments and Facility A2 Commitments will be determined on the basis of records in the register of the Facility Agents recording the lenders of record under Facility A1 or Facility A2, respectively, of the SEAG Facilities Agreements.

3 Form of Proxy

- 3.1 Appendix C (*Form of Proxy*) of this Explanatory Statement contains the relevant Form of Proxy relating to the Scheme Meeting.
- 3.2 Whether you intend to participate in the Scheme Meeting personally or through proxy, you are requested to complete and sign the Form of Proxy and submit it in accordance with paragraph 5 below.

- 3.3** If you are both a Facility A1 Lender and a Facility A2 Lender the Form of Proxy submitted shall apply to you in both capacities and will be used for the purpose of voting in each Scheme Meeting (i.e. a single Form of Proxy will apply to the entirety of your Facility A1 Commitments and your Facility A2 Commitments).
- 3.4** Lodging a Form of Proxy in advance of the Scheme Meeting does not prevent a Scheme Creditor from revoking such Form of Proxy and delivering a new Form of Proxy prior to the commencement of the Scheme Meeting or revoking such Form of Proxy and attending the Scheme Meeting in person.
- 3.5** If you cease to be a Scheme Creditor before the Voting Record Time, you will not be entitled to attend the Scheme Meeting and vote and any Form of Proxy delivered to the Scheme Company will be considered void.

4 Completing your Form of Proxy

- 4.1** The Form of Proxy should be completed in accordance with the guidance notes printed on it. In summary, you may elect either to:
- 4.1.1** attend and vote at the Scheme Meeting in person, or appoint someone else (other than the Chairperson of the Scheme Meeting) as your proxy to attend and vote at the Scheme Meeting in person on your behalf; or
 - 4.1.2** instruct the Chairperson of the Scheme Meeting to act as your proxy to cast your vote in accordance with your wishes.
- 4.2** As mentioned above, the Form of Proxy is to be completed by the lender of record only. In addition, a Form of Proxy must be completed on behalf of each lender of record and therefore an investment manager or other equivalent entity cannot submit a single Form of Proxy on behalf of all of its funds or affiliates.
- 4.3** You are recommended to appoint a proxy (either the Chairperson of the Scheme Meeting or another person of your choice who is willing to attend the Scheme Meeting) in any event, even if you intend to attend the Scheme Meeting and vote in person, in case you are unable to do so for any reason. If you do appoint a proxy and you then decide to attend and vote at the Scheme Meeting in person in place of your proxyholder, you will be entitled to do so, but only if you submit a further Form of Proxy in accordance with (and subject to the terms of) paragraph 6 below.

5 Lodging your Form of Proxy and Identification Documents

- 5.1** Your duly completed Form of Proxy should be lodged with Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams / Paul Barton, as soon as possible and in any event so as to be received no later than 5:00 p.m. (London time) on 11 December 2020 being the **"Proxy Deadline"**.
- 5.2** If you intend to attend the Scheme Meeting in person or through a proxy other than the Chairperson, copies of the Identification Documents should be lodged with Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams / Paul Barton, as soon as possible and in any event so as to be received no later than the Proxy Deadline. Such Identification Documents will then be provided to the Scheme Company for review and verification. For the avoidance of doubt, Lucid Agency Services Limited will not be in any way responsible for reviewing, verifying or reconciling the Identification Documents against the Form of Proxy and/or the instructions contained therein.

6 Amendment of voting instructions in Form of Proxy

- 6.1** If a Scheme Creditor wishes to amend his/her voting instructions provided in a Form of Proxy, he/she may do so by sending a new amended Form of Proxy in accordance with the instructions in paragraph 5 above, if sent by the Proxy Deadline, or to the Chairperson by email to james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com, if after the Proxy Deadline and prior to the commencement of the Scheme Meeting. A new amended Form of Proxy received after the Proxy Deadline may be accepted by the Chairperson of the Scheme Meeting provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) the Form of Proxy is received before the commencement of the Scheme Meeting. The last correctly completed Form of Proxy received by the Scheme Company prior to the commencement of the Scheme Meeting will take precedence over an earlier correctly submitted Form of Proxy.

7 Attending the Scheme Meeting

- 7.1** The First Lien Scheme Meeting will take place at 10:00 a.m. (London time) on 15 December 2020 by way of video conference. The Second Lien Scheme Meeting will take place at 12:00 p.m. (London time) on 15 December 2020 by way of video conference.
- 7.2** If a Scheme Creditor submits a completed Form of Proxy, access details for joining the video conference and information on how to use the video conference system will be sent by the Scheme Company by email to the address set out in the Form of Proxy in advance of the Scheme Meeting once the identity and, in the case of a proxy (other than the Chairperson), authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company. The identity, and in the case of a proxy (other than the Chairperson), authorisation of that attendee will be determined in advance of the Scheme Meeting and will require the Scheme Creditor or proxy (as applicable) to submit Identification Documents. Scheme Creditors are advised that such verification may be time-consuming. Accordingly, it is recommended that each Scheme Creditor submit their Form of Proxy and Identification Documents to Lucid Agency Services Limited as soon as possible and in any event by the Proxy Deadline. As a reminder, no authority or Identification Documents need to be submitted in circumstances where the Scheme Creditor has appointed the Chairperson as its proxy.
- 7.3** Each Scheme Creditor or his/her proxy who wishes to attend the relevant Scheme Meeting in person will be required to identify himself/herself during the roll call of participants.
- 7.4** The Chairperson shall carry out a roll call of participants prior to his opening address and each attendee will be asked to confirm that they can hear the proceedings. Following the roll call, the Chairperson will request that attendees keep their lines muted to allow the Chairperson to speak without noise interference. However, if any attendee wishes to speak, they will be able to unmute their lines and speak at any time. In addition, as part of the video conference platform, attendees will be provided with a "raise hand" (or similar alert function) that will alert the Chairperson to that attendee. If an attendee representing a Scheme Creditor wishes to speak, they will be able to unmute their lines and speak at any time. Attendees will also have the option of having separate discussions, among themselves, by making use of virtual "break out" rooms on the video conferencing platform. Any attendee can request the use of a "break out" room during the Scheme Meeting and the Chairperson will also pause the proceedings at a designated time to allow this.
- 7.5** Where a copy of the Form of Proxy together with, if applicable, copies of the Identification Documents are not produced by the Proxy Deadline, access details and information on how to use the video conference system will not be sent to you. In such case admittance to and voting

at the Scheme Meeting will not be permitted to you or your proxy except that the Chairperson of the Scheme Meeting will have the discretion to accept a Form of Proxy and Identification Documents submitted to the Chairperson after the Proxy Deadline provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) the Form of Proxy is received before the Chairperson closes the Scheme Meeting. The Chairperson will not permit such a Scheme Creditor or its proxy to attend and vote at the Scheme Meeting until the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.

- 7.6 Once received by the Chairperson, copies of the virtual polling cards will be provided by the Chairperson to Lucid Agency Services Limited as soon as possible.

8 Voting at the Scheme Meeting

- 8.1 Each Scheme Meeting will be adjourned by the Chairperson to allow Scheme Creditors who are attending the Scheme Meeting, either themselves or by proxy, to vote. As soon as possible thereafter, the Chairperson will reconvene the Scheme Meeting in order to announce the results of the voting.
- 8.2 Each Scheme Creditor that indicates, pursuant to their completed and submitted Form of Proxy, that he or she intends to attend (or has appointed a proxy to attend, other than the Chairperson) the Scheme Meeting, shall be provided with a virtual polling card which will be used for voting during this adjournment period. Such virtual polling card will be provided by the Chairperson in advance of the Scheme Meeting by email to the email addresses stated in the Forms of Proxy.
- 8.3 In order to vote (in person or through proxy, other than the Chairperson) at the Scheme Meeting, the Scheme Creditor should complete the virtual polling card (following the instructions set out on it) and return it to the Chairperson by email in pdf form to james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com by the end of the adjournment period.
- 8.4 If a Scheme Creditor validly submitted a Form of Proxy appointing the Chairperson of the Scheme Meeting to cast its vote then the Chairperson of the Scheme Meeting will cast that vote as instructed in the Form of Proxy.
- 8.5 If notwithstanding the valid submission of a Form of Proxy appointing a proxy or the Chairperson of the Scheme Meeting, a Scheme Creditor intends to attend the Scheme Meeting and vote in person, then, if before the start of the Scheme Meeting such Scheme Creditor sends to the Chairperson by email to james.douglas@linklaters.com / Juliana.leite_de_barros@linklaters.com a new Form of Proxy indicating that he/she intends to attend in person and copies of the Identification Documents, only he/she shall be entitled to cast a vote in respect of that Scheme Creditor. The Chairperson will provide such Scheme Creditor with a virtual polling card by email to the email address stated in the new Form of Proxy as soon as possible.

9 Valuing the claims of Scheme Creditors for voting purposes

- 9.1 The amount of a Scheme Claim admitted by the Chairperson for voting purposes does not in itself constitute an admission of the existence or amount of the claim and will not bind the Scheme Company or the Scheme Creditors concerned for any other purpose.
- 9.2 The Chairperson of the relevant Scheme Meeting may reject a claim by a Scheme Creditor, in whole or in part, if he/she considers that it does not constitute a fair and reasonable assessment of the relevant sums owed to the relevant Scheme Creditor by the Scheme Company or if the relevant Scheme Creditor has not complied with the voting procedures described above. The

Chairperson's decision will be final. In exercising that discretion, the Chairperson will follow the principles set out below:

9.2.1 if a claim is unascertained or disputed (in part), but the Chairperson is able to place a minimum value on that claim, the Chairperson will admit the claim for voting purposes for that minimum value; and

9.2.2 if a claim is disputed in its entirety, or the Chairperson is otherwise unable to place a minimum value on it (whether it is an actual or contingent claim), that claim will be valued at €1.

9.3 Where the Chairperson rejects a claim, in whole or in part, he will notify the relevant Scheme Creditor of his decision to reject that claim, in whole or in part, in writing, prior to the Scheme Meeting where possible, or otherwise at the Scheme Meeting. The Chairperson will report to the Court, at the hearing to sanction the Scheme (which it is anticipated will take place on or about 26 January 2021), his decision to reject claims (if any), with details of those claims and the reasons for rejection.

10 Transfers/assignments after the date of the Explanatory Statement

10.1 None of the Scheme Company nor any of the Undertaking Agents shall:

10.1.1 be under any obligation to recognise any assignment or transfer of a Scheme Claim in the period from (and including) the Voting Record Time and up to and including the date of the Scheme Meetings for the purposes of the SEAG CPU, the SEAG Finance Documents, the Scheme and the Scheme Implementation Documents (including determining any participation in or allocations under any of the foregoing); or

10.1.2 have any obligations hereunder to any person other than a Scheme Creditor,

provided that, where the Scheme Company and the Undertaking Agents have received from the relevant parties, notice in writing of an assignment or transfer within such period as set out above, the Scheme Company and the Undertaking Agents may, in their sole discretion and subject to the production of such other evidence in relation to such transfer or assignment as they may require and to any other terms and conditions which the Scheme Company and/or the Undertaking Agents may consider necessary or desirable, agree to recognise such assignment or transfer. Any assignee or transferee of a Scheme Claim so recognised by the Scheme Company and the Undertaking Agents shall be bound by the terms of the Scheme as a Scheme Creditor and shall produce such evidence as the Scheme Company may reasonably require to confirm that it has agreed to be bound by the terms of the Scheme.

11 Further Assistance

11.1 If Scheme Creditors need further assistance, they should contact Linklaters LLP as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com.

**APPENDIX C
FORM OF PROXY**

FORM OF PROXY

IN THE HIGH COURT OF JUSTICE

Claim No: 004268 of 2020

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (ChD)

IN THE MATTER OF STEINHOFF INTERNATIONAL HOLDINGS N.V.

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

Between

STEINHOFF INTERNATIONAL HOLDINGS N.V.

and

THE SCHEME CREDITORS

Proxy Deadline:

**5:00 p.m. (London time) on 11
December 2020**

**FORM OF PROXY
FOR SCHEME FOR
SCHEME CREDITORS**

Scheme Meetings:

**First Lien Scheme Meeting:
10:00 a.m. (London time) on
15 December 2020**

**Second Lien Scheme
Meeting: 12:00 p.m. (London
time) on 15 December 2020**

SECTION A: SCHEME CREDITOR'S CONTACT DETAILS

(i) Name:²⁷

(ii) Address:

(iii) Attention:

(iv) Phone:

(v) Email:

²⁷ Scheme Creditors (i.e. the lenders of record and not any person holding solely a beneficial interest) must enter their full legal name.

SECTION B: VOTING INSTRUCTIONS

Instructions for completing and transmitting this Form of Proxy:

- 1** This form should only be completed by and on behalf of a Scheme Creditor and if a Scheme Creditor is both a Facility A1 Lender and a Facility A2 Lender, this Form of Proxy shall apply to such Scheme Creditor in both capacities and will be used for the purposes of voting in each Scheme Meeting. The Form of Proxy is to be completed by the lender of record only and cannot be submitted by someone who only has a beneficial interest in a Scheme Claim. In addition, a Form of Proxy must be completed on behalf of each lender of record and therefore an investment manager or other equivalent entity cannot submit a single Form of Proxy on behalf of all its funds or affiliates.
- 2** As explained in Appendix B (*Voting Instructions to Scheme Creditors*) to the Explanatory Statement, the Scheme Meeting will be held by way of video conference and therefore references in this document to attending the meeting and/or in person should be read as the context requires.
- 3** **Box 1** is the Scheme Creditors' voting instruction in relation to the Scheme.

 - (i) The Scheme Creditor should detail at part (a) whether he/she would like to attend the Scheme Meeting. The Scheme Creditor should not therefore complete parts (b), (c) or (d) if he/she indicates at part (a) that he/she intends to attend the Scheme Meeting in person.
 - (ii) The Scheme Creditor should detail at part (b) whether he/she would like to appoint the Chairperson of the Scheme Meeting or another person as his/her proxyholder.
 - (iii) If the Scheme Creditor would like to appoint the Chairperson as his/her proxyholder, it should indicate at part (d) whether he/she would like the Chairperson to vote for or against the Scheme. The Chairperson can only vote as directed and cannot be directed to vote at his discretion. The Scheme Creditor should not therefore complete part (c) if he/she appoints the Chairperson of the Scheme Meeting as his/her proxyholder.
 - (iv) If the Scheme Creditor does not wish to appoint the Chairperson of the Scheme Meeting as his/her proxyholder, the Scheme Creditor should complete the details of his/her chosen proxyholder (which may include an employee) at part (b)(ii). The Scheme Creditor can detail at part (c) either that he/she wishes his/her proxyholder to vote at his/her own discretion or to vote in accordance with his/her instructions for or against the Scheme. If the Scheme Creditor does not want his/her proxyholder to vote at his/her own discretion, the Scheme Creditor should also complete part (d).
 - (v) The person appointed under this Form of Proxy must attend the Scheme Meeting in person to represent you.
 - (vi) If the Scheme Creditor intends to attend the Scheme Meeting in person or appoints a proxyholder (other than the Chairperson), the Scheme Creditor must provide copies the Identification Documents to Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams / Paul Barton, as soon as possible and in any event so as to be received no later than the Proxy Deadline. Such Identification Documents will then be provided to the Scheme Company for review and verification. For the avoidance of doubt, Lucid Agency Services Limited will not be in any way responsible for the reviewing, verifying

or reconciling the Identification Documents against the Form of Proxy and/or the instructions contained therein.

4 PLEASE MAKE SURE YOU RETURN THIS FORM OF PROXY PRIOR TO 5:00 P.M. (LONDON TIME) ON 11 DECEMBER 2020 TO THE SCHEME COMPANY c/o LUCID AGENCY SERVICES LIMITED AT:

Email: deals@lucid-ats.com / middleoffice@lucid-ats.com

A Scheme Creditor who does not submit this Form of Proxy by 5:00 p.m. (London time) on 11 December 2020 will be unable to attend and vote at the Scheme Meeting except that the Chairperson of the Scheme Meeting will have the discretion to accept this Form of Proxy submitted to the Chairperson after 5:00 p.m. (London time) on 11 December 2020 provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) this Form of Proxy is received before the Chairperson closes the Scheme Meeting. The Chairperson will not permit such a Scheme Creditor or its proxy to attend or vote at the Scheme Meeting until the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.

5 If you submit more than one valid Form of Proxy, but the instructions in the Form of Proxy are not compatible with each other, the Form of Proxy received last before the Proxy Deadline (or the Scheme Meeting, if lodged with the Chairperson of the Scheme Meeting before the start of the Scheme Meeting) will take precedence.

6 All references to defined terms in this Form of Proxy are to be given the same meaning as in the explanatory statement dated 26 November 2020 required to be provided to the Scheme Creditors pursuant to section 897 of the Companies Act 2006 (the “**Explanatory Statement**”).

7 For the avoidance of doubt, in this Form of Proxy, “**Scheme Meeting**” includes any adjournment or postponement of the Scheme Meeting.

8 By completing the Form of Proxy, the Scheme Creditors hereby agree that the Scheme Company may, at any hearing to sanction this Scheme (including the Scheme Sanction Hearing), consent on behalf of the Scheme Creditors to any modification of, or addition to, this Scheme or to any terms or conditions, in each case that the Court may think fit to approve or impose, and which would not directly or indirectly have a material adverse effect on the interests of a Scheme Creditor (taking into account for this purpose only its interest as a Scheme Creditor) under this Scheme.

9 By completing the Form of Proxy, a Scheme Creditor who is both a Facility A1 Lender and a Facility A2 Lender acknowledges that the Form of Proxy submitted shall apply to it in both capacities and will be used for the purposes of voting in each Scheme Meeting.

10 In relation to **Box 2** regarding the signing of this Form of Proxy by a Scheme Creditor:

(i) in the case of a corporation, this Form of Proxy must be executed under its common seal or signed on its behalf by a director or an attorney or other duly authorised officer of the corporation;

(ii) to be valid, this Form of Proxy must be deposited with Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton prior to 5:00 p.m. (London time) on 11 December 2020 or lodged with the Chairperson of the Scheme Meeting by email in pdf

form to james.douglas@linklaters.com /juliana.leite_de_barros@linklaters.com before the start of the Scheme Meeting; and

- (iii) if you intend to attend the Scheme Meeting in person or through a proxy other than the Chairperson, copies of the Identification Documents must be deposited with Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams / Paul Barton prior to 5:00 p.m. (London time) on 11 December 2020 or lodged with the Chairperson of the Scheme Meeting by email in pdf form to james.douglas@linklaters.com /juliana.leite_de_barros@linklaters.com before the start of the Scheme Meeting.

- 11** By delivering this Form of Proxy the signatory confirms/warrants that it is/they are a person(s) who, in accordance with the laws of the relevant jurisdiction, is/are acting under the authority of the Scheme Creditor and is duly authorised to deliver this Form of Proxy and to give the voting instructions set out in this Form of Proxy and, if applicable, to nominate the person named in this Form of Proxy to attend, speak and vote (as applicable) at the relevant Scheme Meeting.

FORM OF PROXY

TO BE COMPLETED BY SCHEME CREDITORS

The Scheme Creditor identified in Box 2 hereby:

- (a) confirms that he/she intends to attend the Scheme Meeting in person (**please check the box in part (a) only and do not check boxes in part (b), (c) or (d):** or
- (b) appoints the following person as its proxyholder (**please check one box in part (b) only and then follow the arrows as directed**):

(i) **THE CHAIRPERSON OR**



The Chairperson, in accordance with the instructions given in paragraph (d) below (**if you check this box, proceed directly to paragraph (d) below**)



(ii) **OTHER PROXY**



The person whose details are given immediately below, in accordance with the instructions given in paragraphs (c) and (d) below:

Name: _____

Address: _____

Email: _____

Tel No: _____

Passport No: _____



(c) instructs its proxyholder to vote as instructed below (**please check one box in paragraph (c) only**)

- (i) To vote on all matters arising at his/her own discretion (**if you check this box, do not complete paragraph (d)**)
- OR
- (ii) In accordance with the instructions given in paragraph (d) below.



(d) instructs its proxyholder/Chairperson (**please check one box in paragraph (d) only**):

to vote **FOR** the Scheme

to vote **AGAINST** the Scheme

NB. Complete this section if you have appointed the Chairperson of the Scheme Meeting as your proxyholder or if you have chosen to give specific instructions to your proxyholder in paragraph (c) above.

(BOX 2)

Name of Scheme Creditor:

Signature(s):

Dated:

IF YOU HAVE ANY QUESTIONS

If you have any questions regarding this or the voting procedures, please contact Linklaters LLP as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com. If you need an electronic copy of a Form of Proxy or additional electronic copies of the Scheme, Explanatory Statement or other enclosed materials, please contact: (i) Lucid Agency Services Limited via email at deals@lucid-ats.com / middleoffice@lucid-ats.com or (ii) Linklaters as the Scheme Company's legal advisers at james.douglas@linklaters.com / juliana.leite_de_barros@linklaters.com.

APPENDIX D
NOTICE OF SCHEME MEETINGS

NOTICE OF SCHEME MEETINGS

IN THE HIGH COURT OF JUSTICE

Claim No: 004268 of 2020

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (ChD)

IN THE MATTER OF STEINHOFF INTERNATIONAL HOLDINGS N.V.

(the “**Company**”)

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 26 November 2020 made in the above matter (the “**Convening Order**”) the High Court of Justice of England and Wales (the “**Court**”) has directed that (i) a meeting of the Company and Facility A1 Lenders (the “**First Lien Scheme Meeting**”) and (ii) a meeting of the Company and Facility A2 Lenders (the “**Second Lien Scheme Meeting**”, and together with the First Lien Scheme Meeting, the “**Scheme Meetings**”, and any of them, a “**Scheme Meeting**”), as specified therein (the “**Scheme Creditors**”) shall be convened on or about 15 December 2020 for the purpose of considering and, if thought fit, approving (with or without modification, addition or condition approved or imposed by the Court) the scheme of arrangement proposed in respect of the Company pursuant to Part 26 of the Companies Act 2006 (the “**Scheme**”) as set out in Appendix A (*The Scheme*) of the statement required to be furnished to Scheme Creditors pursuant to section 897 of the Companies Act 2006 (the “**Explanatory Statement**”).

NOTICE IS HEREBY GIVEN that:

- (i) the First Lien Scheme Meeting will be held by way of video conference on 15 December 2020 commencing at 10:00 a.m. (London time); and
- (ii) the Second Lien Scheme Meeting will be held by way of video conference on 15 December 2020 commencing at 12:00 p.m. (London time).

A capitalised term in this notice and not otherwise defined herein shall have the meaning given to it in the Scheme.

As mentioned above, the Scheme Meetings will be held by way of video conference and therefore references in this notice to attending the meeting and/or attending in person should be read as the context requires.

- 1** The purpose of the Scheme Meetings will be to consider and vote upon the following resolution:
“THAT the Scheme (in its present form or with, or subject to, any modification, addition or condition approved or imposed by the Court) a print of which has been produced to the Scheme Meeting and, for the purpose of identification only, signed by the Chairperson thereof, be and is hereby approved.”
- 2** All Scheme Creditors as at the Voting Record Time are requested to attend the relevant Scheme Meeting at the time above indicated either in person or by proxy.

- 3 A copy of the Scheme and a copy of Explanatory Statement and the form to enable Scheme Creditors to vote in person or by proxy at the relevant Scheme Meeting (a “**Form of Proxy**”) have been circulated to you along with this notice.
- 4 It is requested that the Form of Proxy be completed, signed and submitted in accordance with the procedures described in the Explanatory Statement and the Form of Proxy itself to Lucid Agency Services Limited by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton by 5:00 p.m. (London time) on 11 December 2020. Scheme Creditors intending to attend the Scheme Meeting in person or by proxy (other than the Chairperson of the relevant Scheme Meeting) must provide proof of identity and, in the case of a proxy, authorisation of the attendee, which is to the satisfaction of the Scheme Company, by email in pdf form to deals@lucid-ats.com / middleoffice@lucid-ats.com marked for the attention of Fergus McWilliams/Paul Barton as soon as possible but by no later than the Proxy Deadline.
- 5 Access details for joining the video conference and information on how to use the video conference system will be sent by the Scheme Company only to those Scheme Creditors who submit a completed Form of Proxy by the Proxy Deadline, by email to the address set out in the Form of Proxy in advance of the Scheme Meeting once the identity and, in the case of a proxy (other than the Chairperson of the relevant Scheme Meeting), authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.
- 6 The Chairperson of the relevant Scheme Meeting will have the discretion to accept an incomplete Form of Proxy or a Form of Proxy submitted to the Chairperson after the Proxy Deadline, provided that: (i) any errors or omissions do not prevent the Chairperson from identifying who the Scheme Creditor is, determining the amount of its Scheme Claim or what direction its vote is cast in; and (ii) the Form of Proxy is received before the Chairperson closes that Scheme Meeting. The Chairperson will not permit such a Scheme Creditor or its proxy to attend or vote at the relevant Scheme Meeting until the identity and, in the case of a proxy, authorisation of the attendee has been confirmed to the satisfaction of the Scheme Company.
- 7 The Scheme will be binding on all Scheme Creditors if:
 - 7.1 at least 75 per cent. in value and more than 50 per cent. in number of claims (agreed by the Chairperson in accordance with the value of Scheme Claims or otherwise allowed by the Court) of each class of the Scheme Creditors present and voting either in person or by proxy at the Scheme Meetings agree to the Scheme;
 - 7.2 the Court sanctions the Scheme; and
 - 7.3 an office copy of the sanction order sanctioning the Scheme is filed with the Registrar of Companies.
- 8 By the Convening Order, the Court has appointed James Douglas of Linklaters LLP or, if for any reason he is unable so to act, Juliana Leite de Barros of Linklaters LLP to act as Chairperson of each Scheme Meeting and has directed the Chairperson to report the result of each Scheme Meeting to the Court.
- 9 The Scheme will be subject to the subsequent approval of the Court.

EC2Y 8HQ

Solicitors for Steinhoff International Holdings N.V.

Dated 26 November 2020

APPENDIX E
UNAUDITED RESULTS OF THE GROUP FOR 6 MONTHS ENDED 31 MARCH
2020



STEINHOFF
INTERNATIONAL HOLDINGS N.V.



UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020



STEINHOFF

INTERNATIONAL HOLDINGS N.V.

UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020

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MESSAGE FROM THE MANAGEMENT BOARD

Dear Stakeholders,

We have been actively engaged on a number of critical projects, both during the Reporting Period and subsequently, as we continued making progress with the Group restructuring.

Significantly, after the period end, we achieved a favourable outcome with the sale of Conforama Switzerland and addressed two of our major challenges, agreeing the disposal of Conforama France and announcing a proposal to settle the outstanding litigation facing the Group. These are significant landmarks in our ongoing journey to restructure the Group.

Upon implementation of the financial restructuring in August 2019, a key focus for the Management Board then became finding a solution to the variety of legal actions brought against the Group by a diverse set of litigants across a number of countries. In seeking a solution our clear objective was to preserve and protect value. This process, unfortunately, is extremely lengthy and complex.

On 27 July 2020, the Group announced details of a proposal for the settlement of the outstanding litigation ("Litigation Settlement Proposal"). Although there is no certainty yet that we will be able to conclude this settlement, in our view these terms are firmly in the best interests of all stakeholders. We urge all claimants to engage positively with us and support our proposal to resolve the outstanding legacy claims. Further details of the proposal are provided in the referenced announcement.

In this update, we concentrate on three distinct periods:

- i) the first half up until the outbreak of COVID-19 in mid-March 2020;
- ii) our COVID-19 response; and

- iii) events in the months after the Reporting Period, during which a number of significant milestones were achieved.

Financial performance

At the operating company level, the Group retains significant strengths as a well-diversified global retail business with a number of strong local brands and leading positions in attractive growth markets.

Despite the continued challenges we faced in the six months ended 31 March 2020, including the trading restrictions imposed during March, the Group's consolidated net sales from continuing operations increased by 1% to €6 241 million (H12019: €6 152 million), with strong contributions from Pepco Group (+10%), Pepkor Africa (+3%), Mattress Firm (+15%) and Fantastic Furniture (+6%). On a pro forma basis, EBIT, from continuing operations, decreased by 10% to €250 million (H12019: €279 million). Further information on the performance of the Group's individual operating businesses is contained within the accompanying Operational Review.

The costs of the restructuring process, both in terms of financial resource and management time, while reducing materially year-on-year, continues to be substantial. They have once again had an impact on our reported results for the period. The restructuring process is being implemented within a substantially leaner and lower cost corporate structure. Since January 2018 the Management Board has reduced from five to two executives, the Supervisory Board has reduced from eight to seven members and headcount in the Group's central services function has reduced from more than 350 to c. 85.

Advisory fees for the Reporting Period amounted to €58 million, a reduction on the prior period's figure of €82 million. Advisory fees reflect only the need for Steinhoff N.V. to engage professional

advisors to assist it with the financial and legal aspects of work essential to the restructuring of the Group, not with the everyday operation of its business. While every effort is made to limit costs, we expect that the advisory fees will remain a feature of our results for some time.

COVID-19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, when lockdowns were initiated in most of the countries in which we operate. These measures resulted in the closure of many of our general merchandise stores and our central office and warehousing facilities. A detailed commentary on our response to COVID-19 is included within the accompanying Financial and Business Review.

Given the significant and immediate impact on revenues and cash, management acted swiftly to implement a definitive COVID-19 response strategy. This focused on ensuring employee and customer safety, securing liquidity and preserving the Group's cash position.

Throughout this period, the safety of our employees and customers has been paramount and significant operational changes have been made in our stores and offices to ensure they can operate safely.

With the exception of a few stores that were able to continue trading under the "essential retail" dispensation, the majority of our stores were closed during April. As restrictions began to be lifted during May, reopenings commenced on a selective basis and by the end of June almost all stores had reopened. Encouragingly, initial trade has been better than expected, with revenue trending back towards pre-lockdown levels. With post-lockdown sales performance materially better than our forecast assumptions, the Group's cash position as of early July was significantly stronger than anticipated at the outbreak of the pandemic.

While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well-positioned to take market share in this environment.

The strength of Steinhoff N.V.'s recovery from COVID-19 to date is testament to the hard work, dedication and adaptability of colleagues across the Group and we would like to thank them all for their outstanding support through this most challenging period.

Subsequent events

Subsequent to the Reporting Period, in the months from April to July 2020, the Group announced a number of important further steps:

Conforama France

On 8 July 2020 the Group announced the disposal of Conforama France and 18 properties to Mobilux Sàrl ("Mobilux") for €70 million. Following the disposal, Conforama France will receive €500 million of new financing in a combination of state-guaranteed loans and funding from Mobilux.

The disposal agreement is a major milestone in the Group's restructuring effort and will secure the future of Conforama France, release the Group from its liabilities in respect of that business and allow Steinhoff N.V. to exit from the French market.

Conforama Switzerland

In a separate and unrelated transaction, on 13 July 2020 the Group concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of eight times EBITDA. These proceeds will be used to reduce debt at Conforama Holdings.

Greenlit Brands

Greenlit Brands is continuing to explore and evaluate a range of strategic options for its subsidiary businesses. These include a possible public listing of the Fantastic Group, Australia's leading, value-focused furniture and bedding retailer. This process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing at this point.

Litigation

As discussed above, on 27 July 2020, the Group announced details of a proposal to settle the outstanding litigation. The Management Board believes that the terms of the proposed settlement are firmly in the best interests of all stakeholders and urge all claimants to take this opportunity to conclude a settlement. The consequences of a further delay or failure to reach a litigation solution could be detrimental for the business and its stakeholders.

Outlook

As we look back on activity since the beginning of the 2020 financial year, we are encouraged by what has been achieved. We know that uncertainties persist and that we still face many tough challenges, but consistent progress is being made.

Crucially, the hard work to secure the financial restructuring in 2019 brought the stability necessary for us to concentrate fully on addressing the COVID-19 challenge.

The full impact of COVID-19 on the performance of the Group for the 2020 financial year remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period. However, we are encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of our previous expectations. While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.



The proposal to settle the outstanding litigation is considered to be significant progress towards completion of the second stage of our three-step restructuring process. The asset realisations and restructures are in support of the third and final stage to reduce the Group's debt and interest payments.

Our strategic objectives for the period ahead are clear: we will focus on our operations, work to secure the Litigation Settlement Proposal and realise value where appropriate in order to reduce our debt levels. These are all substantial tasks, but we have a plan and our progress to date demonstrates the potential of this business and its people to deliver.

Appreciation

We are grateful for the continuing support of our financial creditors, shareholders, almost 110 000 staff, management and Supervisory Board. We thank them all.

30 July 2020

L.J. (Louis) du Preez
Chief executive officer

T.L. (Theodore) de Klerk
Chief financial officer

MANAGEMENT BOARD RESPONSIBILITY STATEMENT

Introduction

The Management Board comments on the 2020 Half-year Results of Steinhoff International Holdings N.V. ("Steinhoff N.V." and/or the "Group"), a public limited liability company incorporated under the laws of the Netherlands, registered with the Trade Register in the Netherlands under number 63570173, and with tax residency in South Africa. Its registered address is at Building B2, Vineyard Office Park, Cnr Adam Tas and Devon Valley Road, Stellenbosch 7600, South Africa. Steinhoff N.V. has a primary listing on the Frankfurt Stock Exchange ("FSE") with a secondary listing on the Johannesburg Stock Exchange ("JSE").

The 2020 Half-year Report for the six months ended 31 March 2020 consists of this Responsibility Statement, the Financial and Business Review, the Operational Review and the unaudited 2020 Condensed Financial Statements.

Management Board statement

The Management Board draws specific attention to the going concern statement included in both the Financial and Business Review as well as the Basis of Preparation section of the 2020 Half-year Report in which a number of assumptions and uncertainties have been detailed, namely:

- Litigation and Regulation,
- Tax, and
- COVID-19.

Based on these assumptions and uncertainties, the financial reporting is prepared on a going concern basis. The Management Board has discussed the above opinion and conclusions with the Audit and Risk Committee and the Supervisory Board.

Responsibility statement

As required pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the Managing Directors hereby confirms that, subject to the items mentioned above enabling the Group to continue as a going concern for the foreseeable future, as far as each of them is aware:

- (i) subject to the judgements and estimates set out in the Financial and Business Review the 2020 Condensed Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Steinhoff N.V. and the enterprises jointly included in the consolidation; and
- (ii) the 2020 Half-year Report gives a true and fair overview of the information required pursuant to section 5:25d paragraphs 8 and 9 of the Dutch Financial Supervision Act.

Steinhoff International Holdings N.V.

The Management Board

30 July 2020

L.J. (Louis) du Preez
Chief executive officer

T.L. (Theodore) de Klerk
Chief financial officer

FINANCIAL AND BUSINESS REVIEW

Introduction

Steinhoff N.V. is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands, under number 63570173, with tax residency in South Africa. The Company has a primary listing on the Frankfurt Stock Exchange ("FSE") with a secondary listing on the Johannesburg Stock Exchange ("JSE").

The Group is primarily a global holding company with investments in a diverse range of retail businesses in Africa, Australasia, Europe, the United Kingdom and the United States of America.

This Financial and Business Review covers the six-month period ending 31 March 2020 ("Reporting Period") and also addresses the material events subsequent to the Reporting Date up to the publication date of this Half-year Report. This Half-year Report has not been audited or reviewed by the Company's auditors.

Overview

In line with the strategy of long-term value preservation for stakeholders, the Group was engaged in a complex restructuring process encompassing all aspects of its business throughout the Reporting Period, which has had a significant impact on its reported results. The Management Board's priorities were restoring stability to the Group's operations; improving governance at all levels; disposing of non-core businesses; working towards a resolution of outstanding legal claims against the Group; and finalising the audited financial results for 2019. Substantial progress has been made in each of these areas.

Towards the end of the Reporting Period, the Group was impacted by the outbreak of the COVID-19 pandemic. In mid-March, management acted swiftly to implement a definitive COVID-19 response strategy and further details are provided elsewhere in this report. The long-term impact on both the supply and demand sides of our businesses is as yet unknown but has the potential to be significant.

Stakeholders have been kept informed by regular announcements released through formal stock exchange channels. All announcements can be found on the Company's website: www.steinhoffinternational.com/sens.php.

Current trading performance

Steinhoff N.V. is a global holding company with a broad range of interests in the retail sector. These businesses operate a number of strong local brands and are well diversified by geography and business line. The accompanying Operational Review provides further detail on the performance of the trading divisions of the Group during the Reporting Period.

Reportable segment information

In compliance with International Financial Reporting Standards ("IFRS"), and in line with the prior year presentation, the Group reports on six continuing business segments. This presentation is aligned with the Management Board's view of the business and with historical operational reports.

Presentation of discontinued operations

Intercompany transactions and balances between continuing and discontinued operations are eliminated within both continuing and discontinued operations. The intercompany eliminations are added back as reconciling items for segmental and operational reporting as this more closely reflects the trading conditions within each segment.

Critical accounting judgements and estimates

The preparation of consolidated financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. Judgements have been made after taking into account all currently available information, but these could change if additional relevant information comes to light. Critical accounting estimates are those that involve complex or subjective judgements or assessments. The details of such judgements and estimates are included as part of the "Basis of Preparation" of the 2019 Consolidated Financial Statements, and readers should take note of the following:

Judgements

1. Going concern assumptions
2. Consolidation decisions
3. Classification and completeness of related parties and affiliated parties
4. Recoverability of financial and other assets
5. Treatment of transactions involving Steinhoff N.V. shares funded by the Group
6. Presentation of liabilities
7. Impact assessment of the new IFRS 16: Leases
8. Recognition and measurement of provisions
9. Correct classification and completeness of contingent liabilities
10. Correct classification and completeness of liabilities and events occurring after the Reporting Period

Estimates

1. Estimates of uncertain tax positions
2. Estimates of future taxable profits in support of recognition of deferred tax assets
3. Estimates of inputs into discounted cash flow models relating to the impairment of goodwill
4. Estimates of inputs into discounted cash flow models relating to the impairment of intangible assets
5. Estimates of the useful life of intangible assets
6. Estimates of the recoverable amount and fair value of properties
7. Estimates of the useful life and residual values of buildings
8. Estimates of the fair value of identifiable assets and liabilities impacting the measurement of goodwill in a business combination
9. Estimates of vesting conditions relating to share-based payment
10. Estimates of provision to be raised for the proposed settlement

Net debt and cash flow

The debt of the Group remains high, with net debt of €9.7 billion (FY2019: €9.6 billion) at the Reporting Date. The net debt balance increased over the Reporting Period, mostly from interest and fee accruals, following the implementation of the financial restructuring. This increase was offset by proceeds from the disposals listed in the corporate activities section of this report. For further details refer to the Consolidated Statement of Cash Flows.

Geographic context and impact of foreign currencies

The Group earned c. 67% (H12019: 66%) of its revenue from continuing operations outside of the eurozone area. The Group's assets are spread around the globe and the non-European assets are subject to various currency fluctuations, including changes in the value of the South African rand, the Australian dollar, the US dollar, the UK pound sterling, the Swiss franc and the Polish zloty.

Advisory fees (not included in segmental results)

It has been necessary for Steinhoff N.V. to continue to engage a wide range of professional advisors as it seeks to stabilise and restructure the Group. Advisory fees for the Reporting Period amounted to €58 million (H12019: €82 million), as disclosed in note 3.7 of the 2020 Condensed Financial Statements. Advisory fees relate only to work that is essential to the restructuring and survival of the Group and every effort is being made to reduce them where possible.

In addition, audit fees are billed monthly for work performed and are expensed as incurred. All of the 2019 audit work was performed after the end of the 2019 Reporting Period and as such will be expensed in the 2020 financial year.

Legal advisory fees are expected to remain significant in the period ahead as we attempt to resolve and deal with outstanding litigation and seek redress against former executives and related parties.

Finance costs

The finance costs for the half-year increased to €698 million (H12019: €482 million). This increase is as a result of increased interest on borrowings following the implementation of the CVAs effective from 14 December 2018, as well as from the adoption of IFRS 16: Leases. Please refer to notes 4 and 10 of the 2020 Condensed Financial Statements for more information.

Related party and intergroup transactions

During the Reporting Period related party relationships existed between certain shareholders, subsidiaries, joint-venture companies and associate companies within the Group, and its company directors and Group key management personnel.

All known material intergroup transactions are eliminated on consolidation.

Governance and leadership

There were no changes to the Management Board during the Reporting Period or subsequently. The Chairperson of the Supervisory Board during the Reporting Period, Heather Sonn, resigned on 18 May 2020 and was succeeded by Moira Moses on 22 May 2020.

Corporate activity during the Reporting Period

Since December 2017 the Group has been engaged in an exceptional level of corporate activity as it stabilises and restructures its operations, and this elevated activity level has continued during the Reporting Period.

Unitrans – Automotive

On 27 November 2019, the Group announced the financial closing of the sale of a 74.9% stake in Unitrans to CFAO, effective 25 November 2019, and that an agreement had been reached to sell the remaining 25.1% to Kapela, a Broad-Based Black Economic Empowerment investment group. This second transaction had an effective date of 19 December 2019.

Properties – Africa

The Group commenced a process, post-March 2019, to dispose of the remaining properties within its African property division. Management is considering various disposal options in order to optimise the balance sheet and unlock value for shareholders. The portfolio consists of retail, office, warehouse, dealership, truck shop and residential properties, including properties tenanted by the Group and third parties, as well as land for development. At 31 March 2020 the Africa property portfolio met the criteria to be classified as held-for-sale.

Hemisphere

The Company remains committed to a sale of the Hemisphere properties and the directors continue to believe that the held-for-sale classification remains appropriate for these assets.

ABRA

On 18 September 2019 it was resolved to sell the Group's shareholding in ABRA. The transaction was concluded in October 2019. At 30 September 2019 ABRA met the criteria to be classified as held-for-sale.

Blue Group

On 15 November 2019, Steinhoff N.V. announced that, in line with its strategy of simplifying the Group's portfolio and deleveraging its balance sheet, it had reached an agreement to sell the Blue Group Hold Co Ltd, the owner of Bensons for Beds, Harveys Furniture and upholstery and bedding manufacturers Relyon, Steinhoff UK Beds and Formation Furniture, to Alteri Investors. At 30 September 2019 the Blue Group met the criteria to be classified as held-for-sale.

Greenlit Brands

On 18 November 2019, Greenlit Brands announced that it had reached an agreement to sell its General Merchandise division, including the Best & Less, Harris Scarfe, Postie (NZ) and Debenhams Australia brands, to Allegro Funds. The transaction was completed in early December 2019, enabling Greenlit Brands to concentrate on its core household goods brands, which enjoy strong positions in the Australian and New Zealand markets. Greenlit Brands remains a wholly owned subsidiary of Steinhoff N.V. At 30 September 2019 the Greenlit Brands General Merchandise division met the criteria to be classified as held-for-sale.

Sherwood Bedding

The Group's shareholding in Sherwood Bedding, a leading manufacturer in the US private label/original equipment manufacturer bedding market, was sold to Tempur Sealy in January 2020. Sherwood Bedding operates four manufacturing facilities in the United States of America. At 30 September 2019 Sherwood Bedding met the criteria to be classified as held-for-sale.

Conforama Iberia

During the period the Conforama group decided to dispose of the Conforama Iberia business and embarked on a process to identify potential buyers. An agreement of sale was signed in February 2020, however, following the uncertainties around COVID-19 this transaction subsequently lapsed.

Pepco Group

On 8 November 2019, the Group stated that it was considering and evaluating a range of strategic options for the Pepco Group, including a potential IPO. This process is continuing, and no definitive decision has been taken with respect to any specific course of action, although the likely timing for any such activity has inevitably been impacted by the COVID-19 pandemic.

Pepkor Africa

As part of Pepkor Africa's stated ambition to reduce gearing and the cost of funding while diversifying its sources of funding, Pepkor Africa successfully raised R1 billion in three and five-year bonds issued on 10 March 2020 under its R10 billion domestic medium-term note programme at favourable interest rates. The proceeds from the bond issuance were used to settle the majority of the R1.5 billion bridge funding facility that was repayable in 2020. Pepkor Africa's credit rating was affirmed by Moody's Investors Services on 6 April 2020.

Corporate activity after the Reporting Date

Pepkor Africa

On 23 June 2020, Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares. The placement was a precautionary measure to strengthen Pepkor Africa's financial flexibility and liquidity position in the light of the continuing COVID-19 pandemic and resulting macroeconomic pressure. In addition to other cash-saving initiatives already undertaken by Pepkor Africa, the placement further increased the resilience of Pepkor Africa's balance sheet, and enhances its liquidity profile, should a more negative macroeconomic scenario materialise. On 24 June 2020 Pepkor Africa announced the successful implementation of this bookbuild, having placed the full 172.5 million shares at R11.00 per share, representing a discount of 6%, and raising R1.9 billion. Steinhoff N.V. did not participate in this transaction, reducing its effective shareholding in Pepkor Africa from 71% to 68%.

Conforama France

Conforama France SA ("Conforama France"), the Group's French retail subsidiary, has been in turnaround since 2019. In its 2019 Annual Report Steinhoff N.V. confirmed that, following the COVID-19 outbreak in early 2020, the position of Conforama France was uncertain and that the Group had been unable to secure the state-guaranteed loan, for which it was eligible, to support the business through this difficult period. At that point the Group also confirmed that Conforama France was exploring near term options, including a potential sale of the business.

Subsequently, on 8 July 2020, the Group announced the disposal of Conforama France to Mobilux Sàrl ("Mobilux"), the parent company of BUT, the leading French retailer of furniture, appliances and consumer electronics. Following the disposal, Conforama France will receive €500 million of new financing in a combination of state-guaranteed loans and funding from Mobilux.

The disposal agreement is a major milestone in the Group's restructuring effort. The disposal will secure the future of Conforama France, release the Group from its liabilities in respect of that business and allow Steinhoff N.V. to exit from the French market. Steinhoff N.V. believes the sale of the business is in the best interests of all stakeholders. It is anticipated that the transaction will close by the end of September 2020.

Conforama Switzerland

In a separate transaction, on 13 July 2020 Conforama Holding S.A. concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of eight times EBITDA. These proceeds will be used to reduce debt at Conforama Holdings. The sale is subject to regulatory approvals and is expected to close by the end of July 2020.

Greenlit Brands

In line with its strategy of long-term value preservation for all stakeholders, the Group is continuing to explore and evaluate a range of strategic options for its subsidiary businesses. These options include a possible public listing of the Fantastic Group, Australia's leading, value-focused furniture and bedding retailer, which is part of Greenlit Brands, the Group's Australasian business. This process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing at this point.

Group debt restructure

The Group completed a substantial and complex debt restructuring process during the prior financial year. The financial restructuring of the Group became effective on 13 August 2019, when the SEAG and SFHG CVAs were successfully implemented. Under the terms of the CVAs, the existing debt instruments in SEAG and SFHG were reissued with effect from 13 August 2019, with a common maturity date of 31 December 2021. No cash interest is payable in this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value. As part of the Litigation Settlement Proposal and related lender consent requests, the Group will propose that the financial creditors extend the common maturity date to 30 June 2023, with a possibility of a further six-month extension thereafter.

On 14 December 2018, being the CVA approval date, the lenders agreed to start implementing the restructuring plan once certain conditions precedent had been fulfilled. From this date interest accrued at the newly agreed interest rates, which resulted in a substantial modification of the old debt instruments.

For more information please refer to the 2019 Annual Report.

Forensic investigation

PwC was requested to undertake a further phase of investigative work in respect of certain issues identified which, although they are not deemed to be material to the Company's financial statements, may be significant for other reasons, including recovery proceedings, and which therefore required further investigation, conclusion and resolution. This work is ongoing.

Litigation

Litigation remains a significant outstanding challenge for the Group. It has been a major focus for management in the period since implementation of the financial restructuring in August 2019. In parallel with these various court processes, the Management Board, assisted by a litigation working group and the Group's legal advisors, continued to work towards a resolution of outstanding claims against the Group throughout the period.

On 27 July 2020, the Group released a detailed update on efforts to resolve the ongoing complex legal claims and litigation proceedings, including details of a proposed settlement in respect of these claims. For more information please refer to that announcement.

In this regard a provision of €882 million has been raised as detailed in note 11.2 to the 2020 Condensed Financial Statements. In addition, as this proposal has not yet been agreed to by any party, the claims are still being disclosed as contingent liabilities.

The Group is also evaluating potential claims it may have against third parties, and recoveries against implicated entities and individuals are being initiated where appropriate. Proceedings against members of the former management team were instituted as a first step in this process. Subsequently, claims were initiated against Top Global, an entity linked to the Talgarth Group, and Mayfair Speculators, a company linked to Mr Markus Jooste.

Regulatory engagement and listing

The Company remains in contact with its principal stock-market regulators regarding its listings: the AFM in the Netherlands, the FSE and the Federal Financial Supervisory Authority of Germany (Bundesanstalt für Finanzdienstleistungsaufsicht), and the JSE and the Financial Sector Conduct Authority ("FSCA") in South Africa.

Steinhoff N.V. is co-operating with the various prosecution authorities and regulators in South Africa and other jurisdictions as they continue their investigations into individuals and entities implicated in the 2017 events. During the Reporting Period, the South Africa authorities approached PwC, which completed the independent forensic report commissioned by the Steinhoff Group, and engaged them to perform additional expert forensic work to assist in the criminal investigation. Steinhoff N.V. supports this initiative and has agreed to contribute funds to cover a substantial portion of the costs of the PwC work due to the size and complexity of the investigation required. Steinhoff N.V.'s role is limited to providing a portion of funding for the project and co-operation only. This is to be provided on an arm's-length basis, with Steinhoff N.V. having no ongoing involvement in the investigation and report-back process.

The Group remains committed to co-operating with and maintaining open communication lines with all regulators and this approach forms an integral part of the Group's Remediation Plan.

Shareholder meetings

Mazars Accountants N.V. in the Netherlands was appointed as the external auditor for the Steinhoff Group for the 2019 financial year at an extraordinary general meeting held in Amsterdam on 12 November 2019.

COVID-19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, when lockdowns were initiated in Europe and South Africa. These measures resulted in the partial or full closure of many of our general merchandise stores, or restrictions on trading hours, and the closure of our offices.

Given the significant impact on revenues and consequent adverse impact on cash, in mid-March management acted swiftly to implement a definitive COVID-19 response strategy. Initially this focused on ensuring employee and customer safety, securing liquidity and preserving and maximising the Group's cash position. Thereafter attention turned to the actions necessary to return to a more normal trading position, particularly with regard to enhanced online trading (where regulations allowed), securing seasonal inventory, and to positioning the businesses to take advantage of the longer-term opportunities resulting from the changed competitive environment.

The Group's liquidity position was addressed at operating entity level, in co-operation with the respective financiers where applicable. Cash positions were maximised through the immediate draw-down of committed facilities, working collaboratively with key suppliers to defer or cancel stock commitments, appropriate use of government support and funding schemes in territories where criteria were met and reducing discretionary expenditure.

Throughout this period, the safety of our employees and customers has been paramount. Significant operational changes have been made in our stores and offices, including PPE provision where relevant for colleagues and customers, the installation of Perspex screens at till points, introduction of sanitisation stations, adoption of rigorous social distancing practices and encouraging payment by card. All of this has been achieved while adhering strictly to country-specific government regulations and has required clear communication to our customers. By the end of June almost all stores had reopened.

While initial trading has been better than expected, as stores benefited from pent-up demand at reopening, the sustainability of this demand is uncertain. The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are, however, confident that they are well positioned to gain market share in the post-COVID-19 'new economy'.

The outlook remains uncertain and it is too early to determine the full impact of the pandemic on the performance of the Group for the 2020 financial year. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period.

Each of the Group's large operating subsidiaries is independently funded and is not dependent on the Group for financial support. Currently all subsidiaries, excluding Conforama France, are producing stronger cash flows than originally anticipated and have sufficient liquidity to support their current management forecast.

As certain countries have eased lockdown measures earlier than the Group's forecasts anticipated, and with post-lockdown sales performance materially better than our forecast assumptions, the Group's cash position as of early July 2020 was significantly stronger than anticipated at the outbreak of the pandemic. The Group's cash forecast and requirements are being kept under active review, and structures enabling quick decision-making are in place to ensure that if any further initiatives are required to protect the Group's position they can be implemented swiftly.

While the Group is confident that the actions it has taken, and continues to take, to address the impacts of COVID-19 are appropriate and timely, the situation remains fast moving and uncertain and these are being kept under constant review.

Going concern

In determining the appropriate basis of preparation for the 2020 Condensed Financial Statements, the Management Board is required to consider whether the Group can continue in operational existence for the foreseeable future. The Group and the Company's cash flow forecasts indicate that the Group and the Company can, based on certain critical assumptions, continue in operational existence for the foreseeable future, namely for 12 months after the date of this report. The Management Board draws attention to the following material uncertainties that are key in arriving at the forecasted cash flows, namely:

Litigation and Regulation

As disclosed above, various legal proceedings and regulatory investigations have been instituted against the Group and Company. A key assumption in both the Group and Company cash flow forecast is that no material judgements or fines are awarded or imposed against the Group or Company that will become payable during the next 12 months. There remains a material uncertainty as to the ultimate impact of litigation and regulatory enforcement on the liquidity of the Group. The majority of the claims and fines do not have an impact on the 2020 Condensed Financial Statements. Notwithstanding the provision detailed in note 11.2 to the 2020 Condensed Financial Statements, these claims remain contingent liabilities and have been disclosed in note 11 to the 2020 Condensed Financial Statements. The cash flow effect thereof has been included in the cash flow forecasts referred to above.

Tax

Tax remains a material uncertainty, as the tax impact of the accounting irregularities identified, and the consequential effects thereof, remain uncertain. This situation is exacerbated by the fact that these irregularities impact multiple jurisdictions and the finalisation of their treatment will require substantial analysis and negotiation with multiple tax authorities. A key assumption is therefore that the tax assumptions built into the current cash forecast, for both the Group and Company, continue to apply and that no unexpected material assessments are received.

The steps to implement the CVAs were complex and multi-jurisdictional, giving rise to an element of risk regarding the tax consequences thereof. The Group has engaged with professional tax advisors in numerous jurisdictions to determine the ultimate tax consequences, with a view to ensuring that the associated element of risk arising from the restructuring is mitigated.

COVID-19

As detailed above, the COVID-19 pandemic has had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, to date.

As a result, turnover reduced, particularly in general merchandise, for the duration of these restrictions. The performance of the Group's fast-moving consumer goods focused businesses has been more resilient, partially offsetting this impact.

While the Group is confident that the actions it has taken, and continues to take, to address the impacts of COVID-19 are appropriate and timely, the situation remains fast moving and uncertain and these are being kept under constant review.

Conclusion

The Management Board draws attention to the following facts:

- (i) that in the Group's 2020 Condensed Financial Statements liabilities exceed assets; and
- (ii) that these material uncertainties extend beyond the foreseeable future.

These facts therefore cast significant doubt upon the Company and Group's ability to continue as a going concern beyond the foreseeable future. If the Group and the Company are to continue as a going concern, the Management Board and operational management team require sufficient time to stabilise the Group and re-establish value at operational level. This will enable the Group and the Company to continue realising assets in a non-distressed fashion and thus maximise value and enhance the Group's ultimate ability to repay or reduce debt to manageable levels. At the same time a solution for the potential litigation against the Group will need to be sought and implemented (refer note 11.2 to the 2020 Condensed Financial Statements).

The Company's dividends on ordinary shares

Given the Group's ongoing liquidity constraints, the Management Board, with the approval of the Supervisory Board, has resolved not to propose dividends on the Group's ordinary shares until further notice.

Preference shares and dividends

Suspension of the Steinhoff Investment Holdings Limited preference shares on the JSE

Steinhoff Investment Holdings Limited ("SINVH") is a wholly owned subsidiary of the Company and is the issuer of variable rate, cumulative, non-redeemable, non-participating preference shares with a capital value of ZAR1.5 billion. The preference shares are listed on the JSE. Following the events of December 2017, SINVH was unable to publish its Consolidated Financial Statements for the year ended 30 September 2017 by the requisite date, namely 28 February 2018. The listing of the preference shares was therefore suspended by the JSE effective 1 March 2018 and remains suspended. The consolidated and separate annual financial statements for the year ended 30 September 2019 were released on 29 May 2020, ahead of the release of the delayed annual financial statements for the earlier years, in order to give the market the most recent financial information as soon as possible. It is SINVH's intention that the financial statements for the earlier years will be released before the end of 2020 and that regular reporting will resume with effect from the 2020 full year results. These preference shares are included as non-controlling interest: preference share capital.

Preference share dividends – SINVH

On 21 February 2020, the board of SINVH declared a gross dividend of 416.90753 South African cents per SINVH preference share. This dividend was paid on Monday, 30 March 2020. The SINVH preference shares dividends are payable in the currency of South Africa and are subject to local dividend tax of 20%.

Risk management

The Management Board has established a clear risk management framework, based on the principles of ISO 31 000 and the Dutch Corporate Governance Code, with well-defined accountabilities to mitigate risks at Group and operational subsidiary level. The Management Board identifies and analyses risks associated with the strategy and the activities of the Group. Operational subsidiaries are responsible for their own processes of risk review and risk mitigation in terms of the Group's organisational structure and strategy of distribution of accountabilities. Risks are identified, monitored and mitigated on an ongoing basis. The ongoing evolution of the risk management and internal control systems remains a priority.

The Company is a holding company and as such the risk management process takes cognisance of the risks within the Company, as well as the risks inherent to its operating subsidiaries. The principal risks faced by the Company are presented in the table below:

Principal risks

Material uncertainty	External: Operational risk
COVID-19 pandemic	External: Legal and compliance risk
Litigation	Internal: Financial risk
Financial stability	External: Legal and compliance risk
Tax compliance	Internal: Legal and compliance risk
Regulatory compliance	Internal: Strategic risk
Commercial sustainability of operating entities	Internal: Operational risk
Talent management and retention	External: Strategic risk

Risk summary

The Group faces a significant risk in respect of the COVID-19 pandemic and the impact on the financial well-being and performance of the operating companies. The Management Board is closely involved with the operational management teams in monitoring and managing the risks associated with the pandemic on the retail industry, the health and safety of employees and customers, and the financial needs of the operating companies due to the restrictions on sales in bricks and mortar stores. The uncertainty relating to legal actions against the Company and Group is critical, with potential liabilities resulting in material exposure. The fact that multiple actions, including class actions, have been filed by, and on behalf of, individual and institutional investors in various countries adds additional complexity to this risk. The outcome of litigation against current and past directors of Group entities is uncertain. The management of both solvency and liquidity risk remains a primary concern and focus area for the Company to ensure the ongoing financial stability of the Group, especially given the restriction of trade due to national lockdowns experienced globally. As the Group has operations across several jurisdictions, each with its own tax regulations, in-depth knowledge is required to ensure ongoing tax compliance. Consequently, reliance is placed on in-country advisors. The risk of failure to comply with laws or regulations extends across several jurisdictions, is significant and could result in liability, including, but not limited to, financial penalties, and injunctive action. Tax reviews by authorities in these jurisdictions may result in additional taxes and could have a significant adverse effect on equity. The Company's future operating results and value will depend upon the ability of each operating division to preserve and increase its value through, in the main, organic growth and improved productivity. Although this risk is lower, the ability to retain talent and/or attract experienced senior staff remains constrained. The effectiveness of Group Services will depend on its ability to manage, attract and retain skilled and qualified human capital. The risk of losing organisational knowledge is high and this places stress on an already limited group resource.

The Company has experienced significant reputational damage, which continues to impact negatively on investor confidence. The stability in the Management Board, finalisation of annual financial reporting and transparent processes initiated with all stakeholders further contribute towards rebuilding the brand.

Principal risks (Operating entities)

Operational management is responsible for managing risk and ensuring an effective control environment within each operating company. Each operating company is continuously reviewing its governance, risk and compliance policies and approach. Operational matters relating to governance, risk and compliance are identified and reported to operational management and to local audit and risk governance structures. The operational management structure is responsible for reviewing assurance of controls, addressing identified discrepancies and reporting material breaches to the Management Board and the Audit and Risk Committee. The material risks identified at operating companies include the following:

- COVID-19 pandemic;
- Adverse economic cycles and trends;
- Supply chain failure;
- Adverse supplier credit facilities/terms;
- Competition;
- Talent management and retention;
- Regulatory compliance, including health and safety;
- Failure to meet customer needs;
- Reputation and brand association with Steinhoff N.V.;
- Fraud and ethics violations; and
- Technology infrastructure failure and cyber security.

Remediation Plan

The Management Board, with the assistance of the Chief Compliance and Risk Officer, has made significant progress with the implementation of the Remediation Plan, which was designed to address the causes of the various governance failures and their consequential impacts on the Group. The Remediation Plan addresses all the potential areas of weakness that were identified as a result of the PwC investigation. The Supervisory Board oversees the implementation with the assistance of Group Compliance and Risk. The Company is also considering findings from its own investigation, and the contents of the PwC report, in order to pursue, where appropriate, the recovery of losses incurred, and damages suffered. It is envisaged that all the identified areas will be fully implemented by the end of the 2020 financial year.

Events after the Reporting Date

Aside from the corporate activity, the impact of the COVID-19 pandemic and the Litigation Settlement Proposal, all as set out above, no other material events have occurred after the Reporting Date. Refer to note 16 of the 2020 Condensed Financial Statements.

Appreciation

The Group has made significant progress since 30 September 2019 and this is a substantial achievement that required a tremendous effort by all involved.

We would like to take this opportunity to thank senior management and our almost 110 000 employees in the Group's operating businesses for their hard work and loyalty, for persevering and preserving value for the Group under extremely challenging circumstances.

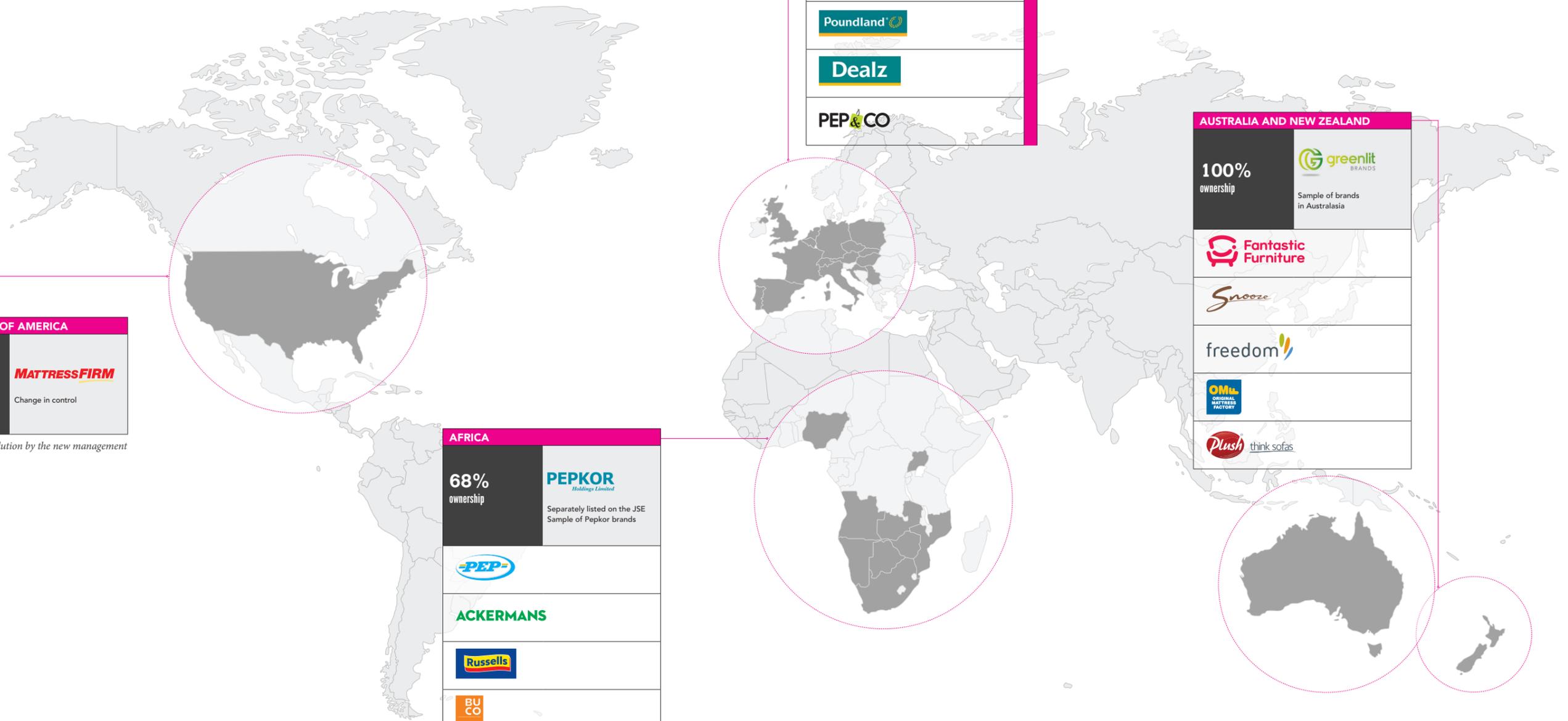
We would also like to thank all members of the Supervisory Board, who have provided guidance and support.

Finally, to all employees at the various central offices of the Group, our most sincere thanks for your relentless hard work and determination to help us overcome the many challenges we faced, including the COVID-19 pandemic, during the Reporting Period and thereafter.

Steinhoff today ...



... is a **global holding company** with investments in a diverse range of retailers.



UNITED STATES OF AMERICA

50%* ownership	MATTRESSFIRM Change in control
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* Subject to future dilution by the new management incentive plan

AFRICA

68% ownership	PEPKOR Holdings Limited Separately listed on the JSE Sample of Pepkor brands
ACKERMANS	

EUROPE

100% ownership	PEPCO Group	100%** ownership	Conforama

AUSTRALIA AND NEW ZEALAND

100% ownership	 Sample of brands in Australasia

** Warrants over 49.9% of the economic rights to the future returns of Conforama issued, but not exercised

OPERATIONAL REVIEW

This report covers the period 1 October 2019 to 31 March 2020 (“Reporting Period”). This report has not been audited by the Company’s auditors.

Introduction

Despite the operational and economic challenges faced during the six months ended 31 March 2020, including the COVID-19-related trading restrictions imposed during March 2020, the Group reported revenue growth from continuing operations of 1% to €6 241 million for the period under review (H12019: €6 152 million).

The Group adopted IFRS 16 using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17: Leases and IFRIC 4: Determining Whether an Arrangement Contains a Lease. For more information refer to note 17.4 of the 2020 Condensed Financial Statements.

On a pro forma basis, excluding the IFRS 16 adjustments from the current period’s results, EBITDA from continuing operations decreased by 7% to €365 million, reflecting the impact of lost sales during March 2020. The reported EBITDA, from continuing operations, increased by 80% to €702 million for the period (H12019: €391 million) as the adoption of IFRS 16 resulted in a reduction of rental or lease expenses and an increase in depreciation and amortisation and finance charges.

Similarly, on a pro forma basis, operating profit before other expenses considered material non-operational items, from continuing operations (“EBIT”), decreased by 10% to €250 million. Reported EBIT increased by 15% to €320 million (H12019: €279 million).

Management within the various businesses continued to focus on operational improvements, cash flow and liquidity, expense management and profitability. Following the outbreak of the COVID-19 pandemic, the focus moved to employee and customer safety and liquidity and working capital management. The general merchandise businesses in Europe and Africa continued to expand their footprints during the Reporting Period.

Further simplification of the portfolio has been a key objective for the Group. Significant progress was made during the Reporting Period with the disposals of the Blue Group (UK household goods), Greenlit Brands’ general merchandise division, the Unitrans automotive business, ABRA and Sherwood all being completed. The results for those businesses are therefore presented as discontinued operations and are excluded from this operations review.

REVENUE FROM CONTINUING OPERATIONS (€M)			
	H12020	H12019	% change
Pepco Group	1 905	1 726	10
Pepkor Africa (separately listed)	2 261	2 192	3
Conforama [#]	1 666	1 797	(7)
Greenlit Brands – household goods	315	333	(5)
All other	91	103	(12)
Corporate and treasury services	3	1	>100
Total Group revenue from continuing operations	6 241	6 152	1

EBITDA FROM CONTINUING OPERATIONS (€M) (AS REPORTED)			
	H12020	H12019	% change
Pepco Group	271	151	79
Pepkor Africa (separately listed)	353	248	42
Conforama [#]	49	19	>100
Greenlit Brands – household goods	–	10	(100)
All other	9	1	>100
Corporate and treasury services	20	(38)	>100
Total segmental EBITDA from continuing operations	702	391	80

EBITDA FROM CONTINUING OPERATIONS (€M) (PRO FORMA*)			
	H12020	H12019	% change
Pepco Group	151	151	–
Pepkor Africa (separately listed)	251	248	1
Conforama [#]	(23)	19	>(100)
Greenlit Brands – household goods	(31)	10	>(100)
All other	(3)	1	>(100)
Corporate and treasury services	20	(38)	>100
Total segmental EBITDA from continuing operations	365	391	(7)

* At 31 March 2020 Conforama France and Conforama Switzerland were still classified as continuing operations.

* Pro forma impact of IFRS 16 on EBITDA and EBIT

OPERATING PROFIT/(LOSS) ADJUSTED FOR MATERIAL NON-OPERATIONAL ITEMS ("EBIT") FROM CONTINUING OPERATIONS (€M) (AS REPORTED)			
	H12020	H12019	% change
Pepco Group	129	117	10
Pepkor Africa (separately listed)	239	210	14
Conforama [#]	(33)	(9)	>(100)
Greenlit Brands – household goods	(35)	3	>(100)
All other	–	–	–
Corporate and treasury services	20	(42)	>100
Total segmental EBIT from continuing operations	320	279	15

OPERATING PROFIT/(LOSS) ADJUSTED FOR MATERIAL NON-OPERATIONAL ITEMS ("EBIT") FROM CONTINUING OPERATIONS (€M) (PRO FORMA*)			
	H12020	H12019	% change
Pepco Group	111	117	(5)
Pepkor Africa (separately listed)	210	210	–
Conforama [#]	(49)	(9)	>(100)
Greenlit Brands – household goods	(40)	3	>(100)
All other	(2)	–	–
Corporate and treasury services	20	(42)	>100
Total segmental EBIT from continuing operations	250	279	(10)

[#] At 31 March 2020 Conforama France and Conforama Switzerland were still classified as continuing operations.

* Pro forma impact of IFRS 16 on EBITDA and EBIT

In the reported results the comparative information has not been restated and has been reported under the previous IAS 17 and IFRIC 4. To provide a more meaningful comparison of the current period's financial performance to the prior period, in the current period the pro forma financial information has been adjusted to remove the effect of IFRS 16 to reflect comparisons with the IAS 17 basis used in prior periods.

The pro forma financial information, which is the responsibility of the Group's directors, has been presented

for illustrative purposes only and is consistent with the prior reporting period. Therefore, because of its nature, the pro forma financial information may not fairly present the Group's financial position, results of operations or cash flows. The pro forma financial information has not been reviewed or reported on by the Group's external auditors.

For further information refer to note 17.4 of the 2020 Condensed Financial Statements.

Pepco Group

Pepco Group is a fast-growing, multi-format, pan-European discount variety retailer, trading through the PEPCO, Poundland and Dealz brands from over 2 800 stores in 14 territories across Europe. Pepco Group's vision is to become the largest discount variety retailer in Europe.

Further information regarding Pepco Group can be found online at www.pepcogroup.eu.

PEPCO GROUP (€M)	H12020	H12020 Pro forma	H12019	% change Reported	% change Pro forma
Total revenue	1 905	1 905	1 726	10	10
Pepco (central and eastern Europe)	925	925	805	15	15
Poundland (including Dealz)	980	980	921	6	6
EBITDA	271	151	151	79	–
Operating profit	129	111	117	10	(5)

Pepco Group continued to report strong growth with revenue increasing 10%, driven by space expansion in PEPCO & Dealz brands plus positive like-for-like growth. Prior to the outbreak of COVID-19, growth was over 14%. Pro forma operating profit for the Reporting Period was 5% below the prior period, reflecting the COVID-19 impact in March 2020 with significantly reduced store trading footprint and customer footfall. Operating profit to February 2020 reflected a 16% year-on-year growth. The Pepco Group balance sheet remains strong with net debt of €478 million, representing 1.5x last 12 months' pre-IFRS 16 EBITDA.

More recently, revenue started returning to pre-COVID-19 levels with virtually all group stores trading from mid-June 2020, but like-for-like remains negative.

Pepco Group maintained its store expansion programme for both the PEPCO and Dealz brands, ending the Reporting Period trading from 2 844 stores, an increase of 15.0%, having opened 371 new stores in the last 12 months. PEPCO opened 126 new stores in the Reporting Period, with new stores opened in ten of its 14 current territories. In addition, PEPCO upsized or relocated a further 23 stores to better represent its enhanced and expanded customer offer.

Reflecting the improving economics of Dealz stores, its disciplined store roll-out continued with 32 stores opened in total, increasing the portfolio to 85, with 11 stores opening in Spain and 21 in Poland.

Poundland continued to progress its strategy to reduce operating costs, particularly store rent, where a further 76 stores were renegotiated successfully in the period with rent reductions continuing to be ahead of the 25% expectation, while enhancing the customer proposition. The Reporting Period saw the successful introduction of an expanded multi-price offer in the three core categories of grocery, household, and health and beauty, and the trial of a chilled and frozen offer in 30 stores. The results of each of these developments were encouraging with further multi-price categories and chilled and frozen stores to be added in the second half.

Delivering its long-term growth ambition demands continued investment in high quality infrastructure. In the Reporting Period, PEPCO's new distribution centre in Hungary completed its construction and facilitation and is fully operational and, while delayed due to the impact of COVID-19, the implementation of Oracle as the group's ERP system was, until that point, progressing positively and in line with plan.

Pepkor Africa

Pepkor Africa has the largest retail store footprint in southern Africa, with more than 5 400 stores operating across 11 African countries. The majority of its retail brands operate in the discount and value segment of the market.

For more information visit www.pepkor.co.za.

PEPKOR AFRICA (€M)	H12020	H12020 Pro forma	H12019	% change Reported	% change Pro forma
Total revenue	2 261	2 261	2 192	3	3
EBITDA	353	251	248	42	1
Operating profit	239	210	210	14	–

The Pepkor Africa Group achieved commendable results for the Reporting Period as its proven defensive discount and value market positioning, disciplined focus on customer needs and leading low cost of doing business underpinned performance.

The retail environment was constrained with low consumer spending, high levels of unemployment, load shedding and low economic growth. This was exacerbated during March 2020 with the spread of COVID-19 across South Africa and the globe – resulting in the declaration of a national state of disaster and the implementation of a national lockdown effective from 27 March 2020 until 30 April 2020.

The Pepkor Africa Group's operations achieved revenue growth of 3% to €2 261 million (6% in constant currency) for the Reporting Period. Pro forma operating profit before other expenses considered material non-operational items was in line with the 2019 Half-year Reporting Period, while reported operating profit increased by 14% to €239 million. Operating profit growth was significantly impacted by increased debtors' costs while higher funding costs weighed on earnings growth.

The discount and value positioning of PEP and Ackermans proved resilient during the Reporting Period as confirmed by continued market share growth according to Retail Liaison Committee ("RLC") data. In aggregate, PEP and Ackermans reported merchandise sales growth of 7% and like-for-like growth of 4%.

PEP outperformed the market, further strengthening its position as leader in the discount clothing segment. While customers face financial pressure and high levels of unemployment, PEP continues to fulfil their need for basic and essential products and services and maintained its price-leading position, with best price leadership ("BPL") remaining above 95%. A 26% positive price differential was achieved compared to other retailers.

The customer value proposition of Ackermans aimed at 'women with kids in their lives' again delivered strong performance, with double-digit growth in the Babies product category. Women's wear benefited from improved visual merchandising and successful marketing campaigns. The store base of the Ackermans Woman retail concept was expanded to 20 stand-alone stores.

PEP Africa remains profitable and continues to consolidate amid adverse macroeconomic conditions across most countries of operation, while performance of the Speciality division has been most severely affected by the challenging retail environment of more discretionary products such as footwear and adult apparel.

Sales in the furniture division were severely impacted from middle-March in the lead-up to the implementation of the national lockdown. The electronics and appliances division benefited from the investment in online transacting and fulfilment systems and achieved strong growth in online transactions. The contribution from online sales in this division increased to 6% for the Reporting Period.

Trading activity continued to weaken in a contracting building industry. Good progress was made in the retail division through margin improvement, centralised procurement and automatic replenishment initiatives.

FLASH, with its reach into the informal market, continues to report strong growth with virtual turnover in its trader business increasing during the period. The number of FLASH traders increased to 172 000 from 156 000 in the comparative period and investments in new products, channels and geographies are gaining momentum.

Capfin increased active accounts to 333 000. Credit granting was severely curtailed towards the end of March as a result of COVID-19 and the focus has now turned to debt collections.

Conforama

Conforama operates an extensive retail network across Europe, with more than 300 stores in France, Spain, Portugal, Italy, Switzerland, Croatia and Serbia.

Conforama's core product lines comprise furniture, decoration, a range of homeware appliances and electronic goods. For more information visit www.conforama.fr.

CONFORAMA (€M)	H12020	H12020 Pro forma	H12019	% change Reported	% change Pro forma
Total revenue	1 666	1 666	1 797	(7)	(7)
EBITDA	49	(23)	19	>100	>(100)
Operating (loss)	(33)	(49)	(9)	>(100)	>(100)

The COVID-19 pandemic had a big impact on Conforama's business in March 2020 as all trading stopped in order to comply with the containment measures imposed by the various governments. The management team within each country set up its own business continuity plan to protect and inform employees and customers, secure cash through supplier negotiations, understand the government restrictions and manage other ongoing initiatives and to prepare the business for recovery. Stores reopened progressively from late April 2020, with all stores open from early June 2020.

As a result, in the Reporting Period, the Conforama Group reported revenue of €1 666 million, a 7% reduction on the prior period (H12019: €1 797 million).

During the Reporting Period, Conforama France recorded an 8% reduction in revenue while Conforama's international operations, comprising all Conforama territories outside of France, recorded a reduction in revenue of 4%. The best performing operations were Iberia and Switzerland, where

the decline in revenue for the period was less than 1%. The revenue reduction was experienced across all product types.

In line with the reduction in revenue, on a pro forma basis, excluding the adoption of IFRS 16, EBITDA reduced to a loss of €23 million (H12019: €19 million profit). Operational EBITDA for the Reporting Period, as reported, increased to €49 million, mainly as a result of the adoption of IFRS 16.

The pro forma operating loss increased to €49 million (reported: €33 million loss; H12019: €9 million loss), impacted by increased finance charges, the costs associated with the restructuring plan as well as the COVID-19 restrictions.

In July 2020 the Group announced that an agreement to dispose of Conforama France had been signed. Subsequently an agreement to sell Conforama Suisse has also been concluded. For more information refer to the Financial and Business Review.

Greenlit Brands

Greenlit Brands is an integrated retailer and manufacturer of household goods, with retail stores throughout Australia and New Zealand.

For further information regarding Greenlit Brands refer to www.greenlitbrands.com.au.

GREENLIT BRANDS (€M) HOUSEHOLD GOODS	H12020	H12020 Pro forma	H12019	% change Reported	% change Pro forma
Total revenue	315	315	333	(5)	(5)
EBITDA	–	(31)	10	(100)	>(100)
Operating (loss)/profit	(35)	(40)	3	>(100)	>(100)

Performance has been mixed across the Greenlit portfolio during the first half of the financial year. Overall revenue was down 5% (2% in constant currency). Fantastic Furniture has enjoyed continued strong trading with like-for-like sales growth strengthening across the second quarter to be up 6% for the Reporting Period. Order system implementation issues and COVID-19-related supply-chain delays have seen revenue in other brands impacted negatively – leaving Greenlit's overall new sales orders down 2% like-for-like at the end of the first half. Rectification of system issues has incurred material expenditure exacerbating the bottom-line impact.

A softening in the Australian dollar during the Reporting Period has placed pressure on margins, and this was somewhat offset via retail price reviews. Online trading was up 30% on the prior year delivering 17% of gross sales and providing a strong foundation for continued trade during the COVID-19 lockdown in the second half of the year.

Consumer sentiment was impacted by COVID-19 in late March 2020, with precipitous sales drops experienced in the portfolio brands operating in higher market segments and higher ticket categories. All brands, with the exception of Fantastic Furniture, endured a period of shopfront closure for a four- to five-week period during April 2020. Encouragingly, consumer demand has rebounded strongly in May 2020 and June 2020 with all brands trading and record sales levels being achieved. These sales, coupled with the direct and indirect impact of government subsidies, are expected to contribute toward a profitable second-half performance for Greenlit.

The Group is considering a possible public listing of the Fantastic Group. This process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing at this point.

All other

LIPO (€M)	H12020	H12020 Pro forma	H12019	% change	% change
Total revenue	88	88	88	–	–
EBITDA	7	(2)	2	>100	>(100)
Operating profit	(1)	(2)	1	>(100)	>(100)

SOURCING AND LOGISTICS (€M)	H12020	H12020 Pro forma	H12019	% change	% change
Total revenue	3	3	15	>(100)	>(100)
EBITDA	2	(1)	(1)	>100	>(100)
Operating profit/(loss)	1	–	(1)	>100	>100

Lipo

In a competitive Swiss market, the furniture retailer Lipo reported revenue at the same level as in the prior period (H12019: €88 million) despite the COVID-19 lockdown from 17 March 2020. When measured in constant currency against the Swiss franc, Lipo's total revenue decreased by 5%. The e-commerce business is running well but margins remain under pressure.

The business produced a pro forma €2 million EBITDA loss (reported €7 million profit; H12019: €2 million profit) and €2 million pro forma operating loss (reported €1 million operating loss; H12019: €1 million profit).

Sourcing and logistics

The businesses that have been retained consist of a small number of selected sourcing and logistics businesses.

Steinhoff N.V. corporate and treasury services

Segmental information for corporate and treasury services excludes certain one-off or exceptional items (largely consisting of advisory fees and impairments) that are described in note 3 of the 2020 Condensed Financial Statements.

CORPORATE AND TREASURY SERVICES (€M)	H12020	H12019	% change Reported
Total operating gain/(loss)	20	(42)	>100
Head office costs	(22)	(21)	5
Audit fees	(8)	(11)	27
Forex gains/(losses)	36	(10)	>100
Reversal of provisions	14	–	

Head office costs

This total includes costs such as salaries and running costs, including rent, travel and consultancy fees.

Audit fees

The scope of external audit services increased significantly during the 2018 and 2019 Reporting Periods. In terms of accounting principles, these expenses can only be recognised once incurred. As the 2017 and 2018 Annual Reports were only finalised in May and June 2019 respectively, certain audit fees relating to these Annual Reports were included within the 2019 Reporting Period. Similarly, the audit of the 2019 Annual Results only commenced after the conclusion of the 2019 financial year and are being expensed in the 2020 financial year.

Forex gains/(losses)

The group operates in a number of different currencies and as such, intergroup loans between group companies are often denominated in a currency different to the functional currency of the entity granting or receiving the loan. These intergroup loans result in foreign exchange profits or losses on revaluation to spot rate at reporting dates.

Reversal of provisions

Reversal of provisions raised in prior years no longer required.

Mattress Firm – equity accounted

Mattress Firm is the leading speciality bed retailer in the United States, with its approximately 2 500 retail stores nationwide making it the largest bed retail footprint in the country. www.mattressfirm.com

On 21 November 2018, following the completion of the Chapter 11 restructuring, the Group's shareholding in Mattress Firm decreased from 100% to 50.1%. As a result of the change in governance structure and the reduction in shareholding, for accounting purposes, the Group was deemed to have lost control of Mattress Firm and the remaining 50.1% stake has been equity accounted with effect from that date. In accordance with accounting standards, following the change in control, 100% of Mattress Firm's results were deemed to be discontinued operations up to and until 21 November 2018, although the Group retained a 50.1% shareholding in Mattress Firm, subject to dilution from the management incentive plan.

The operating information below is for the full six-month period, does not take into account IFRS 16, and is provided as pro forma results for information purposes only.

MATTRESS FIRM (€M)	H12020	H12019	% change
Total revenue	1 430	1 243	15
EBITDA	80	(39)	>100
Operating profit/(loss)	107	(39)	>100

In October 2018, Mattress Firm entered into a voluntary Chapter 11 restructuring process, which was successfully completed in November 2018. This process was the cornerstone of Mattress Firm's turnaround plan as it enabled Mattress Firm to restructure its balance sheet, secure additional new funding, and optimise its retail store portfolio by exiting 640 economically inefficient retail store locations. In addition, approximately 100 stores were closed during the period under review through natural lease expirations. Following the successful exit from Chapter 11 in November 2018, the performance trends in the business have been far more encouraging.

Despite a 3% reduction in the store base year-on-year, USD revenue increased by 12% for the six months under review. Encouragingly, like-for-like sales increased by 13% in the second quarter, representing the eighth consecutive quarter

of positive like-for-like sales growth. In addition, store productivity and product margins continued to improve.

Profitability represented a significant improvement compared to the prior period and the business continues to trade ahead of budget.

Towards the end of March 2020, a significant number of stores were required to close due to the COVID-19-related government imposed restrictions. Management implemented a wide range of actions to reduce expenses and preserve liquidity. With effect from early May 2020, the stores were allowed to reopen, and as at the end of June 2020, 88% of stores had reopened. Revenues since reopening have been better than expected and the current liquidity position at Mattress Firm remains strong.



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020

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Condensed Consolidated Statement of Profit or Loss

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Continuing operations			
Revenue	2	6 241	6 152
Cost of sales ²		(3 829)	(3 762)
Gross profit		2 412	2 390
Other income		62	60
Distribution expenses		(306)	(349)
Administration expenses		(1 846)	(1 795)
Other expenses	3	(1 003)	(44)
Operating (loss)/profit		(681)	262
Finance costs	4	(698)	(482)
Income from investments		59	38
Share of loss of equity accounted companies		(10)	(11)
Impairment of equity accounted companies	8.2	(25)	–
Loss before taxation		(1 355)	(193)
Taxation		(83)	(113)
Loss from continuing operations		(1 438)	(306)
Discontinued operations			
Loss from discontinued operations	1.2	(82)	(265)
Loss for the period		(1 520)	(571)
(Loss)/profit attributable to:			
Owners of Steinhoff N.V.		(1 523)	(617)
Non-controlling interests		3	46
Loss for the period		(1 520)	(571)
Basic and diluted loss per share (cents)³			
From continuing operations	6	(34.7)	(8.5)
From discontinued operations	6	(2.0)	(6.4)
		(36.7)	(14.9)

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

² The material component of cost of sales comprises the cost of sales of inventory.

³ Refer to note 6 for normalised basic and diluted loss per share. The Company regards normalised loss as the appropriate basis to evaluate business performance as it eliminates the impact of the provision for the proposed settlement during the Reporting Period. Refer to note 11.2 for more detail on the proposed settlement provision raised.

On 1 October 2019, the Group adopted IFRS 16 Leases. Comparative information for the 2019 Half-year Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Additional pro-forma note disclosure is provided of the current period, adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 17.4.

The accompanying notes form an integral part of the 2020 Condensed Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 31 MARCH 2020

	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Loss for the period	(1 520)	(571)
Items that may be reclassified subsequently to profit or loss (net of tax):		
Net exchange losses on translation of foreign operations and translation of net investment in foreign operations ²	(785)	34
Foreign currency translation reserve and cash flow hedge reclassified to profit or loss on disposal of investment - Continued operations	-	81
Foreign currency translation reserve and cash flow hedge reclassified to profit or loss on disposal of investment - Discontinued operations	34	-
Net fair value gain on cash flow hedges and other assets and liabilities measured at fair value through other comprehensive income	53	5
Other comprehensive income of equity accounted companies	-	1
Total other comprehensive (loss)/income for the period	(698)	121
Total comprehensive loss for the period	(2 218)	(450)
Total comprehensive (loss)/income attributable to:		
Owners of Steinhoff N.V.	(2 066)	(505)
Non-controlling interests	(152)	55
Total comprehensive loss for the period	(2 218)	(450)

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

² The net exchange losses recognised in Comprehensive Income during the Reporting Period resulted mostly from the translation of the Group's investment in its South African operations where there was a significant deterioration of the South African rand to the Euro. The exchange rates used to translate the South African operations during the Reporting Period were EUR:ZAR 16.6270 for the average translation rate and EUR:ZAR 19.6095 for the closing translation rate.

The accompanying notes form an integral part of the 2020 Condensed Financial Statements.

Condensed Consolidated Statement of Financial Position

AS AT 31 MARCH 2020

	Notes	31 March 2020 Unaudited €m	30 September 2019 Audited €m
ASSETS			
Non-current assets			
Goodwill	7	3 814	4 295
Intangible assets	7	1 506	1 676
Property, plant and equipment		1 277	1 352
Right-of-use assets	17	2 395	–
Investments in equity accounted companies	8	149	208
Other financial assets	9	279	332
Deferred tax assets		210	162
Trade and other receivables		4	9
		9 634	8 034
Current assets			
Inventories		1 954	2 130
Trade and other receivables		943	954
Taxation receivable		49	65
Other financial assets	9	178	178
Cash and cash equivalents		1 810	1 795
		4 934	5 122
Assets classified as held-for-sale and disposal groups	15	343	1 445
		5 277	6 567
Total assets		14 911	14 601
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital (net of treasury shares)		41	41
Share premium (net of treasury shares)		10 537	10 537
Other reserves		(1 769)	(1 230)
Accumulated losses		(13 329)	(11 719)
Total equity attributable to owners of Steinhoff N.V.		(4 520)	(2 371)
Non-controlling interests		1 071	1 273
Total equity		(3 449)	(1 098)
Non-current liabilities			
Borrowings	10	10 793	10 371
Employee benefits		135	133
Deferred tax liabilities		377	397
Provisions		174	118
Lease liabilities	17	1 865	–
Trade and other payables		22	49
		13 366	11 068
Current liabilities			
Trade and other payables		2 077	2 402
Taxation payable		170	216
Employee benefits		63	109
Provisions		178	290
Lease liabilities	17	871	–
Provision – Litigation Settlement Proposal	11.2	882	–
Borrowings	10	705	999
		4 946	4 016
Liabilities directly associated with assets classified as held-for-sale and disposal groups	15	48	615
		4 994	4 631
Total equity and liabilities		14 911	14 601

The accompanying notes form an integral part of the 2020 Condensed Financial Statements.

The Group has elected to apply the impact of IFRS 16 retrospectively with an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated. Refer to note 17.3 for financial impact of IFRS 16 on the 1 October 2019 Statement of Financial Position.

Condensed Consolidated Statement of Changes in Equity

FOR THE PERIOD ENDED 31 MARCH 2020

Notes	Ordinary share capital & Treasury share capital €m	Share premium & Treasury share premium €m	Accumulated losses €m	Foreign currency translation reserve €m	Reserves relating to assets held-for-sale and disposal groups €m	Sundry reserves €m	Total ordinary equity attributable to owners of Steinhoff N.V. €m	Non-controlling interests €m	Total €m
Balance at 30 September 2019 – Audited	41	10 537	(11 719)	(1 025)	–	(205)	(2 371)	1 273	(1 098)
Effect of adopting IFRS 16 Leases	–	–	(76)	–	–	–	(76)	(43)	(119)
Restated balance at beginning of the period	41	10 537	(11 795)	(1 025)	–	(205)	(2 447)	1 230	(1 217)
Loss for the period	–	–	(1 523)	–	–	–	(1 523)	3	(1 520)
Other comprehensive income for the period	–	–	–	(596)	–	53	(543)	(155)	(698)
Total comprehensive (loss)/income for the period	–	–	(1 523)	(596)	–	53	(2 066)	(152)	(2 218)
Transactions with the owners in their capacity as owners									
Ordinary dividends	–	–	–	–	–	–	–	(14)	(14)
Preference dividends	–	–	(4)	–	–	–	(4)	–	(4)
Share-based payments ¹	–	–	–	–	–	4	4	–	4
Transfers to/(from) other reserves upon disposal of subsidiaries and equity accounted investments	–	–	(7)	–	–	–	(7)	7	–
Total equity at 31 March 2020 – Unaudited	41	10 537	(13 329)	(1 621)	–	(148)	(4 520)	1 071	(3 449)
Balance at 30 September 2018 – Audited	2 070	8 364	(9 778)	(1 000)	(148)	(29)	(521)	1 162	641
Effect of adopting IFRS 9 – Financial Instruments, net of taxation	–	–	(4)	–	–	–	(4)	–	(4)
Restated balance at beginning of the period	2 070	8 364	(9 782)	(1 000)	(148)	(29)	(525)	1 162	637
Loss for the period	–	–	(617)	–	–	–	(617)	46	(571)
Other comprehensive income for the period	–	–	–	4	102	6	112	9	121
Total comprehensive (loss)/income for the period	–	–	(617)	4	102	6	(505)	55	(450)
Transactions with the owners in their capacity as owners									
Net treasury shares purchased and attributed	3	33	(36)	–	–	–	–	–	–
Preference shares redeemed (Mattress Firm restructure)	–	–	33	–	–	–	33	(33)	–
Ordinary dividends	–	–	–	–	–	–	–	(18)	(18)
Attributable share of other reserves relating to equity accounting	–	–	–	–	–	2	2	–	2
Share-based payments	–	–	12	–	–	(11)	1	–	1
Transfers to/(from) other reserves upon disposal of subsidiaries and equity accounted investments	–	–	8	(12)	12	(8)	–	–	–
Restated balance at 31 March 2019 – Unaudited	2 073	8 397	(10 382)	(1 008)	(34)	(40)	(994)	1 166	172

¹ Share-based payments in the Reporting Period relates only to Pepkor Africa.

The accompanying notes form an integral part of the 2020 Condensed Financial Statements.

Condensed Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	Six months ended 31 March 2020 Unaudited €m	Six months ended 31 March 2019 Unaudited €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) in operations	12	472	(156)
Ordinary and preference dividends paid		(28)	(18)
Interest received		21	23
Interest paid		(87)	(88)
Taxation paid		(130)	(88)
Net cash inflow/(outflow) from operating activities		248	(327)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property		(141)	(109)
Proceeds on disposal of property, plant and equipment and intangible assets		144	67
Additions to intangible assets		(22)	(14)
Proceeds on disposal of kika-Leiner ¹		–	397
Acquisition of businesses, net of cash on hand at acquisition		(2)	–
Clawback on acquisition of business		2	–
Disposal of businesses net of cash	1.3	251	–
Proceeds from the disposal of investments in equity accounted companies		–	294
Decrease in net assets classified as held-for-sale and disposal groups		–	413
Payments for other financial assets		–	(2)
Net cash inflow from investing activities		232	1 046
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares bought from non-controlling interests		–	(3)
Payment of lease liabilities		(269)	–
Repayments of borrowings	10.2	(295)	(266)
Proceeds from borrowings	10.2	161	–
Net cash inflow from financing activities		(403)	(269)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Effects of exchange rate translations on cash and cash equivalents		77	450
Cash and cash equivalents at beginning of the period		(218)	8
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1 951	1 275
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Reconciliation of Cash and Cash Equivalents at end of period		1 810	1 733
Cash and cash equivalents		1 810	1 795
Cash and cash equivalents held-for-sale		–	(62)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1 810	1 733

¹ Kika-Leiner was sold during the 2018 reporting period the proceeds were received during the 2019 Half-year Reporting Period.

On 1 October 2019, the Group adopted IFRS 16 Leases. Comparative information for the 2019 Half-year Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 17.4.

The accompanying notes form an integral part of the 2020 Condensed Financial Statements.

Basis of preparation

FOR THE PERIOD ENDED 31 MARCH 2020

Reporting entity

Steinhoff N.V. is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands under number 63570173, and with tax residency in South Africa. The Company has a primary listing on the FSE with a secondary listing on the JSE. The unaudited Condensed Consolidated Half-year Financial Statements ("2020 Condensed Financial Statements") of Steinhoff N.V. for the six-month period ended 31 March 2020 comprise the Group and the Group's interest in equity accounted companies. The Group is primarily a global holding company with investments in a diverse range of retail businesses. The Group operates in Africa, Australasia, Europe, the United Kingdom and the United States of America.

Refer to the Glossary of Terms in the Annexures applicable to this report.

Basis of preparation

Statement of compliance

The 2020 Condensed Consolidated Financial Statements have been prepared in accordance with IFRS, as endorsed by the European Union ("EU"). All standards and interpretations issued by the IASB and the IFRIC, effective for periods starting on 1 October 2019, have been endorsed by the EU. Where necessary, adjustments have been made to the financial results of all Group entities to ensure compliance with Group accounting policies.

The accounting policies applied for these 2020 Condensed Financial Statements are unchanged, except for the adoption of new IFRS standards as discussed below, from those used for the 2019 Consolidated Financial Statements and are included in the 2019 Annual Report on the Group's website www.steinhoffinternational.com. The Group adopted all the IFRS and interpretations that were effective for financial periods beginning on or after 1 October 2019.

On 1 October 2019, the Group adopted IFRS 16, effective for financial years commencing on or after 1 January 2019. The Group adopted this standard using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17: Leases (IAS 17) and IFRIC 4: Determining Whether an Arrangement Contains a Lease (IFRIC 4). Refer to note 17 for detail.

Presentation and functional currency and historical cost convention

The 2020 Condensed Financial Statements have been presented in millions of euros (€m) and are prepared on the historical-cost basis, except for certain assets and liabilities carried at amortised cost, certain financial instruments and defined benefit pension plans which are carried at fair value, assets held-for-sale which are carried at the lower of carrying amount and fair value less cost of disposal and accounting for operations for which hyperinflationary accounting is applied.

The Euro is the Group's presentation currency and the Company's functional currency.

Going concern

In determining the appropriate basis of preparation of the 2020 Condensed Financial Statements, the Management Board is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future.

The Group's going concern assessment is similar to the going concern assessment included in the 2019 Consolidated Financial Statements.

With the conclusion and implementation of the CVA (also refer to Note 16 - Borrowings of the 2019 Consolidated Financial Statements), the existing debt instruments in SEAG and SFHG were reissued with effect from 13 August 2019, with a common maturity date of 31 December 2021. No cash interest is payable in this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value.

The Group and the Company's cash flow forecasts, adjusted for the impact of the proposed legal settlement detailed in note 11.2, indicate that both the Group and the Company can, based on certain critical assumptions, continue in operational existence for the foreseeable future, namely for 12 months after the date of authorisation of the 2020 Condensed Financial Statements.

However, the Management Board draws shareholders' attention to the following material uncertainties that are key in arriving at the forecasted cash flows, namely:

Litigation and Regulation

The Group and the Company are subject to several legal claims and regulatory investigations (also refer to Note 22 – Commitments and Contingencies of the 2019 Consolidated Financial Statements). A key assumption in both the Group and the Company's cash flow forecasts is that no material judgements or fines are issued against the Group or Company that will become payable during the next 12 months. The Supervisory Board and the Management Board, assisted by the Litigation Working Group, and in consultation with the Group's attorneys, continue to assess the merits of, and responses to, these claims, and provide feedback to the regulatory bodies. Pleading and notices have been filed by the Group in various legal proceedings and the Company and applicable subsidiaries have co-operated with various regulators in their investigations. However, there remains a material uncertainty as to the ultimate impact of litigation and regulatory enforcement on the liquidity of the Group. Refer to note 11 for more information on claims and fines.

Basis of preparation

FOR THE PERIOD ENDED 31 MARCH 2020

Basis of preparation (continued)

Litigation and Regulation (continued)

Notwithstanding the ongoing litigation and claims the Group have received, and continue to defend, it has announced a proposed settlement to conclude substantially all the various litigation proceedings. The latest settlement proposal was sent to the key counterparties, although limited feedback has yet been received.

The quantum of the provision raised during the Reporting Period is based on the estimated financial outcome of the settlement proposal as announced on 27 July 2020.

Management draws the user of the financial statements' attention to the fact that the above litigation has not been resolved and therefore material uncertainties relating to litigation for going concern purposes remain. The actual settlement could also differ substantially from the provision raised.

The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisors, past or present. Refer to note 11.2 for more information.

At the same time, the Group is also evaluating its position on potential claims it may have against third parties and recoveries against implicated entities and individuals are being initiated where appropriate. Certain individuals have been joined as parties to proceedings on the basis that if claims against the Group are successful, the Group should be entitled to an indemnity in respect of, or a contribution towards, those claims. The Group also intends to recover amounts paid to certain former members of, inter alia, the Management Board of Steinhoff N.V. On 19 June 2019 the Company launched proceedings against former CEO Markus Jooste and former CFO Ben la Grange in the High Court of South Africa, Western Cape Division, Cape Town, South Africa to recover certain salary and bonus payments paid to the former CEO and CFO.

Tax

Tax remains a material uncertainty, as the tax impact of the accounting irregularities identified, and the consequential effects thereof, remain uncertain. This is exacerbated by the fact that these irregularities impact multiple jurisdictions and the finalisation of their treatment will require substantial analysis and negotiation with multiple tax authorities. A key assumption is therefore that the tax assumptions built into the current cash forecasts, for both the Group and Company, continue to apply and that no unexpected valid material assessments are issued by the relevant tax authorities. The steps necessary for the implementation of the CVAs were complex and multi-jurisdictional, potentially giving rise to an element of risk regarding the tax consequences thereof. The Group has engaged with professional tax advisors in numerous jurisdictions to determine the ultimate tax consequences, with a view to ensuring that the associated element of risk arising from the CVAs is mitigated.

COVID-19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, when lockdowns were initiated in most of the countries in which the Group operates. These measures resulted in the closure of many of the Group's general merchandise stores and central office and warehousing facilities.

Given the significant and immediate impact on revenues and cash, management acted swiftly to implement a definitive COVID-19 response strategy. This focused on ensuring employee and customer safety, securing liquidity and preserving the Group's cash position.

The full impact of COVID-19 on the performance of the Group for the 2020 Reporting Period remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period. However, management is encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of management's previous expectations.

While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.

While the Group is confident that the actions it is taking to address the impact of the COVID-19 pandemic are appropriate and timely, the situation is rapidly changing and remains uncertain and is subject to continuous review.

Conclusion

The Management Board draws attention to the following facts:

- that in the Group's 2020 Condensed Financial Statements liabilities exceed assets, and
- that these material uncertainties extend beyond the foreseeable future (except for COVID-19).

These facts therefore cast significant doubt upon the Company and Group's ability to continue as a going concern beyond the foreseeable future. If the Group and the Company are to continue as a going concern, the Management Board and the operational management team require sufficient time to continue stabilising the Group and re-establishing value at operational level. This will enable the Group and the Company to realise assets in a non-distressed fashion and thus maximise value, enhancing the Group's ultimate ability to repay or reduce debt and to protect and maximise value to all stakeholders. At the same time a solution for the litigation initiated against the Group will need to be sought and implemented.

Basis of preparation

FOR THE PERIOD ENDED 31 MARCH 2020

Areas of critical judgements and estimates

The preparation of 2020 Condensed Financial Statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates, and judgements have been made after taking into account all currently available information but could change if additional relevant information comes to light.

Critical accounting estimates are those which involve complex or subjective judgements or assessments.

Refer to the Financial and Business review section of this report and the 2019 Consolidated Financial Statements for a list of critical accounting estimates and judgements that are also applicable to the 2020 Condensed Financial Statements.

The results of operations for the six months ended 31 March 2020 are not necessarily indicative of the results to be expected for the entire financial period.

Critical estimate included in the preparation of 2020 Condensed Financial Statements not in the list applicable to 2019 Consolidated Financial Statements:

Estimate	Note
• Estimates of provision to be raised for the Litigation Settlement Proposal	11.2

Adopted new significant accounting policy

Leases

Initial and subsequent measurement

Right-of-use assets are initially measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the relating lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term, which is determined by the Group as the non-cancellable period of the lease including any extension options where the Group is reasonably certain it will be exercised. Right-of-use assets are tested for impairment when indicators of impairment are identified.

Lease liabilities are initially measured at the present value of future lease payments discounted using the discount rate implicit in the lease or, where this has not been stipulated, the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group exercises the option to terminate. Variable lease payments, that do not depend on an index or a rate, are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The incremental borrowing rate at which the future lease payments is discounted takes into account lease term, country, currency and start date of the lease. Incremental borrowing rates are based on a series of inputs of which the most significant inputs include the interbank average lending rate, credit risk adjustments and country-specific adjustment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the group's assessment of whether it is reasonably certain to exercise a renewal or termination option. The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

1. DISCONTINUED OPERATIONS

In order to fund operations, repay debt and support the Group's short-term liquidity, management decided to dispose of certain non-core assets or assets requiring significant cash commitments.

The majority of the businesses included in the following former reportable segments were disposed of or classified as held-for-sale during the 2019 Half-year Reporting Period and Reporting Period. These businesses have been presented as discontinued operations:

Identified for inclusion in the Reporting Period: Segment	Businesses
European Properties	Hemisphere properties
Greenlit Brands	General Merchandise division
All Other segment	Abra
	Blue Group
	Pritex
	Properties – Africa
	Sherwood

These disposals have also necessitated a restatement of segmental reporting (refer note 2).

Identified for inclusion in the 2019 Half-year Reporting Period: Segment	Businesses
European Manufacturing, Sourcing and Logistics	Steinpol
Mattress Firm	Mattress Firm
Automotive	Unitrans

Refer to note 15 for more information on the held-for-sale assets and liabilities.

European Properties

Hemisphere properties

Hemisphere is an indirect wholly owned subsidiary of Steinhoff N.V. and holds a portfolio of European properties. The European property portfolio comprises office, retail and warehouse space.

Hemisphere property portfolio met the criteria to be classified as held-for-sale on 30 June 2019.

The Hemisphere property portfolio disposal processes have been affected by the COVID-19 pandemic to varying extents. Some of the processes have experienced delays and, in the case of the Industrial & Logistics portfolio, the buyer was not willing and able to complete Phase 1 of the disposal on 31 March 2020 as required by the sale and purchase agreement. Irrespective of these developments, the Company remains committed to a sale of the Hemisphere properties and the directors continue to believe that the held-for-sale classification remains appropriate for these assets.

Greenlit Brands – General Merchandise

On 18 November 2019 Greenlit Brands announced its agreement to divest its General Merchandise division to Allegro Funds for approximately €39 million. The brands being disposed include Best & Less, Harris Scarfe, Postie and Debenhams Australia. This transaction was completed in early December 2019. The remaining Household Goods division is recognised as a continuing operation in the Greenlit Brands (previously Australasia) segment.

At 30 September 2019 Greenlit Brands - General Merchandise met the criteria to be classified as held-for-sale.

All Other segment

Abra

The Group concluded the sale of Abra during October 2019. Abra met the criteria to be classified as held-for-sale on 30 September 2019.

Blue Group

On 15 November 2019, the Group announced that in line with the strategy of simplifying its portfolio and deleveraging the balance sheet it had reached agreement to sell the Group's household goods division, Blue Group Holdco Limited to Alteri Investors.

At 30 September 2019 the Blue Group met the criteria to be classified as held-for-sale.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

1. DISCONTINUED OPERATIONS (continued)

All Other segment (continued)

Pritex

Pritex Limited, the manufacturer of acoustic and thermo-acoustic insulation products for the diverse range of automotive and industrial markets was disposed of on 24 May 2019 together with a real estate property it occupied to Saint-Gobain High Performance Solutions UK Limited.

Properties – Africa

The Group has commenced a process post March 2019 to dispose of the remaining property portfolio of the African property portfolio. Management considered various disposal options for their African property portfolio in order to optimise the balance sheet and unlock value for shareholders.

The disposal portfolio consists of retail, office, warehouse, vacant land and residential properties, which includes properties tenanted by third party tenants. The list of properties in each portfolio have been identified and offers are currently being assessed against the valuations conducted for each of the properties.

At 30 September 2019 the Africa property portfolio met the criteria to be classified as held-for-sale.

Sherwood

The Group disposed of its 80% interest in Sherwood during January 2020 to Tempur Sealy for approximately €47 million. At 30 September 2019 Sherwood met the criteria to be classified as held-for-sale.

European Manufacturing, Sourcing and Logistics

Steinpol

Steinpol is a non-core manufacturing business in Poland and management decided to dispose of the business to reduce the Group's exposure to its funding requirements.

The transaction closed on 11 March 2019. Management concluded that the Steinpol business met the criteria to be classified as held-for-sale on 30 September 2018.

Automotive

Unitrans

On 28 March 2019 the Company announced that it has reached in-principle agreement to dispose of 74.9% of Steinhoff Africa's shares in Unitrans (and its subsidiaries), and 100% of the loan claims against Unitrans held by Steinhoff Africa, to CFAO Holdings South Africa Proprietary Limited. From 30 September 2018 the Automotive business met the criteria to be classified as held-for-sale.

The effective sale date has been determined as 25 November 2019. Unitrans will be fully consolidated up to this date.

The Automotive business was a separate reportable segment and has therefore been disclosed as a discontinued operation.

The remaining 25.1% of the shares were sold to a Broad-Based Black Economic Empowerment investment group, Kapela on 19 December 2019.

Mattress Firm

On 21 November 2018, in consideration for providing the financing required by Mattress Firm to emerge from Chapter 11, certain of the Group's lenders that provided the exit financing received 49.9% of the shares in SUSHI, the indirect owner of Mattress Firm.

The Group retained a 50.1% equity interest in Mattress Firm. Both the lenders' and the Group's shareholding are subject to a total dilution up to 10% by a management incentive plan.

The Management Board has considered the shareholding and governance structures of Mattress Firm and determined that the Group lost control of Mattress Firm on 21 November 2018. The value of the associate recognised on the day the Group lost control was based on 5x EBITDA multiple (forecasted September 2021 EBITDA).

Mattress Firm was included as a discontinued operation until 21 November 2018, and thereafter as an equity accounted investment.

The businesses discussed above are presented as discontinued operations in the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the periods ended 31 March 2020, 31 March 2019 and 30 September 2019, as required by IFRS. Comparative information has been restated accordingly.

The detail of assets classified as held-for-sale is presented in note 15.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

1. DISCONTINUED OPERATIONS (continued)

1.1 ADJUSTMENT OF THE PRIOR PERIOD STATEMENT OF PROFIT OR LOSS ON CONTINUING OPERATIONS FOR THE RESTATED DISCONTINUED OPERATIONS

	Six months ended 31 March 2019		
	Previously reported €m	Adjustment for discontinued operations €m	Continuing operations presented €m
Continuing operations			
Revenue	6 862	(710)	6 152
Cost of sales	(4 136)	374	(3 762)
Gross profit	2 726	(336)	2 390
Other income	70	(10)	60
Distribution expenses	(364)	15	(349)
Administration expenses	(2 177)	382	(1 795)
Other expenses	(43)	(1)	(44)
Operating profit	212	50	262
Finance costs	(483)	1	(482)
Income from investments	39	(1)	38
Share of profit of equity accounted companies	(10)	(1)	(11)
Loss before taxation	(242)	49	(193)
Taxation	(114)	1	(113)
Loss for the period	(356)	50	(306)
Loss attributable to:			
Owners of Steinhoff N.V.	(402)	50	(352)
Non-controlling interests	46	-	46
Loss from continuing operations	(356)	50	(306)
Basic loss per share (cents)	(9.7)	1.2	(8.5)

1.2 STATEMENT OF PROFIT OR LOSS FOR DISCONTINUED OPERATIONS

	Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Revenue		584	1 865
Cost of sales		(399)	(1 195)
Gross profit		185	670
Other income		15	30
Distribution expenses		(6)	(56)
Administration expenses		(221)	(705)
Other expenses		(15)	(60)
Impairments		-	(53)
Net gain on disposal of property, plant and equipment		52	26
(Loss)/profit on disposal of discontinued operations/disposal group	1.3	(33)	36
Foreign currency translation reserve reclassified to profit or loss		(34)	(88)
Other		-	19
Operating loss		(42)	(121)
Finance costs		(21)	(146)
Income from investments		-	3
Loss before taxation		(63)	(264)
Taxation		(19)	(1)
Loss for the period		(82)	(265)
Loss attributable to:			
Owners of Steinhoff N.V.		(82)	(265)
Non-controlling interests		-	-
Loss for the period		(82)	(265)

¹ Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

1. DISCONTINUED OPERATIONS (continued)

1.3 DETAILS OF THE DISPOSAL OF SUBSIDIARIES CLASSIFIED AS DISCONTINUED OPERATIONS

	Unitrans €m	Sherwood €m	Greenlit Brands €m	Blue Group €m	Abra €m	Total Unaudited
Carrying amount of net assets sold	230	37	34	37	2	340
(Loss)/profit on disposal of discontinued operations/disposal group	(3)	8	(10)	(26)	(2)	(33)
Total consideration	227	45	24	11	–	307
Net cash inflow arising on disposals						
Total consideration	227	45	24	11	–	307
Less cash on hand at date of disposal	(46)	(1)	(6)	(1)	(2)	(56)
Net cash inflow	181	44	18	10	(2)	251

1.4 PRESENTATION OF DISCONTINUED OPERATIONS IN THE STATEMENT OF CASH FLOWS

	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Cash flows from discontinued operations		
Net cash outflow from operating activities	(30)	(356)
Net cash inflow from investing activities*	(109)	(1)
Net cash inflow from financing activities	10	355
Net cash outflow	(129)	(2)

¹ Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

1.5 SEGMENTAL INFORMATION RELATING TO DISCONTINUED OPERATIONS

	Six months ended 31 March 2020 Unaudited	Restated ¹ Six months ended 31 March 2019 Unaudited			
	Discontinued operations €m	Previously reported €m	Adjustment for cut-off €m	Adjustment for Discontinued operations €m	Discontinued operations presented €m
Segmental revenue from discontinued operations					
European Properties	7	–	–	6	6
Mattress Firm ²	–	384	(45)	–	339
Automotive	281	750	–	–	750
Greenlit Brands – General Merchandise	109	–	–	311	311
All Other					
European Manufacturing, Sourcing and Logistics	–	66	–	–	66
Blue Group	147	–	–	314	314
Properties – Africa	3	–	–	4	4
Abra	–	–	–	27	27
Sherwood	37	–	–	48	48
Net external revenue from discontinued operations*²	584	1 200	(45)	710	1 865

* Revenue between discontinued operations have been eliminated.

¹ Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

² The revenue previously reported has been decreased by €45 million after cut-off procedures were performed during the audit of the 2019 Consolidated Financial Statements.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

1. DISCONTINUED OPERATIONS (CONTINUED)

1.5 SEGMENTAL INFORMATION RELATING TO DISCONTINUED OPERATIONS

Operating loss before depreciation and amortisation adjusted for material non-operational items ("EBITDA")

	Six months ended 31 March 2020 Unaudited	Restated ¹ Six months ended 31 March 2019 Unaudited
EBITDA reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:		
Operating loss from discontinued operations	(42)	(121)
Depreciation and amortisation	22	22
Other expenses considered material non-operational items	15	60
Intercompany elimination with continuing operations	2	27
EBITDA per segment reporting from discontinued operations	(3)	(12)
European Properties	(17)	–
Mattress Firm ²	–	(47)
Automotive	6	32
Greenlit Brands – General Merchandise	27	4
All Other	(19)	(1)
EBITDA from discontinued operations as presented	(3)	(12)

¹ Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

² The EBITDA previously reported has been decreased by €21 million after cut-off procedures were performed during the audit of the 2019 Consolidated Financial Statements.

Operating loss adjusted for material non-operational items ("EBIT")

	Six months ended 31 March 2020 Unaudited	Restated ¹ Six months ended 31 March 2019 Unaudited
EBIT reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:		
Operating loss from discontinued operations	(42)	(121)
Other expenses considered material non-operational items	15	60
Intercompany eliminations with continuing operations	2	27
EBIT per segment reporting from discontinued operations	(25)	(34)
European Properties	(31)	(4)
Mattress Firm ²	–	(47)
Automotive	6	32
Greenlit Brands – General Merchandise	25	(2)
All Other	(25)	(13)
EBIT from discontinued operations as presented	(25)	(34)

¹ Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

² The EBIT previously reported has been decreased by €21 million after cut-off procedures were performed during the audit of the 2019 Consolidated Financial Statements.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION

The Group determined the Management Board to be the Chief operating decision maker for all periods under review.

The Group has disclosed the following reportable segments in respect of the Reporting Period and has restated the segment disclosures of the 2019 Half-year Reporting Period accordingly:

The Chief operating decision maker examines the Group's performance both from a product and geographical perspective and has identified the following six reportable segments of its business based on how information is accumulated and reported to the Chief operating decision maker:

- **Conforama**
Conforama operates furniture retail stores across Europe with the majority of its stores in France, Switzerland, Italy and Iberia. This segment includes the Conforama property portfolio. The Chief operating decision maker monitors the performance of Conforama on a consolidated basis.
- **Pepco Group (previously Pepkor Europe)**
This segment comprises the general merchandise retail business of Pepco (operating in Poland and central and eastern Europe) and Poundland (operating mostly in the United Kingdom and Republic of Ireland). These businesses' performances are reviewed together as Pepco Group by the Chief operating decision maker.
- **Australasia (Greenlit Brands)**
The Australasia segment comprises the household goods and general merchandise retailers based in Australasia (majority of the retail stores are in Australia). The General Merchandise segment has been classified as a discontinued operation. Refer to note 1. Major brands include Fantastic, Freedom and Best & Less. The Chief operating decision maker monitors the performance of Greenlit Brands on a consolidated basis.
- **Pepkor Africa**
Pepkor Africa is listed on the JSE. Revenue in Pepkor Africa is derived from a portfolio of retail chains focused on selling predominantly clothing, footwear, textiles, cell phones, airtime and fast moving consumer goods ("FMCG"). Pepkor Africa also operates in the building supplies and furniture divisions where revenue is derived from sales of do-it-yourself building supplies and materials and furniture and appliances respectively. The Pepkor Group operates within Africa and the majority of its revenue is derived from South Africa. The Chief operating decision maker monitors the performance of this listed group on a consolidated basis.
- **Corporate and treasury services**
Steinhoff N.V.'s various global corporate offices provide strategic direction and services to the decentralised operations globally. Activities include management of regulator and stakeholder engagement processes negotiating funding and identifying and implementing corporate activities.
- **All other segments**
Included in "All Other" are operating segments that did not meet the requirements of a reportable segment per IFRS 8. These segments are neither sufficiently material in size nor unique in their geography to warrant separate disclosure. Included in this category are the businesses of Lipo (operating from Switzerland) and the remaining European Logistics and Sourcing businesses.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION (continued)

Measures reported to the Chief operating decision maker

Revenue

Segment revenue excludes Value Added Taxation. Intersegment revenue is eliminated in the segment from which it was sold.

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

No single customer contributes 10% or more of the Group's revenue.

Segment revenue from continuing operations

	Six months ended 31 March 2020 Unaudited			Restated ¹ Six months ended 31 March 2019 Unaudited		
	Total segment revenue €m	Inter- segment revenue €m	Revenue from external customers €m	Total segment revenue €m	Inter- segment revenue €m	Revenue from external customers €m
Conforama	1 666	–	1 666	1 797	–	1 797
Pepco Group	1 917	12	1 905	1 729	3	1 726
Greenlit Brands	315	–	315	338	5	333
Pepkor Africa	2 261	–	2 261	2 192	–	2 192
Corporate and treasury services	3	–	3	4	3	1
All Other	105	14	91	123	20	103
	6 267	26	6 241	6 183	31	6 152
Intercompany revenue from discontinued operations *	–	–	–	–	–	–
	6 267	26	6 241	6 183	31	6 152

¹The intercompany revenue from discontinued operations has already been eliminated from 'Revenue from external customers'.

Revenues from external customers - by geography from continuing operations

	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
The Company is domiciled in the Netherlands. Negligible revenues are generated by the Group's Netherlands operations and therefore none are disclosed. The Group is a global retailer and operates within many geographies. The amount of its revenue from external customers is presented below based on the geographies that contribute materially to the Group's revenue.		
Australasia	315	335
France	998	1 113
Poland	457	432
Rest of Africa	276	75
Rest of Europe	1 059	991
South Africa	1 983	2 117
Switzerland	306	281
United Kingdom	847	808
	6 241	6 152

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION (continued)

Operating performance measures – from continuing operations

The Group's share of equity accounted earnings, finance costs, investment income and income tax expenses are not monitored on a segmental level by the Chief operating decision maker and are therefore not allocated to the segments.

Operating profit or loss before depreciation and amortisation adjusted for material non-operational items ("EBITDA")

Segment performance is measured on continuing operations' EBITDA and represents segment revenue less segment expenses excluding depreciation, amortisation and other expenses considered material non-operational items as included in note 3.

Segment expenses include distribution expenses and administration expenses.

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

EBITDA reconciles to the operating loss per statement of profit or loss as follows:

		Restated ¹ Six months ended 31 March 2019 Unaudited			
	Notes	Six months ended 31 March 2020 Unaudited €m	Previously reported €m	Adjustment for discontinued operations €m	Continuing operations presented €m
Operating profit per statement of profit or loss		(681)	212	50	262
Depreciation and amortisation		382	134	(22)	112
Other expenses considered material non-operational items	3	1 003	43	1	44
Intercompany eliminations (discontinued operations)		(2)	4	(31)	(27)
EBITDA per segment reporting		702	393	(2)	391
EBITDA per segment:					
Conforama		49	19	–	19
Pepco Group		271	151	–	151
Greenlit Brands		–	14	(4)	10
Pepkor Africa		353	248	–	248
Corporate and treasury services		20	(38)	–	(38)
All Other		9	(1)	2	1
		702	393	(2)	391

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

On 1 October 2019, the Group adopted IFRS 16 Leases. Comparative information for the 2019 Half-year Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 17.4.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION (continued)

Operating profit or loss adjusted for material non-operational items ("EBIT")

Segment performance is measured on continuing operations' EBIT and represents segment revenue less segment expenses excluding material non-operational items included in note 3.

Depreciation and amortisation have been allocated to the segments to which they relate.

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

EBIT reconciles to the operating loss per statement of profit or loss as follows:

		Restated ¹ Six months ended 31 March 2019 Unaudited		
	Notes	Six months ended 31 March 2020 Unaudited €m	Previously reported €m	Adjustment for discontinued operations €m
				Continuing operations presented €m
Operating profit per statement of profit or loss		(681)	212	50
Other expenses considered material non-operational items	3	1 003	43	1
Intercompany eliminations (discontinued operations)		(2)	4	(31)
EBIT per segment reporting		320	259	20
EBIT per segment:				
Conforama		(33)	(9)	–
European Properties		–	(4)	4
Pepco Group		129	117	–
Greenlit Brands		(35)	1	2
Pepkor Africa		239	210	–
Corporate and treasury services		20	(41)	(1)
All Other		–	(15)	15
		320	259	20

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

On 1 October 2019, the Group adopted IFRS 16 Leases. Comparative information for the 2019 Half-year Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 17.4.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION (continued)

Segmental assets

Segment assets are measured in the same way as in the 2019 Consolidated Financial Statements. Assets that are not considered to be segment assets such as cash and cash equivalents, investments in equity accounted companies, short and long term investments and loans are excluded from the allocation of assets to segments.

Investment in equity accounted companies and short and long term investments (financial assets) are monitored by the Chief operating decision maker on a Group level as these assets are not related to the underlying operations or impact their performance. Such assets are not allocated to segments.

The segmental assets (both current and non-current) below are presented on a consolidated basis and all intercompany balances and investments in subsidiary companies have been disregarded for purposes of presenting segmental assets.

Reconciliation between total assets per statement of financial position and segmental assets

	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Total assets per statement of financial position	14 911	14 601
Less: Cash and cash equivalents	(1 810)	(1 795)
Less: Investments in equity accounted companies	(149)	(208)
Less: Long-term investments and loans	(279)	(332)
Less: Short-term investments and loans	(178)	(178)
Less: Assets classified as held-for-sale	(343)	(1 445)
Less: Right-of-use asset	(2 395)	–
Segmental assets	9 757	10 643
Segmental assets:		
Conforama	1 468	1 608
Pepco Group ¹	2 971	2 933
Greenlit Brands	417	446
Pepkor Africa ²	4 698	5 398
Corporate and treasury services ¹	147	203
All Other	56	55
	9 757	10 643

¹ Reclassification of total assets per segment in accordance with the audited 2019 Consolidated Financial Statements, to improve disclosure.

² The decrease in Pepkor Africa assets is mainly due to the weakening of the South African rand against the Euro during the Reporting Period.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

2. SEGMENT INFORMATION (continued)

Segmental non-current assets

The Group operates in a number of countries and the total non-current assets are presented on a geographical aggregation basis as this is more representative of the various factors taken into consideration when allocating resources as well as factors impacting impairment testing such as WACC, peer groups and operating environments.

The total of non-current assets other than financial instruments and deferred tax assets is presented based on the geographies that materially contribute to the Group's non-current assets.

Reconciliation between non-current assets per statement of financial position and segmental assets

	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Total non-current assets per statement of financial position	9 634	8 034
Less: Deferred taxation assets	(210)	(162)
Less: Long-term investments and loans (financial assets)	(279)	(332)
Less: Right-of-use assets	(2 395)	–
Segmental non-current assets	6 750	7 540
Africa ¹	3 479	4 150
Europe (including the United Kingdom)	3 030	3 054
Australasia	241	336
	6 750	7 540

¹ The decrease in Pepkor Africa assets is mainly due to the weakening of the South African rand against the Euro during the Reporting Period.

Segmental net debt

The purpose of the debt or the company in which the debt is raised determines the debt cluster to which the debt, cash and cash equivalents and related finance costs and investment income is allocated. These debt clusters are then reviewed by the Chief operating decision maker.

	Cash and cash equivalents €m	Current and non-current borrowings €m	Net Debt €m
31 March 2020 – Unaudited			
Conforama	78	(292)	(214)
Pepco Group	318	(532)	(214)
Greenlit Brands	68	(44)	24
Pepkor Africa	200	(897)	(697)
Corporate and treasury services	1 044	(9 439)	(8 395)
European Properties	63	(294)	(231)
All Other	39	–	39
	1 810	(11 498)	(9 688)
30 September 2019 – Audited			
Conforama	198	(256)	(58)
Pepco Group	274	(484)	(210)
Greenlit Brands	29	(33)	(4)
Pepkor Africa	237	(1 049)	(812)
Corporate and treasury services	980	(9 187)	(8 207)
European Properties	36	(361)	(325)
All Other	41	–	41
	1 795	(11 370)	(9 575)

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE

	Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
OTHER EXPENSES			
The Group has identified a number of non-operational items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.			
3.1 Impairment/(reversal of impairment)			
Goodwill	7	44	–
Property, plant and equipment		9	(7)
Right of use asset		20	–
		73	(7)
<p>These impairments during the Reporting Period were driven by challenging trading and economic conditions created by the COVID-19 pandemic crisis and the effects it has on the economic outlook. Management has reassessed the value of the Group's investments based on lower than previously anticipated projected cash flows. Recoverable amounts are based on their value in use and where it was lower than the carrying value an impairment was recognised.</p> <p>It is still too early to quantify the full impact of COVID-19 pandemic on the Group's businesses as it will depend on the duration of the lockdown and the residual effects that the pandemic will have on the economy in general.</p>			
3.2 Impairment of financial assets		–	17
The Fulcrum loan was settled as part of the Campion Group settlement in the 2019 Reporting Period by the delivery of 25.5 million shares in Brait. Prior to the settlement of the Plum Tree loan, a further impairment of €17 million was recognised in the 2019 Half-year Reporting Period.			
3.3 Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment		–	(7)
3.4 Share-based payments – equity-settled relating to loans granted		–	1
3.5 (Profit)/loss on disposal of property, plant and equipment and intangible assets		(10)	12
3.6 Loss/(profit) on sale and partial sale of investments			
Material Equity accounted investments			
Profit on the partial disposal of KAP		–	(55)
Other		–	1
		–	(54)

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (continued)

Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
OTHER EXPENSES (continued)		
3.7 Fees relating to forensic investigation, advisory and restructure of the businesses	58	82
<p>As a result of the December 2017 events, it has been necessary for the Group to engage a wide range of professional advisors to assist the Group with its investigative, legal, financial and regulatory requirements as it seeks to stabilise and restructure the Group. The scale and complexity of this task has meant that the aggregate adviser costs for the Reporting Period have been substantial. The principal advisor relationships included legal advisors, financial restructuring and corporate advisory functions that support the Group on discussions and engagement with its creditors, liquidity management and operational measures, forensic investigation services and regulatory and taxation advisory services.</p> <p>In addition, as part of the restructuring process, the Group is required to pay the advisor costs of each of the respective creditor groupings including legal advisors, financial structuring advisors, regulatory and taxation advisors.</p>		
3.8 Litigation Settlement Proposal provision raised	882	–
<p>Legal claims, as set out in note 22 of the 2019 Consolidated Financial Statements, have been received by the Group and are all being defended.</p> <p>On 27 July 2020, the Group announced a proposed settlement to conclude the complex legal claims and ongoing pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. Settlement of the outstanding litigation is essential to securing a future for the Group. The Litigation Settlement Proposal terms that were announced are the culmination of 12 months' intensive effort and management believe they are firmly in the best interests of all stakeholders and claimants.</p> <p>The IFRS standards requires a provision to be raised once management has an estimate of the expenditure that the Group will incur to settle the present obligation. The provision raised during the Reporting Period is based on the estimated financial outcome of the Litigation Settlement Proposal, although limited feedback has yet been received. Refer to note 11.2.</p> <p>Management draws the user of this financial statements' attention to the fact that the actual settlement could differ from the provision raised.</p>		
TOTAL OTHER EXPENSES FROM CONTINUING OPERATIONS	1 003	44

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

4. FINANCE COSTS

	Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Borrowings	10.2	561	411
Transaction costs accrued and amortised		–	62
Lease liabilities		115	–
Other		22	9
		698	482

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

5. TAXATION

Steinhoff N.V. is a South African tax resident.

For the six-month reporting periods ended 31 March 2020 and 31 March 2019 the corporate tax rate in South Africa is 28%. Capital gains is taxed at 22.4%.

Significant accounting estimate and judgments

Uncertain tax positions

Uncertainty exists regarding the tax impact of the items described hereunder. A comprehensive review of these items and an investigation by tax authorities could result in a restatement of unrecognised tax losses.

Management has estimated the tax consequences associated with the alleged accounting irregularities. Where specific items were identified that probably would result in an increase in taxable profit, they were recognised. In the case of specific items that could result in a reduction of taxable profit and where it is uncertain whether they will be allowed by the relevant tax authorities, these items were ignored.

The tax position of the single entities impacted by the restatement of the Group's financial statements may give rise to both short and long-term tax related consequences. Due to backlogs experienced by local tax authorities, the restated financial results would not have been considered by the local tax authorities as yet and as a result the impact of potential tax adjustments, fines, penalties and/or refunds is unknown at present. Due to the uncertainty associated with such tax items, there is a possibility that the final outcome may differ significantly from the current estimates.

Furthermore, as a multi-national group, there are a number of cross-border related party transactions in place in all spheres of the Group's business. In light of the revenue authorities' increased focus on transfer pricing matters the Group faces potential risks as its related party transactions may be challenged by the relevant tax authorities.

The steps required to complete the CVA are complex and multi-jurisdictional, which gives rise to an element of risk regarding the tax consequences thereof. The Group has engaged with professional tax advisors in the different jurisdictions to mitigate the associated risks.

Investigations are still in progress by the German Tax authorities in respect of certain German legal entities which investigations include the review of Corporate tax, Withholding tax and Value Added Tax.

Certain of these risks may be significant and could result in a potential outflow of resources.

The Group is addressing the risks identified above. Central Group monitoring and reporting of tax matters have been implemented and continues, which includes close involvement of the Chief Financial Officer of the Company together with the appointment of appropriate tax specialists in the relevant affected jurisdictions to help advise on the current position in each jurisdiction.

Recoverability of deferred taxation assets

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's operations where there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise the tax losses carried forward, either by the specific company to which it relates or the wider Group. Management has carefully assessed the entities' ability to generate future taxable profits against which the recognised tax losses can be utilised. Such assessments are based on the approved budgets and the forecasts of the entities including their ability to raise funding to maintain and support their operations.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

6. LOSS PER SHARE

	Six months ended 31 March 2020 Unaudited Cents	Restated ¹ Six months ended 31 March 2019 Unaudited Cents
<p>The calculation of per share numbers uses the exact unrounded numbers. This may result in differences when compared to calculating the numbers using the rounded number of shares and loss as disclosed below.</p>		
Basic and diluted loss per share		
From continuing operations	(34.7)	(8.5)
From discontinued operations	(2.0)	(6.4)
Basic and diluted loss per share	(36.7)	(14.9)
Headline loss per share		
<p>Headline loss is an additional loss number that is permitted by IAS 33: Earnings per Share ("IAS 33"). The starting point is the loss as determined in IAS 33, excluding separately identifiable remeasurements, net of related taxation (both current and deferred) and related non-controlling interests other than remeasurements specifically included in headline loss. This number is required to be reported by the JSE, where the Group has a secondary listing, and is defined by Circular 4/2018 Headline Earnings.</p> <p>Separately identifiable remeasurements are those where the applicable IFRS explicitly requires separate disclosure of the operating and/or the platform remeasurement in the 2020 Condensed Financial Statements. No adjustments would be permitted on the basis of voluntary disclosure of gains or losses (or components of these).</p>		
From continuing operations	(32.8)	(9.6)
From discontinued operations	(1.3)	(5.1)
Headline loss per share	(34.1)	(14.7)
Normalised basic loss per share		
<p>The Company regards normalised loss as the appropriate basis to evaluate business performance as it eliminates the impact of the provision for the proposed settlement during the Reporting Period, refer to note 11.2.</p>		
From continuing operations	(13.4)	(9.6)
From discontinued operations	(2.0)	(5.1)
Headline loss per share	(15.4)	(14.7)

All potential ordinary shares were anti-dilutive and therefore diluted per share numbers are the same as basic or headline per share numbers.

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

6. LOSS PER SHARE (continued)

RECONCILIATIONS OF DENOMINATOR AND NUMERATOR

6.1 Weighted average number of ordinary shares

	Notes	Six months ended 31 March 2020 Unaudited Million	Restated ¹ Six months ended 31 March 2019 Unaudited Million
Issued ordinary shares at beginning of the period	13.2	4 310	4 310
Effect of treasury shares held	13.3	(161)	(166)
Weighted average number of ordinary shares at end of the period for the purpose of basic loss per share and headline loss per share		4 149	4 144

6.2 Basic loss and headline loss attributable to owners of Steinhoff N.V.

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
Six months ended 31 March 2020 – Unaudited				
Basic loss for the period attributable to owners of Steinhoff N.V.		(1 441)	(82)	(1 523)
Adjusted for remeasurement items	6.4	82	26	108
Headline loss attributable to owners of Steinhoff N.V.		(1 359)	(56)	(1 415)
Restated¹ Six months ended 31 March 2019 – Unaudited				
Basic loss for the period attributable to owners of Steinhoff N.V.		(352)	(265)	(617)
Adjusted for remeasurement items	6.4	(44)	52	8
Headline loss attributable to owners of Steinhoff N.V.		(396)	(213)	(609)

¹ Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

6.3 Normalised basic loss attributable to owners of Steinhoff N.V.

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
Six months ended 31 March 2020 – Unaudited				
Basic loss for the period attributable to owners of Steinhoff N.V.		(1 441)	(82)	(1 523)
Adjusted for Litigation Settlement Proposal provision raised	3.8	882	–	882
Normalised basic loss attributable to owners of Steinhoff N.V.		(559)	(82)	(641)

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

7. INTANGIBLE ASSETS

Reconciliation of closing balance

	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Goodwill		
Carrying amount at beginning of the period	4 295	4 485
Impairment from continuing and discontinued operations ¹	(44)	(42)
Transferred to discontinued operations and assets classified as held-for-sale	–	(107)
Exchange differences on translation of foreign operations ²	(437)	(41)
Carrying amount at end of the period	3 814	4 295
Intangible assets (excluding goodwill)		
Carrying amount at beginning of the period	1 676	1 826
Additions	22	41
Amortisation from continuing and discontinued operations	(16)	(34)
Disposals	(9)	(22)
Reclassification from property, plant and equipment	–	1
Impairment from continuing and discontinued operations	–	(71)
Transferred to discontinued operations and assets classified as held-for-sale	–	(49)
Exchange differences on translation of foreign operations ²	(167)	(16)
Carrying amount at end of the period	1 506	1 676
Intangible assets comprise the Group's trade and brand names, software and ERP systems		
Carrying amount per category of intangible assets:		
Goodwill	3 814	4 295
Trade and brand names	1 396	1 585
Software and ERP systems	105	88
Other intangibles assets	5	3
	5 320	5 971

¹ Impairments during the Reporting Period were driven by challenging trading and economic conditions created by the COVID-19 pandemic crisis and the effects it has on the economic outlook. Management has reassessed the value of the Group's investments based on lower than previously anticipated projected cash flows. Recoverable amounts are based on their value in use and where it was lower than the carrying value an impairment was recognised.

It is still too early to quantify the full impact of COVID-19 pandemic on the Group's businesses as it will depend on the duration of the lockdown and the residual effects that the pandemic will have on the economy in general. Impairment in the current period relates to Poundland (€42 million) and Pepkor Africa (€2 million).

² The exchange differences on translation of foreign operations recognised during the Reporting Period resulted mostly from the translation of the Group's investment in its South African operations where the South African rand weakened significantly against the Euro during the Reporting Period.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

7. INTANGIBLE ASSETS (continued)

The carrying amount per segment is presented below:

	Goodwill		Trade and brand names	
	31 March 2020 Unaudited €m	30 September 2019 Audited €m	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Goodwill and trade and brand names are considered a significant class of intangible assets to the Group.				
Conforama	-	-	148	148
Greenlit Brands – Household Goods	126	141	75	83
Pepco Group	1 550	1 626	262	268
Poundland	675	717	119	120
Pepco Poland	875	909	143	148
Pepkor Africa	2 138	2 528	901	1 067
All Other	-	-	10	19
Total carrying amount for all segments	3 814	4 295	1 396	1 585

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

8. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

Set out below are the associates and joint ventures of the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held, except where indicated otherwise.

8.1 Detail of the equity accounted investments of the Group

Name of business	Place of business/ country of incorporation	Nature of business	Nature of relationship	% holding		Carrying value €m	
				31 March 2020 Unaudited	30 September 2019 Audited	31 March 2020 Unaudited	30 September 2019 Audited
Unlisted*							
Cofel SAS	France	Manufacturing	Associate	50.0	50.0	3	3
IEP Group	South Africa	Investment company	Associate	26.0	26.0	138	192
Mattress Firm	USA	Speciality bed retailer	Associate	50.1	50.1	4	9
Various other immaterial equity accounted companies	Various	Property, insurance, manufacturing, retail, logistics and financial services	Associates and Joint Ventures	24.5 – 50.0	24.5 – 50.0	4	4
						149	208

* Private equity – no quoted price available.

8.2 Reconciliation of the aggregate carrying values of equity accounted companies

	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Balance at the beginning of the period	208	430
Additions	–	44
Impairments		
From continuing operations ¹	(25)	–
Disposals	–	(238)
KAP	–	(238)
Transferred to assets held-for-sale	–	(12)
Share of:		
Profit or loss		
From continuing operations	(10)	11
From discontinued operations	–	3
Other comprehensive income	–	1
Dividends received	–	(37)
Other movements	–	6
Exchange differences on translation of investments in equity accounted investments ²	(24)	–
Carrying values of equity accounted companies at the end of the period	149	208

¹ The outbreak of COVID-19 pandemic and the impact on the wider economy is placing unprecedented pressure on businesses and has resulted in significant decline across global economies. COVID-19 pandemic is an impairment indicator and management has done a review on the expected recoverable amount for the Group's investment in equity accounted companies. Based on the revaluation an impairment has been recognised for the investment in IEP Group during the Reporting period.

² The exchange differences on translation of investments in equity accounted investments during the Reporting Period relates to IEP Group due to the significant weakening of the South African rand against the Euro during the Reporting Period.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

9. OTHER FINANCIAL ASSETS

	Notes	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Non-current other financial assets			
At amortised cost	9.1	279	332
Current other financial assets			
At amortised cost	9.1	178	178
Total other financial assets		457	510

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

9.1 At amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the Reporting Period.

Financial assets at amortised cost including the following debt instruments:

	Notes	31 March 2020 Unaudited €m	30 September 2019 Audited €m
Unlisted preference shares – Lancaster 102	a	248	282
Interest-bearing loans	b	209	227
Non-interest bearing loans		–	1
		457	510

a) Unlisted preference shares

The unlisted preference shares are an investment in preference shares issued by Lancaster 102 during the 2018 reporting period. The Group started negotiations in the 2017 reporting period regarding the planned Shoprite Transaction. Prior to the transaction being cancelled, Steinhoff Africa subscribed for 1 000 preference shares to the value of R4 billion in Lancaster 102. The preference shares accrue dividends at 80% of the SA prime lending rate as quoted by Standard Bank Group Limited or its successor in title in South Africa. As part of the transaction, Steinhoff Africa also issued debt to the value of R4 billion to Lancaster 102. Refer to note 10. The decrease in value of the unlisted preference shares in the Reporting Period is due to weakening of the South African Rand ("ZAR") against the Euro, the investment is denominated in ZAR.

b) Interest bearing loans

Loan to Titan

Included in the balance of interest-bearing loans is a loan receivable from Titan of €178 million as at 31 March 2020 (30 September 2019: €178 million) after recognising an expected credit loss ("ECL") of €34 million on adoption of IFRS 9. The loan originated when prepayments of €125 million and €200 million were made by the Group in October and November 2017 to entities related to Christo Wiese (a Steinhoff Supervisory Board Chairman at the time) as part of the planned Shoprite Transaction. Agreements have been entered into during February 2018 in terms of which €125 million has been settled.

A letter of demand was issued by Newco 2A to Titan, dated 22 October 2019 as a result of the failure by Titan to make repayment in accordance with the terms of the Titan Receivable Settlement. Subsequently, on 28 October 2019 Titan initiated a claim against SFHG and Newco 2A for €200 million in response to the letter of demand. SFHG and NewCo2A have filed appearances to defend. It is management's view that the Titan receivable remains recoverable.

Rent deposit

Included in the Reporting Period balance of interest-bearing loans is deposits on rent paid by Conforama of €20.5 million.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

10. BORROWINGS

10.1 Analysis of closing balance

	31 March 2020 Unaudited			30 September 2019 Audited		
	Current €m	Non- current €m	Total €m	Current €m	Non- current €m	Total €m
Operating companies						
European Properties – Hemisphere	294	–	294	361	–	361
Pepco Group	1	531	532	1	483	484
Conforama	77	215	292	47	209	256
Greenlit Brands	–	44	44	–	33	33
Pepkor Africa	55	842	897	113	936	1 049
	427	1 632	2 059	522	1 661	2 183
Corporate and treasury services						
Steenbok Lux Finco 1						
21/22 Term loan facility ¹	–	1 866	1 866	–	1 775	1 775
23 Term loan facility ¹	–	1 276	1 276	–	1 214	1 214
Steenbok Lux Finco 2						
First lien term loan facility ¹	–	2 001	2 001	163	1 912	2 075
Second lien term loan facility ¹	–	4 018	4 018	–	3 809	3 809
SINVH Group						
Loan – Lancaster	248	–	248	282	–	282
Preference shares – BVI ²	26	–	26	28	–	28
Other	4	–	4	4	–	4
	278	9 161	9 439	477	8 710	9 187
Total borrowings	705	10 793	11 498	999	10 371	11 370

¹Guaranteed by Steinhoff N.V. through the issuance of Contingent Payment Undertaking "CPU".

²Classified as current due to the guarantee provided for the preference share funding.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

10. BORROWINGS (continued)

10.2 Reconciliation of borrowings balances

	Corporate and treasury services €m	European Properties – Hemisphere €m	Pepkor Africa €m	Pepco Group €m	Conforama €m	Greenlit Brands €m	Total €m
Opening balance – 1 October 2019							
– Audited	9 187	361	1 049	484	256	33	11 370
Repayable within one year	477	361	113	1	47	–	999
Repayable after one year	8 710	–	936	483	209	33	10 371
Repayment of debt	(152)	(67)	(60)	(2)	(5)	(9)	(295)
Repayment of interest	(3)	(16)	(50)	(16)	–	(2)	(87)
Additional financing	–	–	72	53	17	19	161
Interest accrued	456	16	50	13	24	2	561
Foreign exchange gains or losses	(49)	–	(164)	–	–	1	(212)
Closing balance – 31 March 2020							
– Unaudited	9 439	294	897	532	292	44	11 498
Repayable within one year	278	294	55	1	77	–	705
Repayable after one year	9 161	–	842	531	215	44	10 793

10.3 Contractual maturities of borrowings

The following are the remaining contractual maturities of borrowings at the Reporting Date.

The amounts are gross and undiscounted and include contractual interest payments.

	Contractual cash flows					Carrying amount €m
	1 - 12 months €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Over 5 years €m	Total €m	
At 31 March 2020 – Unaudited						
Operating companies						
Pepkor Africa	203	374	683	–	1 260	897
Conforama	31	–	488	–	519	292
Pepco Group	69	519	–	–	588	532
Greenlit Brands	43	–	–	–	43	44
European Properties – Hemisphere	–	346	–	–	346	294
	346	1 239	1 171	–	2 756	2 059
Corporate and treasury services						
21/22 Term loan facility	–	2 219	–	–	2 219	1 866
23 Term loan facility	–	1 517	–	–	1 517	1 276
First lien term loan facility	–	2 295	–	–	2 295	2 001
Second lien term loan facility	–	4 838	–	–	4 838	4 018
SINVH Group						
Loan – Lancaster	248	–	–	–	248	248
Preference shares – BVI	26	–	–	–	26	26
Other	4	–	–	–	4	4
	278	10 869	–	–	11 147	9 439
Total borrowings	624	12 108	1 171	–	13 903	11 498

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS

11.1 Contingent liabilities and other litigation

Taxation

There is uncertainty regarding future taxes as a result of the impact of the alleged accounting irregularities as well as a number of ongoing tax audits and investigations. Details are provided in note 5.

Legal claims

Legal claims as set out in the 2019 Consolidated Financial Statements in note 22 together with those detailed below were received by the relevant parties up to and after the Reporting Period. They are all being defended. As these claims are based on the claimants' view that the financial reports provided to them were misleading, it is deemed that the claims received after the Reporting Period are, in terms of IAS 10, adjusting events.

The following legal proceedings have been instituted against the Group during the Reporting Period:

- Michael John Morris vs SIHPL
- Paul Ronald Potter vs SIHPL
- PIC et al vs Steinhoff N.V. and Others
- Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. (Netherlands)

The following legal proceedings have been instituted against the Group after the Reporting Period and have been deemed as material adjusting events after Reporting Period. Refer to notes 22 and 35 of the 2019 Consolidated Financial Statements for more information.

- Francois Johan Malan vs SIHPL
- Peter Andrew Berry vs SIHPL
- Andre Frederick Botha vs SIHPL
- Warren Wendell Steyn vs SIHPL
- Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. and 5 Others (South Africa)
- Hamilton vs Steinhoff N.V. and SIHPL

Refer to note 22 of the 2019 Consolidated Financial Statements for a detailed description of all of the legal claims up to 30 June 2020.

11.2 Litigation Settlement Proposal provision

The above legal claims the Group faces are complex, multi-jurisdictional claims initiated by multiple parties relating to the alleged accounting irregularities announced in December 2017. Various proceedings have been commenced against the Company and SIHPL in the Netherlands, Germany and South Africa. Not all claimants have sought to quantify their alleged damages at the outset of proceedings, but the combined claims of those that have sought to do so are in excess of ZAR136 billion (€7 billion at a ZAR/Euro rate of ZAR19.5). In addition to proceedings against Group entities, claims have also been made against, amongst others, former directors and officers of Group entities.

All claims are being disputed in ongoing litigation proceedings and there remains uncertainty as to the outcome of all of those legal proceedings. If all such claims were ultimately established in the amounts asserted, it is clear that the net asset value of the Group would fall far short of the amount required to satisfy them in full. In such circumstances, liquidation proceedings would ensue which would, in the Company's view, materially impair the value of assets available for distribution and adversely affect the timing and amount of the claimants' recoveries relative to the proposed settlement.

The Group has formulated proposed settlement amounts for various claimant groups in light of the characteristics of, and risks affecting, their claims, the Group's ability to continue trading and to maximise the asset values available to it, and the likely outcomes for claimants if the Group was unable to do so and liquidation ensued. The proposed settlement terms also have regard to the adverse impact of the COVID-19 pandemic on the value of the Group's underlying businesses and the effect of currency movements.

The proposed terms of the settlement provide for payments materially in excess of the permission granted by financial creditors in 2019 and will require fresh consent from financial creditors. The financial creditors are being asked to make additional concessions including the extension to the maturity of their loans to the Group.

The IFRS standards requires a provision to be raised once management has an estimate of the expenditure that the Group will incur to settle the present obligation.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

11.2 Litigation Settlement Proposal provision (continued)

The announcement was subsequent to the Reporting Date and, in terms of IAS 10, determined to be an adjusting event. The provision raised during the Reporting Period is based on the estimated financial outcome of the proposed settlement, although limited feedback has yet been received.

Management draws the user of this financial statements' attention to the fact that the actual settlement could differ from the provision raised.

The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisers, past or present.

Settlement proposal details

The detailed terms of the proposal ("**Settlement Term Sheet**") can be found on the Company's website at the following web-address: <https://www.steinhoffinternational.com/settlement-litigation-claims.php>.

The terms of the proposal reflect key features of the parties' respective claims, including:

- the legal basis for the claim;
- the laws of the jurisdiction in which the claim is brought;
- the nature and extent of the loss claimed;
- legal uncertainties affecting the claim and recoverability of loss; and
- the financial position of the Steinhoff entity against which the claim is asserted.

The terms of the settlement proposal are, in summary, as follows:

- Market purchase claimants ("MPC"):

The Company will settle eligible Steinhoff N.V. MPCs and SIHPL MPCs for a total settlement consideration amount of €266 million.

This settlement consideration will be paid 50 per cent in cash funded from the South African sub-group and 50 per cent in shares of PPH (the South African retail subsidiary), settled at a deemed price per share of ZAR15. No lock up restriction on sale of the PPH shares is required in respect of PPH shares issued to the MPC claimants. Steinhoff N.V. estimates that approximately up to 173 million PPH shares (or 4.6 per cent of the total PPH issued share capital) will be transferred to MPC claimants as a result of the settlement.

In addition, in order to facilitate recoveries to market purchase claimants the Group is considering making available an amount of up to €30 million to pay in respect of certain fees, costs and work undertaken by the active claimant groups ("ACGs") on the terms to be specified in the settlement documents. The specific terms of the proposal remain under consideration.

- Steinhoff N.V. contractual claims:

Contractual claims against the Company will be settled at the same relative recovery rate as the MPCs against the Company. The Company estimates the total amount to be required to settle such contractual claimants to be in the region of €104 million. Such settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares settled at a deemed price per share of ZAR15. Consistent with the proposal in relation to the market purchase claimants settled by Steinhoff N.V., no lock up restriction on sales is required in respect of PPH shares allocated to Company contractual claimants.

The Company estimates that up to 67 million PPH shares (or 1.8 per cent of the total PPH issued share capital) will be transferred to Company contractual claimants.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

11.2 Litigation Settlement Proposal provision (continued)

- SIHPL contractual claims:

SIHPL will settle the claims made against it by contractual claimants from its own resources. SIHPL contractual claims (other than claims by Thibault and Wiesfam) will be settled for a total amount of approximately ZAR1.5 billion (€76 million at a ZAR/euro rate of 19.5). The claims of Thibault and Wiesfam will be settled for a proportionally lower recovery rate in the total nominal amount of approximately ZAR7.9 billion (€406 million at a ZAR/euro rate of 19.5). The settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares at a deemed price per share of ZAR15. Subject as follows, SIHPL contractual claimants will be required to agree to lock up PPH shares allocated to them for 180 days from the effective date of settlement.

In respect of the SIHPL contractual claimants BVI and Cronje & others who are current employees and managers of PPH, SIHPL proposes that their settlement consideration be entirely in the form of PPH shares at a deemed settlement price of ZAR13.5 per share, provided they agree to a three year lock up restriction of sale of those PPH shares from the effective date of the settlement.

The Company estimates that approximately 345 million PPH shares (or 9.3 per cent of the total PPH issued share capital) will be transferred to SIHPL contractual claimants assuming BVI and Cronje & others take up their option to be paid entirely in PPH shares.

- Non-qualifying claims

No specific proposal is being made for the settlement of other claims, and the Company or SIHPL will continue to defend them on the basis that any liability in respect of the same is denied. If any such claim against the Company ultimately succeeds, it will be entitled to settlement consideration at the same rate as MPC and contractual claims against the Company. If any such claim against SIHPL ultimately succeeds, it will be entitled to payment in full.

- Claim verification & disputes:

The Company is contemplating establishing a new Dutch stichting foundation together with supporting arrangements in South Africa (for South African claimants) to act as the Steinhoff Recovery Foundation ("SRF"). The purpose of the SRF will be to administer and distribute the settlement consideration paid by, or on behalf of, the Company. It will be governed by a board of newly appointed directors with majority independence from the Steinhoff Group. Claimants will be required to submit their claims for verification prior to receiving settlement payments. SRF will retain Computershare to assist it to administer and verify claims prior to payment of the settlement consideration.

- Financial creditors:

The Steinhoff N.V. and SIHPL financial creditors holding contingent payment undertakings ("CPUs") (other than creditors holding Hemisphere International Properties B.V. CPUs), will not be eligible to receive any distribution as part of the proposed settlement in respect of their contractual claims under the Steinhoff N.V. CPUs and the SIHPL CPUs. Instead, they will be asked to provide their consent for the proposed global settlement and to waive any tortious (delictual) claims they may have against the Group, D&O insurers and auditors. In addition, the financial creditors will be asked for a consent to extend the maturity date of the CPUs and the underlying debt obligations by 18 months to 30 June 2023 with an option for a further 6 months extension on the approval of a lower CPU creditor voting threshold. As part of these arrangements, effective from implementation of the proposed settlement the Company will provide security to its CPU creditors over its shares in SINVH and over any outstanding loan claim payable by SINVH to Steinhoff N.V. This extension is an important component of the overall settlement and of the continuation of the stable platform for the Steinhoff Group. To the extent necessary, the Group will consider English law schemes of arrangement to implement the consent required. Otherwise, the Steinhoff N.V. financial creditors will retain their contractual rights against Steinhoff N.V. and SIHPL under the terms of the CPUs.

- Post settlement PPH Holding:

- PPH: The Company estimates that the settlement will result in Steinhoff continuing to hold in excess of 50 per cent of PPH shares.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

11.2 Litigation Settlement Proposal provision (continued)

- Implementation and conditionality:

The detailed terms of the proposal ("**Settlement Term Sheet**") can be found on the Company's website at the following web-address: <https://www.steinhoffinternational.com/>.

The competing stakeholder interests, the financial position of Steinhoff and the complex multi-jurisdictional nature of the litigation make implementation of the proposed settlement uniquely challenging. The Company has therefore been considering a number of options to achieve the necessary certainty and finality required by the Company and stakeholders.

One of the options currently available to Steinhoff to implement the global settlement is by a composition plan which will be submitted in draft form ("ontwerp van akkoord") immediately on the filing of the request for a Suspension of Payments ("surseance van betaling") procedure in the Netherlands by the Company and a pre-prepared compromise plan pursuant to section 155 of the Companies Act 71 of 2008 in South Africa by SIHPL. The Company and SIHPL continue to consider appropriate settlement mechanisms to supplement and/or replace such implementation procedures.

Steinhoff N.V. has the right, at its option, to settle the settlement consideration in a greater portion, or in full amount, in cash and in accordance with the Settlement Term Sheet.

In addition to achievement of the necessary levels of support by claimants to the Group's proposal, the settlement will be conditional on, among other things:

- Consent of the Group's financial creditors under the terms of the Group's restructured debt financings. A request for consent from the Group's financial creditors will be launched shortly.
- Consent of the South African Reserve Bank in respect of certain elements of the proposal and to facilitate the funding of the settlement proposal.

There is no current indication as to whether those consents will be forthcoming.

The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisers, past or present.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

12. CASH FLOW INFORMATION

12.1 Cash generated from operations

	Notes	Six months ended 31 March 2020 Unaudited €m	Restated ¹ Six months ended 31 March 2019 Unaudited €m
Operating (loss)/profit from:			
Continuing operations		(681)	262
Discontinued operations		(42)	(121)
Adjusted for non-cash adjustments included in continuing and discontinued operations:			
Profit or loss movement in provision for doubtful debt		51	6
Depreciation and amortisation			
Property, plant and equipment, Intangible assets		137	134
Right-of-use asset		267	–
Net impairment of loans receivable and other related provisions		–	36
Net impairment on investments in equity accounted companies		25	–
Fair value (gains)/loss on financial instruments		–	9
Unrealised foreign exchange (gains)/losses		(7)	26
Impairments/(Reversal of impairments)			
Goodwill	3.1	44	–
Property, plant and equipment	3.1	9	(7)
Right-of-use asset	3.1	20	–
Assets held-for-sale		–	26
Inventories written down to net realisable value and movement in provision for inventories		–	33
Net profit on disposal and scrapping of property, plant and equipment, vehicle rental fleet and intangible assets		(62)	(15)
(Profit)/loss on disposal and part disposal of investments		–	(54)
Gain on disposal, part disposal and bargain purchase of investments		33	45
Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment		34	(7)
Litigation Settlement Proposal provision raised	3.8	882	–
Other non-cash adjustments		(10)	31
Cash generated before working capital changes		700	404
Working capital changes			
Decrease/(increase) in inventories		185	(104)
Increase in trade and other receivables		(42)	(149)
Movement in net derivative financial liabilities/assets		(15)	(5)
Decrease in trade and other payables		(356)	(302)
Net changes in working capital		(228)	(560)
Cash generated from operations		472	(156)

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

13. ORDINARY SHARE CAPITAL

	31 March 2020 Unaudited	30 September 2019 Audited
Notes	Number of shares	Number of shares
13.1 Authorised		
Ordinary shares of €0.01 each	17 500 000 000	17 500 000 000
13.2 Issued		
Balance at beginning of the period	4 309 727 144	4 309 727 144
Balance at the end of the period	4 309 727 144	4 309 727 144
13.3 Treasury shares		
Balance at beginning of the period	(161 385 688)	(170 770 692)
Purchases of Steinhoff N.V. shares	-	(12 102 710)
Disposal of Steinhoff N.V. shares by a subsidiary company	-	409 288
Shares issued upon conversion of bonds	-	1 291 027
Shares returned to Company	-	(315 317)
Treasury shares held by subsidiaries of the Group	(161 385 688)	(181 488 404)
Steinhoff shares held by third parties and recognised as treasury shares		
Modification in the terms of share option to SSUK (shares retained)	-	8 000 006
Shares returned from SSUK with Campion Group settlement	-	12 102 710
Balance at the end of the period	(161 385 688)	(161 385 688)
Total issued ordinary share capital	4 148 341 456	4 148 341 456

14. RELATED-PARTY TRANSACTIONS

Reporting Period

During the Reporting Period, the Group entered into related-party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2019. There were no material movements in the balances for the six months ended 31 March 2020.

2019 Half-year Reporting Period

- Campion Group settlement agreement:
In January 2019 the Group concluded various agreements with the Campion Group, the main terms of which included the settlement of a number of outstanding loans owing to the Group in exchange for the receipt by the Group of a number of investments including:
 - Approximately 25.5 million Brait shares
 - Approximately 30 million Steinhoff shares held by SSUK and Town Investments
 - Legal ownership of Town Investments
 - Legal ownership of remaining 55% of GT Branding Holding SA
- At 31 March 2019 these Brait shares were carried at €40 million after recognising a fair value loss of €9 million. Subsequent to the Reporting Date, SFHG instructed the sale of listed Brait securities it acquired through the Campion Group settlement for €37 million, resulting in a further fair value loss of €3 million.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 31 March 2020. The balances disclosed below include impairments recognised on the date of classification as held-for-sale.

Balance at 31 March 2020 – Unaudited	Notes	European Properties €m	Africa Properties €m	Conforama – France store closure	Total €m
Assets					
Property, plant and equipment		139	75	60	274
Investment properties		–	40	–	40
Investment in equity accounted companies		–	10	–	10
Deferred tax assets		2	5	–	7
Inventories		–	1	–	1
Trade receivables		5	5	–	10
Other receivables		1	–	–	1
Total assets		147	136	60	343
Liabilities					
Trade payables		(25)	(4)	–	(29)
Other payables		(19)	–	–	(19)
Total liabilities		(44)	(4)	–	(48)
Net assets after impairments		103	132	60	295

Reconciliation of assets and liabilities classified as held-for-sale balances	Assets €m	Liabilities €m	Net assets €m
Classified as held-for-sale on 30 September 2019 – Audited	1 445	(615)	830
Automotive	564	(289)	275
Blue Group	158	(156)	2
Greenlit Brands – General Merchandise	161	(133)	28
European Properties	233	(12)	221
Africa Properties	187	(3)	184
Sherwood	66	(13)	53
Abra	12	(9)	3
Conforama – France store closure	64	–	64
Change in carrying values	(141)	(33)	(174)
European Properties	(86)	(32)	(118)
Africa Properties	(51)	(1)	(52)
Conforama – France store closure	(4)	–	(4)
Derecognition	(961)	600	(361)
Automotive	(564)	289	(275)
Blue Group	(158)	156	(2)
Greenlit Brands – General Merchandise	(161)	133	(28)
Sherwood	(66)	13	(53)
Abra	(12)	9	(3)
Classified as held-for-sale 31 March 2020 – unaudited	343	(48)	295
European Properties	147	(44)	103
Africa Properties	136	(4)	132
Conforama – France store closure	60	–	60

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Disposals of non-core assets to raise funds to repay debt

• **Conforama France**

On 8 July 2020, the Group announced that Conforama Holding, its wholly-owned subsidiary, has agreed to dispose of its shares in Conforama France, and certain related trademarks and domain names, to Mobilux for a nominal sum. In addition, it will sell a number of properties currently occupied by Conforama France. The disposal is structured in a series of related transactions ("the Disposal"), as follows:

- 100% of the share capital and voting rights of Conforama France SA ("Conforama France") for a nominal sum;
- certain trademarks and domain names, owned by Conforama Holding, related to Conforama France and its franchisees for a nominal sum;
- 18 real estate properties currently occupied by Conforama France for approximately €70 million; and
- subject to competition clearance and other consents, an option over 100% of the share capital and voting rights of Conforama Casino Achats Sàrl, a joint venture company which is 50% owned by EMC Distribution.

The business operation did not meet the criteria to be classified as held-for-sale or a disposal group as at 31 March 2020.

• **Conforama Switzerland**

In a separate transaction, on 13 July 2020 Conforama Holding S.A. concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of 8 times EBITDA. The sale is subject to regulatory approvals and is expected to close by the end of July 2020.

The business operation did not meet the criteria to be classified as held-for-sale or a disposal group as at 31 March 2020.

• **European Properties**

Subsequent to the Reporting Date, properties within the European Properties group have been disposed for total proceeds of €161 million.

Buyout of minority interest

- During May 2020, Steinhoff Finance Investments Proprietary Limited, the registered beneficial holder of 92% of the issued share capital in Mons Bella Private Partner Investment Proprietary Limited, holder of IEP interest, has acquired the remaining 8% of Mons Bella's issued shares from Chestnut Hill Investments 288 Proprietary Limited (an entity otherwise unrelated to the Group) ("Chestnut Hill") for ZAR72 million (€4 million). The purchase also concludes all legal disputes between the parties. Deal closed on 15 May 2020.

Corporate activity after the Reporting Date

- On 23 June 2020 Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of the Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares. The placement was a precautionary measure to strengthen Pepkor Africa's financial flexibility and liquidity position in the light of the continuing COVID-19 pandemic and resulting macro-economic pressure. On 24 June 2020 Pepkor Africa announced the successful implementation of this bookbuild having placed the full 172.5 million shares and raised ZAR1.9 billion (€97 million). Steinhoff N.V. did not participate in this transaction, reducing its effective shareholding in Pepkor Africa from c.71% to c.68%.

Changes to the Supervisory Board

- Ms. Heather Sonn, Chairperson of the Supervisory board of the Company, has tendered her resignation from all functions at the Group, and specifically as the Chairperson of both the Company and SINVH, as of 18 May 2020.
- On 22 May 2020, the Supervisory Board appointed Ms Moira Moses as Chairperson of the Supervisory Board, effective immediately.

Legal proceedings

Various legal proceedings have been instituted against the Group during and after the Reporting Period. The Group has carefully considered the legal proceedings and those deemed to be material adjusting events after the Reporting Period have been disclosed as contingent liabilities in note 11. Legal proceedings not considered adjusting subsequent events are included in this note.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

Legal proceedings (continued)

• **Consolidation ruling**

Steinhoff N.V. is engaged in a host of legal proceedings in South Africa and, while the individual litigants differ, Steinhoff considers that there are sufficient overlapping issues and witnesses that renders it more efficient for these proceedings to be consolidated. On 30 April 2020 the Cape High Court dismissed an application for the consolidation of all the litigation based in South Africa. The consolidation application was a procedural request and did not deal with the merits of the underlying matters. The suitability of a consolidation application may be reconsidered by the Court at a later date once matters have been set down and dates for trial applied for, providing an opportunity for Steinhoff N.V. to re-assess this option at that point.

• **De Bruyn ruling**

On 26 June 2020, De Bruyn's application for certification was dismissed by the Johannesburg High Court. De Bruyn was ordered to pay the costs of the respondents who had opposed the application, including the costs of two counsel, where two counsel were employed. No appeal was filed within the time periods prescribed by the rules of court.

• **Vereniging van Effectenbezitters ("VEB")**

On 28 July 2020, Steinhoff N.V. and VEB agreed terms under which VEB will cooperate to support the Litigation Settlement Proposal. On that basis, VEB has agreed to withdraw its collective action against Steinhoff in the Netherlands with immediate effect. VEB, as a collective representative organization under article 3:305a Dutch Civil Code, started this collective action against Steinhoff in 2018 in the Dutch court on behalf of all investors who bought or held shares from the start of the accounting irregularities at Steinhoff until 7 December 2017.

The following legal proceedings have been instituted against the Group after the Reporting Period and has been deemed as material adjusting events after the Reporting Period. Refer to notes 22 and 35 of the 2019 Consolidated Financial Statements for more information.

- Francois Johan Malan vs SIHPL
- Peter Andrew Berry vs SIHPL
- Andre Frederick Botha vs SIHPL
- Warren Wendell Steyn vs SIHPL
- Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. and 5 Others

Proposed Settlement of Litigation Claims Arising from Legacy Accounting Issues

The Company announced the terms of a settlement proposal on 27 July 2020 to resolve substantially all of the above relevant legal claims and proceedings. There is no certainty yet that the Group will be able to conclude this settlement and the litigation proceedings are ongoing and are being disputed by the Group. There remains material uncertainty as to outcome of all of these legal proceedings. The IFRS standards requires a provision to be raised once management has an estimate of the expenditure that the Group will incur to settle the present obligation. A provision has been raised during the Reporting Period based on the estimated financial outcome of the proposed settlement, although limited feedback has yet been received. Refer to note 11.2 for more information.

COVID-19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, when lockdowns were initiated in most of the countries in which the Group operates. These measures resulted in the closure of many of the Group's general merchandise stores and central office and warehousing facilities.

Given the significant and immediate impact on revenues and cash, management acted swiftly to implement a definitive COVID-19 response strategy. This focused on ensuring employee and customer safety, securing liquidity and preserving the Group's cash position.

The full impact of COVID-19 on the performance of the Group for the 2020 Reporting Period remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period. However, management is encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of management's previous expectations.

While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

Conclusion

The extent and duration of the current restrictions on trade remain uncertain and it is too early to determine the exact impact of the pandemic on the performance of the Group for the 2020 financial year. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period.

Operating companies are implementing plans to strengthen their cashflows through both proactive management of their forward purchase order commitments and, where appropriate, by the use of flexible working contracts. The inherent strength and flexibility of the Group's sourcing arrangements is also providing important additional support.

Management are continuing to take an active approach, implementing a range of mitigating strategies to protect profitability and cashflow. Immediate and significant actions are being implemented to reduce costs and optimise liquidity. These include reducing operating expenditures, reducing stock of goods impacted by the trading restrictions, actions to optimise working capital, stopping all but essential capital expenditure, and making use of tax payment and other government relief measures where available.

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

17. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 October 2019.

The Group has adopted IFRS 16 using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17: Leases and IFRIC 4: Determining Whether an Arrangement Contains a Lease. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019.

17.1 Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 October 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right of use assets immediately after the date of initial application.

	1 October 2019 €m
Operating lease commitments disclosed as at 30 September 2019	3 224
Discounted using the lessee's incremental borrowing rate at the date of initial application	(352)
Add: Finance lease liabilities recognised as at 30 September 2019	5
(Less): short-term leases recognised on straight-line basis as expense	(81)
(Less): low-value leases recognised on a straight-line basis as expense	(60)
Lease liability recognised as at 1 October 2019	2 736
Of which	
Current lease liability	871
Non-current lease liability	1 865
	2 736

The associated right-of-use assets for property leases on transition were measured on a lease by lease basis electing one of the following approaches:

- The right-of-use asset is made equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments; or
- The right-of-use asset is retrospectively calculated, using a discount rate based on the lessee's incremental borrowing rate at the date of initial application.

	31 March 2020 €m	1 October 2019 €m
The recognised right of use assets relate to the following types of assets:		
Properties	2 366	2 587
Equipment	22	27
Motor vehicles	7	8
	2 395	2 622

17.2 Practical expedients applied

As the Group has elected to follow the simplified method in transitioning to IFRS 16, each entity is allowed to use any of the following practical expedients on a lease-by-lease basis:

- Discount rate: The same Discount rate was applied to a portfolio of leases with reasonably similar characteristics; Initial direct costs: Initial direct costs were excluded from the measurement of the right-of-use asset on transition;
- Onerous lease determination: A lessee used its onerous contract assessment under IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") immediately before transition instead of performing an impairment review of the right-of-use asset under the requirements of IAS36 Impairment of Assets ("IAS 36"); and
- Short-term leases: For leases with a remaining lease term of less than one year at date of adoption, a lessee chose to apply the short-term lease exemption in IFRS 16 and expense lease payments instead of recognising a right-of-use asset and a lease liability at adoption date.
- Use of hindsight: A lessee used hindsight to determine whether renewal and termination options were included/excluded from the lease term on transition;

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

17. CHANGES IN ACCOUNTING POLICIES (continued)

17.3 Effect of adopting IFRS 16: Leases

The Group has elected to apply the impact of IFRS 16 retrospectively with an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1 October 2019 Restated Unaudited €m	IFRS 16 adjustments Unaudited €m	30 September 2019 As originally presented Audited €m
ASSETS			
Non-current assets			
Goodwill	4 295	–	4 295
Intangible assets	1 676	–	1 676
Property, plant and equipment	1 347	(5)	1 352
Right-of-use assets	2 622	2 622	–
Investments in equity accounted companies	208	–	208
Other financial assets	332	–	332
Deferred tax assets	217	55	162
Trade and other receivables	9	–	9
	10 706	2 672	8 034
Current assets			
Inventories	2 130	–	2 130
Trade and other receivables	954	–	954
Taxation receivable	65	–	65
Other financial assets	178	–	178
Cash and cash equivalents	1 795	–	1 795
	5 122	–	5 122
Assets classified as held-for-sale and disposal groups	1 445	–	1 445
	6 567	–	6 567
Total assets	17 273	2 672	14 601
LIABILITIES			
Non-current liabilities			
Borrowings	10 371	–	10 371
Employee benefits	133	–	133
Deferred tax liabilities	397	–	397
Provisions	118	–	118
Lease liabilities	2 077	2 077	–
Trade and other payables	–	(49)	49
	13 096	2 028	11 068
Current liabilities			
Trade and other payables	2 402	–	2 402
Taxation payable	216	–	216
Employee benefits	109	–	109
Provisions	143	(147)	290
Lease liabilities	910	910	–
Borrowings	999	–	999
	4 779	763	4 016
Liabilities directly associated with assets classified as held-for-sale and disposal groups	615	–	615
	5 394	763	4 631
Total liabilities	18 490	2 791	15 699
Net assets	(1 217)	(119)	(1 098)
Capital and reserves	9 348	–	9 348
Non-controlling interest	1 230	(43)	1 273
Retained earnings	(11 795)	(76)	(11 719)
Total equity	(1 217)	(119)	(1 098)

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

17. CHANGES IN ACCOUNTING POLICIES (continued)

17.4 Pro forma financial information

Comparative information has not been restated and has been reported under the previous IAS 17 and IFRIC 4. To provide a more meaningful comparison of the current period's financial performance to the prior period, the current period has been adjusted to illustrate the impact should IFRS 16 not have been applied.

The pro forma financial information excludes the impact of IFRS 16 presented in the 2020 Condensed Financial Statements.

The pro forma financial information, which is the responsibility of the Group's directors, has been presented for illustrative purposes only and is consistent with the prior reporting period. Therefore, because of its nature, the pro forma financial information may not fairly present the Group's financial position, results of operations or cash flows. The pro forma financial information has not been reviewed or reported on by the Group's external auditors.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Six months ended 31 March 2020 Unaudited €m	Effect of adopting IFRS 16 Six months ended 31 March 2020 Unaudited €m	Pro forma under IAS 17 Six months ended 31 March 2020 Unaudited €m	Six months ended 31 March 2019 Unaudited €m
Revenue	6 241	–	6 241	6 152
Cost of sales	(3 829)	11	(3 818)	(3 762)
Gross profit	2 412	11	2 423	2 390
Operating loss before other expenses considered material non-operational items	322	(70)	252	306
Other expenses	(1 003)	20	(983)	(44)
Operating (loss)/profit	(681)	(50)	(731)	262
Finance cost	(698)	115	(583)	(482)
Income from investments	59	–	59	38
Share of profit of equity accounted companies including impairment	(35)	–	(35)	(11)
Loss before taxation	(1 355)	65	(1 290)	(193)

PRO FORMA EBITDA	Six months ended 31 March 2020 Unaudited €m	Effect of adopting IFRS 16 Six months ended 31 March 2020 Unaudited €m	Pro forma under IAS 17 Six months ended 31 March 2020 Unaudited €m	Six months ended 31 March 2019 Unaudited €m
Operating (loss)/profit	(681)	(50)	(731)	262
Depreciation and amortisation	382	(267)	115	112
Other expenses considered material non-operational items	1 003	(20)	983	44
Intercompany eliminations (discontinued operations)	(2)	–	(2)	(27)
EBITDA	702	(337)	365	391
EBITDA per segment:				
Conforama	49	(72)	(23)	19
Pepco Group	271	(120)	151	151
Greenlit Brands	–	(31)	(31)	10
Pepkor Africa	353	(102)	251	248
Corporate and treasury services	20	–	20	(38)
All Other	9	(12)	(3)	1
	702	(337)	365	391

Notes to the Condensed Consolidated Half-year Financial Statements

FOR THE PERIOD ENDED 31 MARCH 2020

17. CHANGES IN ACCOUNTING POLICIES (continued)

17.4 Pro forma financial information (Continued)

	Six months ended 31 March 2020 Unaudited €m	Effect of adopting IFRS 16 Six months ended 31 March 2020 Unaudited €m	Pro forma under IAS 17 Six months ended 31 March 2020 Unaudited €m	Six months ended 31 March 2019 Unaudited €m
PRO FORMA EBIT				
Operating (loss)/profit per statement of profit or loss	(681)	(50)	(731)	262
Other expenses considered material non-operational items	1 003	(20)	983	44
Intercompany eliminations (discontinued operations)	(2)	–	(2)	(27)
EBIT per segment reporting	320	(70)	250	279
EBIT per segment:				
Conforama	(33)	(16)	(49)	(9)
Pepco Group	129	(18)	111	117
Greenlit Brands	(35)	(5)	(40)	3
Pepkor Africa	239	(29)	210	210
Corporate and treasury services	20	–	20	(42)
All Other	–	(2)	(2)	–
	320	(70)	250	279
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS				
Net cash flow from operating activities	248	(269)	(21)	(327)
Net cash flow from investing activities	232	–	232	1 046
Net cash flow from finance activities	(403)	269	(134)	(269)



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

ANNEXURES

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STORE NETWORK

CONTINUING OPERATIONS		Sept 2019	STORE		March 2020	Retail m ² ('000)
			Openings	Closings		
PEPCO GROUP		2 694	168	(18)	2 844	1 754
Pepco	Poland, Romania, Czech Republic, Hungary, Slovakia, Croatia, Slovenia, Lithuania, Latvia, Estonia, Bulgaria	1 804	128	(2)	1 930	877
Poundland, Dealz, PEP&CO stand-alone stores	United Kingdom, Republic of Ireland, Spain, Poland	890	40	(16)	914	877
PEPKOR AFRICA		5 415	145	(62)	5 498	2 446
PEP	Southern Africa	2 327	44	(14)	2 357	839
Ackermans	Southern Africa	806	33	(2)	837	487
PEP Africa	Rest of Africa	313	10	(3)	320	119
Speciality	Southern Africa	949	18	(24)	943	239
Furniture and appliances	Southern Africa	761	38	(15)	784	344
Appliances and electronics	Southern Africa	139	2	(4)	137	84
Building materials	Southern Africa	120			120	334
CONFORAMA		340	1		341	1 303
	France	236			236	766
	Iberia	50	1		51	215
	Switzerland	22			22	95
	Italy	19			19	134
	Croatia	10			10	76
	Serbia	3			3	17
OTHER		21	2	(1)	22	75
Lipo	Switzerland	21	2	(1)	22	75
GREENLIT BRANDS		317		(6)	311	378
Fantastic	Australia	167		(1)	166	179
Snooze	Australia	88		(5)	83	78
Freedom	Australia and New Zealand	62			62	121
TOTAL CONTINUING OPERATIONS		8 787	316	(87)	9 016	5 940
MATERIAL ASSOCIATE						
MATTRESS FIRM		2 534	10	(64)	2 480	1 219

EXCHANGE RATES

	AVERAGE TRANSLATION RATE			CLOSING TRANSLATION RATE		
	H12020	H12019	% change	31-Mar-20	31-Mar-19	% change
EUR:ZAR	16.6270	16.1091	3	19.6095	16.2642	21
EUR:PLN	4.3056	4.3004	0	4.5506	4.3006	6
EUR:GBP	0.8615	0.8796	(2)	0.8864	0.8583	3
EUR:AUD	1.6498	1.5923	4	1.7967	1.5821	14
EUR:USD	1.1049	1.1386	(3)	1.0956	1.1235	(2)
EUR:CHF	1.0815	1.1345	(5)	1.0585	1.1181	(5)

SHARE STATISTICS

Stock exchange	FSE	JSE
Stock symbol	SNH Xetra	SNH SJ
Listing type	Primary	Secondary
ISIN	NL0011375019	NL0011375019
Initial listing	December 2015	September 1998 ¹
Opening share price ²	€0.06	R0.98
Closing share price ³	€0.05	R1.11
Highest share price during period	€0.12	R2.05
Lowest share price during period	€0.04	R0.78
Volume traded during period (million)	1 736	755
Value traded during period (million)	€130	R801
Market capitalisation (million) ³	€210	R4 605
Number of shares in issue (million) ⁴	4 148	4 148

¹ Original listing of Steinhoff International Holdings Limited on the JSE Limited

² Closing share price as at 28 September 2019

³ As at 31 March 2020

⁴ As at 31 March 2020, net of treasury shares

FINANCIAL CALENDAR

Annual general meeting	Friday, 28 August 2020
Q3 Trading update – quarter ended 30 June 2020	Friday, 28 August 2020

CORPORATE AND CONTACT INFORMATION

Registration number

63570173

Registered office

Building B2
Vineyard Office Park
Cnr Adam Tas & Devon Valley Road
Stellenbosch 7600
South Africa

Website

www.steinhoffinternational.com

Auditors

Mazars Accountants N.V.
(License number 13000408)
Watermanweg 80
3067 GG Rotterdam
The Netherlands
(PO Box 23123, 3001 KC Rotterdam, The Netherlands)

Company secretary

Sarah Radema

South African sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch 7600
(PO Box 7403, Stellenbosch 7599)

South African transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank 2196
(Private Bag X9000, Saxonwold 2132)

Commercial banks

Standard Corporate and Merchant Bank
(A division of The Standard Bank of South Africa Limited)
(Registration number 1962/000738/06)
Ground Floor, 3 Simmonds Street
Johannesburg 2001
PO Box 61150, Marshalltown 2107

In addition, the group has commercial facilities with various other banking and financial institutions worldwide.

CAUTIONARY NOTICE

This Half-Year Report contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements.

Many of these risks and uncertainties relate to factors that are beyond Steinhoff's ability to control or estimate precisely, including but not limited to, Steinhoff's ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits from Steinhoff's plans and strategies being less than anticipated, the effect of general economic or political conditions, Steinhoff's ability to retain and attract employees who are integral to the success of the

business, business and IT continuity, collective bargaining, distinctiveness, competitive advantage and economic conditions, information security, legislative and regulatory environment and litigation risks, product safety, pension plan funding, strategic initiatives, responsible retailing, insurance, other financial risks, unforeseen tax liabilities and other factors discussed in this Half-year Report, in particular the paragraphs on how we manage risk and in Steinhoff's other public filings and disclosures.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Half-Year Report. Steinhoff does not assume any obligation to update any public information or forward-looking statement in this Half-Year Report to reflect events or circumstances after the date of this Half-Year Report, except as may be required by applicable laws.

GLOSSARY

Glossary of Terms applied to the 2020 Condensed Financial Statements

2019 Annual Report	Management Report (<i>bestuursverslag</i>) as referred to in article 2:391 of the Dutch Civil Code for the financial year ended 30 September 2019, together with the audited Consolidated Financial Statements
2019 Condensed Financial Statements	The unaudited condensed Consolidated Half-year Financial Statements for the six months ended 31 March 2019
2019 Consolidated Financial Statements	Consolidated Financial Statements for the Steinhoff Group for the financial year ended 30 September 2019
2019 Half-year Report	Management Report (<i>bestuursverslag</i>) as referred to in article 2:391 of the Dutch Civil Code for the six months ended 31 March 2019, the Management Board Responsibility Statement and the unaudited 2019 Condensed Consolidated Half-year Financial Statements
2020 Half-year Results	The results for the Steinhoff Group for the six months ended 31 March 2020
2020 Condensed Financial Statements	The unaudited condensed Consolidated Half-year Financial Statements for the six months ended 31 March 2020
2020 Half-year Report	Management Report (<i>bestuursverslag</i>) as referred to in article 2:391 of the Dutch Civil Code for the six months ended 31 March 2020, the Management Board Responsibility Statement and the unaudited 2020 Condensed Consolidated Half-year Financial Statements
2019 Half-year Reporting Period	Period starting 1 October 2018 up to and including 31 March 2019
2019 Reporting Period	Period starting 1 October 2018 up to and including 30 September 2019
ABRA	ABRA S.A., a company incorporated under the laws of Poland and registered under number KRS0000003143
Audit and Risk Committee	Audit and risk committee established by the Supervisory Board
Brait	Brait S.E., a company incorporated under the laws of Malta, registered under number SE1 and whose shares are listed, inter alia, on the JSE Limited
BVI	Business Venture Investments 1449 (RF) Proprietary Limited, a company incorporated under the laws of South Africa and registered under number 2011/002155/07
Campion Group	Campion Capital S.A., a company incorporated under the laws of Switzerland and registered under number CH-621.3.008.743-1, together with its subsidiaries, amongst others, the Fulcrum UK Group, the Fulcrum SA Group, Sunnyside, Sutherland UK and Town Investments
Conforama	Conforama Holdings S.A., a company incorporated under the laws of France together with its subsidiaries and registered under number RCS 582 014445
Contractual claims	Claims by those claimants who, in accordance with the terms of the contractual arrangement involving the Company, sold businesses, shares or otherwise received consideration directly

COVID-19	An ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The pandemic has led to severe global socioeconomic disruption, the closure of a number of businesses and widespread shortages of supplies
CVA	Company Voluntary Arrangements, in respect of SEAG CVA and/or the SFHG CVA (as applicable)
Dutch Financial Supervision Act	Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
Fantastic	Fantastic Holdings Limited
Fulcrum UK	Fulcrum Investment Partners (UK) Limited, a company incorporated under the laws of the United Kingdom and registered under number 9795056
Group	The group of companies consisting of Steinhoff International Holdings N.V. together with its subsidiaries
Hemisphere	Hemisphere International Properties B.V., a company incorporated under the laws of the Netherlands and registered under number 17228592. An indirect wholly owned subsidiary of Steinhoff N.V. and holds a portfolio of European properties
IEP Group	IEP Group Proprietary Limited, a South African investment holding company with controlling and scalable strategic interests in a number of select investment platforms, including the Bud Group
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
KAP	KAP Industrial Holdings Limited, a public company incorporated under the laws of the Republic of South Africa and registered under number 1978/000181/06
Kapela	Kapela Holdings is a black owned investment holding company
Lancaster 101	Lancaster 101 (RF) Proprietary Limited
Lancaster 102	Lancaster 102 Proprietary Limited
Management Board	Management board of the Company
Market purchase claimants	Market purchase claims arise in respect of market traded securities. In respect of the period prior to the Company's Frankfurt Stock Exchange listing becoming effective on 7 December 2015, any such claims are in respect of shares of SIHPL (the former holding company of the Group) and, following such event, any such claims are in respect of shares of the Company
Mattress Firm	Mattress Firm Holding Corp, a company incorporated under the laws of the United States of America and registered under number EIN – 20-8185960, together with its subsidiaries, Mattress Firm Inc.
Pepkor Africa, PPH or Pepkor Africa Group	Pepkor Holdings Limited, a public company incorporated under the laws of the Republic of South Africa and registered under number 2017/221869/06. An indirect subsidiary of Steinhoff N.V.
Pepco Group	The pan-European discount variety retailer that includes the brands PEPCO, Poundland and Dealz
Plum Tree	Plum Tree Consultants Limited, a company incorporated under the laws of Mauritius and registered under number 126319C2/GBL
Reporting Date	31 March 2020
Reporting Period	Period starting 1 October 2019 up to and including 31 March 2020
SARB	South African Reserve Bank

SEAG	Steinhoff Europe AG, a company incorporated under the laws of Austria and registered under number FN 38031d. A wholly owned subsidiary of Steinhoff N.V.
SEAG CVA	English law company voluntary arrangement proposed by SEAG dated 28 November 2018
SFHG	Steinhoff Finance Holdings GmbH, a company incorporated under the laws of Austria, registered under number FN345159m
SFHG CVA	English law company voluntary arrangement proposed by SFHG dated 28 November 2018
SIHPL	Steinhoff International Holdings Proprietary Limited, a company incorporated under the laws of South Africa, registered under number 1998/003951/06, previously listed on the JSE and known as Steinhoff
SINVH	Steinhoff Investment Holdings Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1954/001893/06
Sherwood	Sherwood Group Holdings Inc, a company incorporated under the laws of the United States of America, registered under number 6454341
SSUK	Sutherland Investment Partner UK Limited, a company incorporated under the laws of the United Kingdom and registered under number 9803849, and Sunnyside Investment Partners Limited, a company incorporated under the laws of the United Kingdom and registered under number 9892333, collectively
Steinhoff Africa	Steinhoff Africa Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1969/015042/07
Steinhoff N.V. or the Company	Steinhoff International Holdings N.V., a public limited liability company incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, and its head office in South Africa, and registered with the Trade Register in the Netherlands under number 63570173
Steinhoff shares or Ordinary Shares	Ordinary shares in the capital of the Company
SUSHI	Stripes US Holding Inc. a company incorporated under the laws of the United States of America, registered under number EIN-38-4012800. The holding company of Mattress Firm
Titan	Titan Premier Investments Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registration number 1979/000776/07
Top Global	Top Global Investments GmbH, a company incorporated under the laws of Austria and registered under number FN343334d
Town Investments	Town Investments Proprietary Limited, a company incorporated under the laws of South Africa and registered under number 2016/159084/07. The company served as a special purpose vehicle during the acquisition of Tekkie Town Proprietary Limited
Unitrans	Unitrans Motor Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1997/017428/07

www.steinhoffinternational.com

APPENDIX F
CONSENT REQUEST

OMNIBUS STEINHOFF SETTLEMENT CONSENT REQUEST: PROJECT UNIVERSE

To: Lucid Agency Services Limited, 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, in its capacity as:

- (i) umbrella agent under the Umbrella Agreement (“**Umbrella Agent**”);
- (ii) agent under the SEAG First Lien Facilities Agreement (“**SEAG First Lien Agent**”);
- (iii) agent under the SEAG Second Lien Facilities Agreement (“**SEAG Second Lien Agent**”);
- (iv) agent under the Hemisphere Facility Agreement (“**Hemisphere Agent**”); and
- (v) agent under the NV/Hemisphere Contingent Payment Undertaking (“**Hemi CPU Agent**”);

Attention: Transaction Management (deals@lucid-ats.com) / Lucid Middle Office (middleoffice@lucid-ats.com)

And

To: Lucid Trustee Services Limited, 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, in its capacity as agent under the NV/SEAG Contingent Payment Undertaking (“**SEAG CPU Agent**”) and security agent under the SEAG Intercreditor Agreement;

Attention: Transaction Management (deals@lucid-ats.com) / Lucid Middle Office (middleoffice@lucid-ats.com)

And

To: Global Loan Agency Services Limited, 45 Ludgate Hill, London EC4M 7JU, in its capacity as:

- (i) agent under the SFHG 21/22 Facilities Agreement (“**SFHG 21/22 Agent**”);
- (ii) agent under the SFHG 23 Facilities Agreement (“**SFHG 23 Agent**”);
- (iii) agent under the NV/SFHG 21/22 Contingent Payment Undertaking (“**21/22 CPU Agent**”);
- (iv) agent under the NV/SFHG 23 Contingent Payment Undertaking (“**23 CPU Agent**”);
- (v) agent under the SIHPL/SFHG Contingent Payment Undertaking (“**SIHPL CPU Agent**”);

Attention: Transaction Management Group (tmg@glas.agency & paul.fletcher@glas.agency)

And

To: GLAS Trust Corporation Limited, 45 Ludgate Hill, London EC4M 7JU, in its capacity as Security Agent under the SFHG 21/22 Facilities Agreement, SFHG 23 Facilities Agreement and the SFHG Intercreditor Agreement (“**SFHG Security Agent**”);

Attention: Transaction Management Group (tmg@glas.agency & paul.fletcher@glas.agency)

With Copy to: Those other agents under Steinhoff Finance Documents as set out in Part 1 of Annex 1.

With Copy to: Intercompany SIHNV Lenders & the Intercompany Group Lenders as set out in Part 2 of Annex 1.

Date: 9 October 2020

Dear Sir/Madam,

Omnibus Steinhoff Settlement Consent Request: Project Universe

Responses requested by 30 October 2020

- 1 We refer to the umbrella agreement dated 12 August 2019 between Steinhoff International Holdings N.V., the Umbrella Agent and certain other agents (“**Umbrella Agreement**”) and each of the other Steinhoff Finance Documents (as defined below).
- 2 The purpose of this letter is to seek the requisite creditor’s consents under the relevant Steinhoff Finance Documents to the Steinhoff Group Settlement (as defined below) on the terms set out in this letter. The Settlement Announcement can be found at <https://www.steinhoffinternational.com/settlement-litigation-claims.php>
- 3 Capitalised terms used in this letter shall have the same meaning given to them in the Umbrella Agreement unless otherwise defined in this letter. Reference to annexures or “Paragraphs” are to the annexures to, and paragraphs in, this letter.
- 4 In this letter:
 - “**amendment**” means amendment, waiver, supplement or other modification;
 - “**Consent Effective Time**” means the date on which SIHNV confirms in accordance with Paragraph 70 that it has been notified by the Steinhoff Agents that the requisite consents required under this letter to approve all the Consent Requests have been obtained;
 - “**Consenting Lender**” means any creditor under the Steinhoff Finance Documents that has provided its consent to the Consent Requests set out in this letter by completing a Settlement Consent Form;
 - “**Consent Requests**” has the meaning given to it in the preamble to Part B (*Summary of Requested Consents*) below;
 - “**Disputed Scheme Claims**” has the meaning given to it in Paragraph 15 below;
 - “**Disputed Scheme Claim Obligations**” means any amount payable in respect of any Disputed Scheme Claim which is subject to the Steinhoff Group Settlement either (i) as finally determined by Court proceedings or any binding alternative dispute resolution procedure (“**Adjudicated Claim**”); or (ii) any liability agreed pursuant to a settlement approved by SIHNV (in the case of liabilities of SIHNV) and SIHPL (in the case of liabilities of SIHPL) in accordance with this letter and, if required pursuant to this letter, as approved by the Umbrella Agent acting on the instructions of Simple Majority Settlement Creditors;
 - “**Dutch Proceedings**” means SoP Proceedings and/or, if enacted, the Dutch procedure *wet homologatie onderhands akkoord*;
 - “**Guarantee Commitments**” shall have the meaning given to them in clause 10 (*Permitted Settlement*) of the Umbrella Agreement together with related definitions which shall continue to apply where expressly referred to notwithstanding the amendments to clause 10 of the Umbrella Agreement following the Settlement Effective Date;
 - “**Hemisphere Documents**” means the Hemisphere Facility Agreement and the NV/Hemisphere Contingent Payment Undertaking;
 - “**Implementation Proceedings**” means each of and any combination of SoP Proceedings or, if enacted, the Dutch procedure *wet homologatie onderhands akkoord*, South African law *section 155* proceedings, English law *scheme of arrangement* or Part 26A restructuring plan

proceedings and, in combination with any of those processes, a collective action procedure and/or private settlement agreements;

“Insolvency Event” means, the commencement of legal proceedings in relation to:

- (i) a Dutch law suspension of payments procedure, a winding-up, liquidation, dissolution, administration, a South African law business rescue procedure or scheme of arrangement of SIHNV, SAHPL, SIHL or SIHPL;
- (ii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of SIHNV, SAHPL, SIHL or SIHPL; or
- (iii) enforcement of any security over any assets of SIHNV, SAHPL, SIHL or SIHPL,

or any analogous procedure or step is taken in any jurisdiction, provided that none of the above shall apply to:

- (a) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 120 days of commencement;
- (b) any action taken by a receiver, by an administrative receiver or to enforce any Security in respect of any asset or assets having an aggregate value of less than EUR 100,000,000; or
- (c) any step or procedure contemplated by the Steinhoff Group Settlement and/or the Implementation Proceedings.

“Interim Effective Time” means the date (if any) notified by SIHNV to the Steinhoff Agents in accordance with Paragraph 70, such notice only to be given by SIHNV if:

- (i) no less than 80 per cent creditor approval has been received under each of the NV Contingent Payment Undertakings, NV/Hemisphere Contingent Payment Undertaking and the SIHPL/SFHG Contingent Payment Undertaking in relation to each Consent Request requiring this (or, as applicable, a lower) percentage of approval,
- (ii) no less than 80 per cent creditor approval has been received under each Facility Agreement (including the Hemisphere Facility Agreement) in relation to each Consent Request requiring this (or, as applicable, a lower) percentage of approval; and
- (iii) approval from each Intercompany SIHNV Lender has been received in relation to the amendments to the Intercompany SIHNV Obligations required pursuant to the Consent Requests set out in this letter;

“Intercompany Group Lenders” means the creditors in respect of the Intercompany Group Loans;

“Intercompany Group Loans” means those loans made between members of the Group (excluding the Intercompany SIHNV Loans) with a final repayment date of 31 December 2021;

“Intercompany SIHNV Lenders” means the creditors in respect of the Intercompany SIHNV Loans being at the date of this letter those set out in Part 2 of Annex 1 (*Intercompany SIHNV Loans and Intercompany SIHNV Lenders*);

“Intercompany SIHNV Loans” means those loans payable by SIHNV to the Intercompany SIHNV Lenders and as set out in Part 2 of Annex 1 (*Intercompany SIHNV Loans and Intercompany SIHNV Lenders*);

“Intercompany SIHNV Minor Loans” means those Intercompany SIHNV Loans numbered 3 to 6 inclusive as set out in Part 2 of Annex 1 (*Intercompany SIHNV Loans and Intercompany SIHNV Lenders*);

“Intercompany SIHNV Obligations” means the amounts owed by SIHNV at any time to the Intercompany SIHNV Lenders under the Intercompany SIHNV Loans;

“Interim Extension Option” has the meaning given to that term at Paragraph 31;

“Long-Stop Date” means, subject to any extension made in accordance with this letter, 30 September 2021;

“MPCs” has the meaning given to that term in the Settlement Term Sheet;

“New Lender” has the meaning given to it in Paragraph 63;

“Non-Qualifying Claims” shall have the meaning given to that term in the Settlement Term Sheet;

“Non-Qualifying Claim Obligations” means any amount payable in respect of any Non-Qualifying Claim which is (i) finally determined by Court proceedings or any binding alternative dispute resolution procedure (**“Adjudicated Claim”**); or (ii) any liability agreed pursuant to a settlement approved by SIHNV (in the case of liabilities of SIHNV) and SIHPL (in the case of liabilities of SIHPL) and, if required pursuant to this letter, as approved by the Umbrella Agent acting on the instructions of Simple Majority Settlement Creditors;

“Relevant Intercompany Group Loans” has the meaning given to it in Paragraph 35;

“Reserve Amount” means in respect of any and all Disputed Scheme Claims and Non-Qualifying Claims (other than Adjudicated Claims), together in total EUR 35m subject to no single payment being greater than EUR 15m;

“Settlement Announcement” means the proposal made by Steinhoff in its announcement on 27 July 2020;

“Settlement Consent Form” means the form, or substantially similar form, as set out in Annex 4;

“Settlement Effective Date” means the date following the Consent Effective Time on which the Steinhoff Group Settlement comes into full force and effect and as notified by SIHNV to the Steinhoff Agents;

“Settlement Guarantee Commitments” shall have the meaning given to Guarantee Commitment under the Umbrella Agreement and, shall for the purpose of this definition, include the Hemisphere Facility Agreement and the lenders and commitments under the Hemisphere Facility Agreement in the calculation;

“Settlement Term Sheet” means the settlement term sheet set out at Annex 2 (*Settlement Term Sheet*);

“Settlement Term Sheet Permitted Variation” means each of the following:

- (i) a variation to the methodology applied to settlement of MPCs, provided that the total consideration to be paid by SIHNV in respect of all MPCs remains capped at EUR 266m;
- (ii) for the purposes of settlement consideration payable in respect of the BVI Claim, a variation to the deemed price per PPH Share from ZAR 13.5 to not less than ZAR 12.5;

“**SIHL Dividend Reserve**” means an amount estimated by the board of SIHL to be required to be paid in the next 24 months in respect of dividends in accordance with the terms of the SIHL Preference Shares in force at the date of this letter;

“**SIHL Preference Shares**” means the variable rate, cumulative, non-redeemable, non-participating preference shares with a capital value of R1.5 billion issued by Steinhoff International Holdings Limited (“**SIHL**”);

“**SIHNV Security**” has the meaning given to it in Paragraph 37;

“**SIHPL Security**” has the meaning given to it in Paragraph 28;

“**Simple Majority Settlement Creditors**” means, at any time, Lenders, including for the purpose of this definition lenders under the Hemisphere Facility Agreement, who benefit from NV Contingent Payment Undertakings (including the NV/Hemisphere Contingent Payment Undertaking) and whose Settlement Guarantee Commitments at that time aggregate more than 50 per cent of the aggregate Settlement Guarantee Commitments;

“**SoP Proceedings**” means Dutch law *suspension of payments* proceedings;

“**South African Entities**” means Steinhoff Africa Holdings Pty Limited (registration number:1969/015042/07), Ainsley Holdings Pty Limited (registration number:1964/010191/07) and Steinhoff Investments Holdings Limited (registration number: 1954/001893/06);

“**Steinhoff Agents**” means Lucid Agency Services Limited, Lucid Trustee Services Limited, Global Loan Agency Services Limited, and GLAS Trust Corporation Limited in their capacities as set out above;

“**Steinhoff Finance Documents**” means:

- (i) the Umbrella Agreement;
- (ii) the NV/SEAG Contingent Payment Undertaking;
- (iii) the NV/SFHG 21/22 Contingent Payment Undertaking;
- (iv) the NV/SFHG 23 Contingent Payment Undertaking;
- (v) the SIHPL/SFHG Contingent Payment Undertaking;
- (vi) the NV/Hemisphere Contingent Payment Undertaking; and
- (vii) each “**Finance Document**” (other than this letter) under and as defined in:
 - (a) the SEAG First Lien Facilities Agreement;
 - (b) the SEAG Second Lien Facilities Agreement;
 - (c) the SFHG 21/22 Facilities Agreement;
 - (d) the SFHG 23 Facilities Agreement; and

(e) the Hemisphere Facility Agreement;

“Steinhoff Group Settlement” means a settlement in accordance with the Settlement Term Sheet and such proposal as may be amended or varied by SIHNV and/or SIHPL in accordance with this letter prior to the Settlement Effective Date;

“Super Majority Settlement Creditors” means, at any time, Lenders, including for the purpose of this definition lenders under the Hemisphere Facility Agreement, who benefit from NV Contingent Payment Undertakings (including the NV/Hemisphere Contingent Payment Undertaking) and whose Settlement Guarantee Commitments at that time aggregate more than 80 per cent of the aggregate Settlement Guarantee Commitments;

“Termination Date” means the earliest to occur of:

- (i) the Long-Stop Date, if the Settlement Effective Date has not occurred by that date;
- (ii) the date on which the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors terminates this letter by written notice to SIHNV and SIHPL if SIHNV or any of its Subsidiaries has failed to comply with any material requirement under this letter (provided that the Umbrella Agent on receipt of such instructions shall be under no obligation to determine materiality) and, if capable of remedy, such failure to comply is not remedied within 15 clear Business Days of the earlier of (A) the date the defaulting member of the Group is given written notice of such breach by the Umbrella Agent (acting on the instructions of the Simple Majority Settlement Creditors) and (B) the date the defaulting member of the Group becomes aware of such breach (which breach shall be notified to the Umbrella Agent pursuant to this letter) (the **“Grace Period”**) (provided that, in the case of (B) above, the Umbrella Agent (acting on the instructions of the Simple Majority Settlement Creditors) may only provide written notice to SIHNV to terminate this letter if such written notice is provided within 15 clear Business Days of the Umbrella Agent becoming aware of the breach);
- (iii) the date on which an Insolvency Event occurs and the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors gives written notice of termination of this letter; and
- (iv) an Unsanctioned Scheme Date in accordance with Paragraph 64;

“Transfer Notice” means a notice substantially in the form set out in Annex 3 (*Transfer Notice*) from a Consenting Lender and a New Lender to the relevant Steinhoff Agent and SIHNV; and

“Unsanctioned Scheme Date” has the meaning given to that term in Paragraph 64.

- 5** This Consent Request is made to the Umbrella Agent and each of the other Steinhoff Agents at the same time to provide visibility to each of the creditors under the Steinhoff Finance Documents of the Consent Requests set out in this letter and to have a common consent process. This letter seeks consents to certain waivers and amendments to the Umbrella Agreement, the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking, the Facility Agreements, the NV/Hemisphere Contingent Payment Undertaking and other Steinhoff Finance Documents to support and approve the Steinhoff Group Settlement subject to the terms of this letter. This letter also refers to waivers and amendments proposed to be made to the Hemisphere Facility Agreement. These proposals remain subject to confirmation from Hemisphere, to be confirmed by delivery of this letter

executed by Hemisphere and in relation to which each Hemisphere Lender is requested to respond by no later than 11.59pm (London time) on the date following 10 Business Days after that confirmation pursuant to Paragraph 68 of this letter.

Part A: Background

- 6** The background to this request is the settlement proposal announced in the Settlement Announcement and the terms set out in the Settlement Term Sheet.
- 7** The existing litigation claims arising from the legacy accounting issues against SIHNV and SIHPL represent material contingent liabilities for those entities. The possibility of a settlement of those contingent liabilities which would remove substantially all of those liabilities from the SIHNV and the SIHPL balance sheets was contemplated under the 2019 financial restructuring with the introduction of the concept of 'Permitted Settlement'. The proposed settlement terms set out in the Settlement Term Sheet are the result of many months of discussions with the various competing claimants. Whilst the range and number of competing litigation claims, and therefore the implementation of any settlement of them, reflect a high degree of complexity, the terms of the Steinhoff Group Settlement as they affect the financial creditors are relatively straightforward.
- 8** The Settlement Term Sheet represents a realistic basis on which to conclude a settlement among all stakeholders. The benefits of an overall settlement of the litigation claims for the financial creditors are significant and are consistent with those contemplated at the time of the 2019 financial restructuring. A successfully completed settlement will bring finality to the significant contingent liabilities and related uncertainty to which the Group is currently subject and will remove the overhang of the legacy events from the Group and the underlying businesses. These benefits are common to all financial creditors within the Group. A fully implemented settlement will also provide finality and certainty to the majority of claimants.
- 9** The Group is continuing to build support following the Settlement Announcement to implement the settlement. It is SIHNV's view that obtaining the consent of the Group's financial creditors to the proposed settlement as soon as possible will lend important momentum to efforts to implement the proposed settlement. Accordingly, the Consent Requests set out in this letter when given by the Group's financial creditors will be effective and remain available to the Group to achieve the Settlement Effective Date on the terms described below.
- 10** As part of the proposed settlement the Group's financial creditors are being asked to consent to an extension of the maturity of SIHNV's obligations under the contingent payment obligations and the final repayment dates under the underlying facility agreements (with the possibility of a further 6 month extension based on a Simple Majority Settlement Creditor approval threshold). The reasons for the extension include the importance of further stabilising the Group over an extended period of time. This stability will also provide greater certainty for the litigation claimants when entering into the settlement arrangements as well as lending continuing support to the underlying Steinhoff businesses.
- 11** As part of its planning to implement the proposed settlement, SIHNV also seeks the ability to obtain consent for an extension based on a lower creditor approval threshold in circumstances in which SIHNV seeks to implement the settlement through Dutch Proceedings but needs to establish a going concern basis. In these limited circumstances, SIHNV seeks consent to request an interim extension to the current maturity dates in accordance with the Interim Extension Option described below.

- 12** Whilst the Group is still building the support necessary to implement the settlement, we believe that the proposed terms represent a fair balance between the competing stakeholder interests and the Group wishes to implement the settlement as soon as possible. It is not expected that there will be material changes to the proposal from that set out in the Settlement Term Sheet. The regime of Settlement Term Sheet Permitted Variations will provide some flexibility in trying to resolve specific counterparty issues. The variation to the term sheet published on 27 July 2020 incorporated in the Settlement Term Sheet attached to this letter is the intention by SIHPL to pay the settlement consideration in respect of the “Titan Claims” (as defined in the Settlement Term Sheet) against SIHPL to the respective Titan entities following approval of the section 155 proceedings notwithstanding any ongoing ownership disputes in relation to any of those Titan Claims. It is possible that adjustments will need to be made to achieve a successful settlement prior to launch of the formal implementation steps or prior to the Settlement Effective Date. Therefore, the Group proposes a regime under this letter to approve further changes to the settlement terms following receipt of lender consent.
- 13** The Group believes that obtaining financial creditor support on the terms set out in this letter is an important step in concluding a global settlement that will ultimately benefit all financial creditors and other Group stakeholders and resolve the uncertainties caused by the current contingent liabilities. We look forward to receiving your consent.

Part B: Summary of Requested Consents

The following consents in this Part B (“**Consent Requests**”), are being sought in each case subject to the provisions of Part D (*Effectiveness and Termination of Consents*) below.

Permitted Settlement

- 14** Consent is sought under the Umbrella Agreement and all other relevant Steinhoff Finance Documents that:
- (i) the Steinhoff Group Settlement, including all payments, steps and transactions contemplated by the Settlement Term Sheet, including those payments described in Paragraphs 15, 16 and 17, below shall be a “Permitted Settlement”, a “Permitted Global Settlement”, and a “Permitted SIHPL Settlement” for the purposes of the Umbrella Agreement and each other Steinhoff Finance Document; and
 - (ii) the provisions of clause 10.2 (*Conditions to Permitted Settlement*) of the Umbrella Agreement shall not apply to the Steinhoff Group Settlement and the effectiveness of the Consent Request under this letter; and
 - (iii) the Umbrella Agreement will be amended (such amendment agreement to be entered into by the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors) with effect from the Settlement Effective Date so that:
 - (a) the provisions of clauses 10.2 (*Conditions to Permitted Settlement*) to 10.4 of the Umbrella Agreement shall cease to have effect from the Settlement Effective Date other than the continuing definitions;
 - (b) the provisions of Paragraphs 15, 16 and 17 below shall be set out in a new clause 10 of the Umbrella Agreement; and
 - (c) provisions equivalent to clause 10.5 (Consent Process) and 10.6 (Role of Umbrella Agent) of the Umbrella Agreement shall be included in the new clause 10 of the Umbrella Agreement and, for the avoidance of doubt, these

provisions shall continue in their current form until the new clause 10 is effective.

- 15** As set out in the Settlement Term Sheet, not all claims against SIHNV and SIHPL will be resolved immediately on the Settlement Effective Date. Those continuing claims fall into two categories: (1) claims that are not subject to the settlement proposal at all and which include the Non-Qualifying Claims (as described in the Settlement Term Sheet) at SIHPL; and (2) claims that are subject to the settlement scheme but which are disputed by SIHNV and/or SIHPL and will continue to be the subject of separate litigation proceedings or dispute resolution proceedings either agreed as part of the settlement arrangements or agreed bilaterally between the parties ("**Disputed Scheme Claims**"). SIHNV and SIHPL will assess appropriate reserving levels in respect of Disputed Scheme Claims and, where such claims will (if established) be administered by the Steinhoff Recovery Foundation, such reserves will either be paid to the Steinhoff Recovery Foundation on the Settlement Effective Date or paid to it when required by the Steinhoff Recovery Foundation.
- 16** SIHNV and/or SIHPL (as relevant) will continue the conduct and management of any Non-Qualifying Claims that remain following the Settlement Effective Date. With effect from the Settlement Effective Date, it is proposed that Non-Qualifying Claims be subject to a new permitted settlement regime so that any settlement of a Non Qualifying Claim in excess of the available Reserve Amount (individually or cumulatively) will require the prior written approval of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors. No consent shall be required in respect of payment of any Non-Qualifying Claims that are Adjudicated Claims (whether paid to the Steinhoff Recovery Foundation or directly to the claimant) and in relation to SIHNV only, provided that any amount paid is consistent with the treatment of other equivalent claims under the Steinhoff Group Settlement, as approved in any Implementation Proceedings. Adjudicated Claims are not subject to the Reserve Amount.
- 17** SIHNV and/or SIHPL (as relevant) will continue the conduct and management of any Disputed Scheme Claims that remain subject to dispute following the Settlement Effective Date. SIHNV and/or SIHPL will have discretion to settle any amount in respect of Disputed Scheme Claims, including by way of reserve, to the Steinhoff Recovery Foundation up to the available Reserve Amount. Following the Settlement Effective Date, settlement by SIHNV or, as the case may be, by SIHPL of any Disputed Scheme Claims resulting in a payment greater than the Reserve Amount will require the prior written approval of the Umbrella Agent, acting on the instructions of the Simple Majority Settlement Creditors. No consent shall be required in respect of payment of any Disputed Scheme Claims that are Adjudicated Claims (whether paid to the Steinhoff Recovery Foundation or directly to the claimant) provided that any such amount is consistent with the treatment of other equivalent claims under the Steinhoff Group Settlement, as approved in any Implementation Proceedings. Adjudicated Claims are not subject to the Reserve Amount.
- 18** The Reserve Amount referred to in Paragraph 16 is the same Reserve Amount referred to in the Paragraph 17 so that the aggregate amount as at the date of this letter is equal to the Reserve Amount and any payments under Paragraph 16 or Paragraph 17 will reduce the total available remaining Reserve Amount. The Reserve Amount maybe varied or amended with the consent of SIHNV and the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors.
- 19** Consent is sought that the provisions of clause 6.16 (*Permitted SIHPL Settlement*) of the SIHPL/SFHG Contingent Payment Undertaking and clause 5.5 (b) (*Restrictions on*

Payments) of the NV/Hemisphere Contingent Payment Undertaking shall not apply to the Steinhoff Group Settlement and the effectiveness of the Consent Request under this letter and clause 5.5(b) (*Restrictions on Payments*) of the NV/Hemisphere Contingent Payment Undertaking shall cease to have effect from the Settlement Effective Date.

Hemisphere

- 20** Pursuant to the Settlement Term Sheet, it is proposed that SIHNV will pay the Hemisphere Agent, for the benefit of the Hemisphere Lenders, EUR 40m (50 per cent cash and 50 per cent in shares of the listed South African entity, Pepkor Holdings Limited subject to SIHNV's option to settle the settlement consideration in a greater proportion, or in the full amount, in cash) under the NV/Hemisphere Contingent Payment Undertaking and in accordance with the Settlement Term Sheet, ("**Hemisphere Settlement Payment**").
- 21** Consent is sought for SIHNV to make, or procure, the Hemisphere Settlement Payment be paid to the Hemisphere Agent for the benefit of the Hemisphere Lenders on or after the Settlement Effective Date, without requirement for such payment to be paid to the Umbrella Agent or for any equivalent payment to be made under any other Steinhoff Finance Document, subject to the following conditions being satisfied prior to, or at the same time as, any payment of the Hemisphere Settlement Payment:
- (i) the accordion facilities under the SFHG 21/22 Facilities Agreement and the SFHG 23 Facilities Agreement are issued to Hemisphere in an aggregate amount of EUR 86m plus accruing interest (projected to be a total of EUR 97,258,620.38 as at 16 October 2020); and
 - (ii) the Hemisphere Agent on behalf of the Hemisphere Lenders accedes to the Umbrella Agreement pursuant to clause 17 of the Umbrella Agreement (subject to the amendment referred to in Paragraph 22 below) prior to or on the Settlement Effective Date and prior to the Hemisphere Settlement Payment being made.
- 22** Consent is sought for clause 17(c)(i) of the Umbrella Agreement to be amended so that the Hemisphere Agent may accede to the Umbrella Agreement provided SIHNV and the Umbrella Agent, acting on the instructions of the Simple Majority Settlement Creditors (excluding in that calculation for these purposes only, the Hemisphere Lenders' commitments and total commitments under the Hemisphere Facility Agreement) confirm that the NV/Hemisphere Contingent Payment Undertaking has been amended to conform to the NV Contingent Payment Undertakings in a form acceptable to the Umbrella Agent (acting on the instructions of the Simple Majority Settlement Creditors) and SIHNV.

Governance

- 23** Consent is sought for the deletion in its entirety of the provisions of clause 9 (*Litigation Working Group*) of the Umbrella Agreement with effect from the Settlement Effective Date. Consent is also sought that there will be no continuing requirements for, and no event of default will arise in relation to, the existence, function or performance of the LWG under any Steinhoff Finance Document. Following the Settlement Effective Date, the strategy and conduct of litigation involving the Group will fall to the Management Board of SIHNV (supported by any sub-committee appointed for the purpose by the Supervisory Board of SIHNV) together with the relevant boards of members of the Group.
- 24** Consent is sought for the addition to the Umbrella Agreement of the following provisions relating to certain governance arrangements for certain South African entities in the Group:

- (i) with effect from the Settlement Effective Date, one of either David Pauker or Paul Copley (both current Supervisory Board members and members of the LWG) will be appointed by SIHNV as a non-executive director of SIHL (which, following the appointment, will comprise a total of four non-executive directors and two executive directors) and one of Paul Copley or David Pauker will be appointed by SIHNV (and SIHL) as a non-executive director to the board of Steinhoff Africa Holdings Proprietary Limited (“**SAHPL**”) (which, following the appointment, will comprise a total of two executive directors and one non-executive director);
- (ii) provided that the Settlement Effective Date has occurred, with effect from 1 January 2022, SIHNV (and SIHL) will appoint to the board of SAHPL one additional non-executive director in place of an existing executive director being either Paul Copley, David Pauker or, if nominated by the Relevant Creditors - SA Governance (see below), the “**Independent Nominee**”;
- (iii) if Paul Copley and David Pauker are for whatever reason not available or cease to be able to take any initial appointment described in (i) above, the procedure set out in (iv) below will apply to identify their replacement (“**Replacement Nominee**”). The same process will apply to identify the Independent Nominee for the purpose of (ii) above;
- (iv) a Replacement Nominee or an Independent Nominee will be appointed from a list of not less than three of eligible candidate nominees approved by “**Relevant Creditors – SA Governance**”.
- (v) for the purpose of this Paragraph 24, “**Relevant Creditors – SA Governance**” means, (a) until the date on which the intercompany loans between SIHPL (as lender) and SAHPL and SIHL (each as borrowers) are repaid in full, the four largest lenders by commitments under the total commitments by aggregate under the SFHG 21/22 Facilities Agreement and the SFHG 23 Facilities Agreement, and (b) once the SFHG 21/22 Facilities Agreement and the SFHG 23 Facilities Agreement have been repaid, lenders who benefit from the NV Contingent Payment Undertakings and the NV/Hemisphere Contingent Payment Undertaking and whose Guarantee Commitments at that time aggregate more than 50 per cent of the aggregate of the Guarantee Commitments of all lenders who benefit from the NV Contingent Payment Undertakings and the NV/Hemisphere Contingent Payment Undertaking;
- (vi) eligibility criteria for a Replacement Nominee or an Independent Nominee will be set by SIHNV (in accordance with its nomination procedures) in consultation with the Relevant Creditors – SA Governance; and
- (vii) SIHNV will undertake not to increase the overall number of directors on the SIHL and SAHPL boards.

25 Any breach of the requirements set out above will be an event of default under each of the NV Contingent Payment Undertakings.

26 No Steinhoff Agent shall have any obligation to make any determination in relation to or give any consideration to any matters set out in Paragraph 24 above.

SIHPL/SFHG Contingent Payment Undertaking

27 Consent is sought under the relevant Steinhoff Finance Documents (including the SIHPL/SFHG Contingent Payment Undertaking) to the amendments proposed to the

SIHPL/SFHG Contingent Payment Undertaking as set out in the Settlement Term Sheet and those matters set out in Paragraph 28 below.

28 Consent is sought in relation to the proposed arrangements relating to SIHPL set out in the Settlement Term Sheet and those matters set out below, including:

- (i) the acquisition by SIHPL of the amount owed by Titan Premier Investments Proprietary Limited ("**Titan**") to Newco 2A pursuant to the agreement dated 21 February 2018 between SFHG and Titan and the addendum to that agreement dated 20 August 2018 and transferred to Newco 2A in August 2019 ("**Titan Receivable**");
- (ii) the amendment and restatement of the terms of the Titan Receivable on terms set out in the Settlement Term Sheet;
- (iii) deferral of the consideration payable by SIHPL to Newco 2A in respect of the acquisition of the Titan Receivable on the terms set out in the Settlement Term Sheet ("**Newco 2A Loan**");
- (iv) the creation of a loan note owed by SIHPL to SIHNV in an amount of not greater than EUR 100m on terms consistent with the Settlement Term Sheet ("**SIHNV Loan Note**") and that the existing loan amount payable by SIHPL to SIHNV of ZAR 63m (circa EUR 3,230,000 @ FX19.46) can be incorporated and restated in the SIHNV Loan Note;
- (v) the grant of security by SIHPL over all of its assets securing the Newco 2A Loan (first ranking), the SIHNV Loan Note (second ranking) and the SIHPL/SFHG Contingent Payment Undertaking (third ranking) (the "**SIHPL Security**") and such security to be effective from the Settlement Effective Date and subject to the permitted payment regime set out in sub-paragraph (ix) below;
- (vi) the introduction of a quarterly cash sweep undertaking to be given by (1) SAHPL and SIHL, if and to the extent they have amounts outstanding owing to SIHPL, and (2) SIHPL, subject to, in the case of SAHPL and SIHL, an aggregate cash balance minimum across those companies of the equivalent of EUR 50m plus the amount of the SIHL Dividend Reserve held in the South African Entities for the purpose of paying down the payables owed by SAHPL and SIHL to SIHPL and, in the case of SIHPL, a EUR 5m cash balance minimum held by SIHPL for the purpose of paying down the payables owed by SIHPL in accordance with priority of payments in respect of the SIHPL Security (the "**SA Cash Sweep**");
- (vii) deletion in full of clause 6.9 (*SIHPL Cash Pay Outs*) of the SIHPL/SFHG Contingent Payment Undertaking;
- (viii) deletion in full of clause 6.16 (*Permitted SIHPL Settlement*) of the SIHPL/SFHG Contingent Payment Undertaking;
- (ix) the addition of provisions for (a) the SIHPL Security to be subject to a permitted payment regime to allow payments of settlement amounts specified in the Settlement Term Sheet which are required to be paid on or following the occurrence of the Settlement Effective Time and in respect of any Disputed Scheme Claim Obligations and any Non-Qualifying Claim Obligations to be made when due pre enforcement of SIHPL Security and post enforcement of SIHPL Security for such payments to be made equally and pro rata with claims under the SIHPL CPU; and (b) the "solvent burial" of SIHPL including the limited recourse and limitations on the liability of SIHPL

under the SIHPL/SFHG Contingent Payment Undertaking and the SIHPL Security;
and

- (x) in the course of the winding up of the South African entity Steinhoff @ Work Pty Limited (“S@W”), S@W will transfer to SAHPL the payable owed to S@W by SIHPL in the amount ZAR 38m (circa EUR 1,960,000 @FX19.46) under an undocumented loan account. The loan amount will then be permitted to be paid or otherwise satisfied by SIHPL pre enforcement of the SIHPL Security and to the extent outstanding will otherwise be subject to limited recourse terms in favour of SIHPL.

Extension of Maturity Date/Final Repayment Date

29 Consent is sought under the relevant Steinhoff Finance Documents:

- (i) for an extension to the date specified in paragraph (a) of the definition “Maturity Date” under the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking and the NV/Hemisphere Contingent Payment Undertaking;
and
- (ii) for an extension to the date specified as the “Termination Date” under each of the Facility Agreements and the Hemisphere Facility Agreement,

to 30 June 2023, with provision that in each case the “Maturity Date” and the “Termination Date” may be extended by a further 6 months under each of the Steinhoff Finance Documents at the request of SIHNV with the approval of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors (“**Term Extension**”).

30 The Term Extension will apply to all of the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking, the NV/Hemisphere Contingent Payment Undertaking, the Facility Agreements, the Hemisphere Facility Agreement and not less than all. The Term Extension shall have effect on and from the Settlement Effective Date. The Term Extension is without prejudice to, and independent from, any future separate extension request that any borrower or issuer may make under any Facility Agreement and/or the Hemisphere Facility Agreement.

Interim Extension Option

31 Consent is sought under the relevant Steinhoff Finance Documents:

- (i) for an extension to the date specified in paragraph (a) of the definition “Maturity Date” under the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking and the NV/Hemisphere Contingent Payment Undertaking;
and
- (ii) for an extension to the date specified as the “Termination Date” under each of the Facility Agreements and the Hemisphere Facility Agreement,

for a period of up to 12 months from the existing “Maturity Date” and “Termination Date” at the request of SIHNV with the approval of the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors (“**Interim Extension Option**”).

32 The Interim Extension Option may only be requested following the Consent Effective Time, once only and only in circumstances in which the Interim Extension Option will become effective only upon SIHNV having commenced Dutch Proceedings for the purpose of implementing the Steinhoff Group Settlement. The right to exercise the Interim Extension Option will expire on the Settlement Effective Date.

- 33** The Interim Extension Option may only be requested in respect of all of the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking, the NV/Hemisphere Contingent Payment Undertaking, the Facility Agreements and the Hemisphere Facility Agreement, and not less than all. The Interim Extension Option is without prejudice to, and independent from, any future separate extension request made by any borrower or issuer under any Facility Agreement and/or the Hemisphere Facility Agreement.

Extension of Intercompany Group Loans and Intercompany SIHNV Loans and Permitted Repayment

- 34** Consent is sought under the relevant Steinhoff Finance Documents for SIHNV to repay (or satisfy by way of set off or contribution) the Intercompany SIHNV Minor Loans at any time following the Interim Effective Time.
- 35** Consent is sought under the relevant Steinhoff Finance Documents for the final repayment date under each of the Intercompany Group Loans and the Intercompany SIHNV Loans (other than those loans that are currently “on demand” loans) (together the “**Relevant Intercompany Group Loans**”) to be extended to match the Term Extension to 30 June 2023 of the NV Contingent Payment Undertakings, SIHPL/SFHG Contingent Payment Undertakings, the NV/Hemisphere Contingent Payment Undertaking, the Facility Agreements and the Hemisphere Facility Agreement, provided that the documentation governing these Relevant Intercompany Group Loans as so amended shall be provided to the Umbrella Agent for distribution to the Primary Agents and, if it (i) has not yet acceded to the Umbrella Agreement pursuant to clause 17 of the Umbrella Agreement and (ii) has provided an address for delivery, the Hemisphere Agent, prior to the Settlement Effective Date.
- 36** In addition, consent is sought so that in the event that the additional 6 months under the Term Extension and/or the extension of the term under the Interim Extension Option is approved, the final repayment date of each of the Relevant Intercompany Group Loans shall be automatically extended to the same date as the date extended pursuant to the Term Extension or the Interim Extension Option, provided that the documentation governing these Relevant Intercompany Group Loans shall be provided to the Umbrella Agent for distribution prior to the Settlement Effective Date to the Primary Agents and, if the Hemisphere Agent has not yet acceded to the Umbrella Agreement pursuant to clause 17 of the Umbrella Agreement, the Hemisphere Agent (provided it has provided an address for delivery by the Umbrella Agent).

Grant of Security by SIHNV in favour of NV Contingent Payment Undertakings and Intercompany SIHNV Lenders

- 37** SIHNV will, with effect from the Settlement Effective Date, grant first ranking security to secure the NV Obligations and the Intercompany SIHNV Obligations that are liabilities of SIHNV over its shares in SIHL and over any loan payable by SIHL to SIHNV and outstanding immediately following the Settlement Effective Date on terms reasonably acceptable to the Umbrella Security Agent (as defined in Paragraph 38 below) acting on instructions of the Simple Majority Settlement Creditors (the “**SIHNV Security**”). The SIHNV Security will not at any time (including post enforcement) prevent payment of, and shall be subject to a regime of permitted payments to allow, payment of settlement amounts specified in the Settlement Term Sheet which are required to be paid on or following the occurrence of the Settlement Effective Time and any Disputed Scheme Claim Obligations or Non-Qualifying

Claim Obligations (in each case whether to the Steinhoff Recovery Foundation or directly to the claimant) pre enforcement and post enforcement to permit payment of such obligations in priority to the NV Obligations and Intercompany Obligations.

- 38** The security will be granted to either Lucid Trustee Services Limited or GLAS Trust Corporation Limited as selected by SIHNV (or any alternative agent approved in writing by the Simple Majority Settlement Creditors) (the “**Umbrella Security Agent**”) to act as security agent. The provisions relating to the appointment, conduct and protection of the Umbrella Security Agent (including those referred to in Paragraph 39 below) will be included in an amended form of the Umbrella Agreement, such amendment agreement to be entered into by SIHNV, the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors and the Umbrella Security Agent.
- 39** In addition, terms relating to the enforcement of security and distribution of proceeds of any enforcement as between the NV Obligations, the Intercompany SIHNV Obligations and the permitted payment regime in respect of the Disputed Scheme Claim Obligations and the Non-Qualifying Claims will also be included in the Umbrella Agreement and shall include those matters referred to in Paragraph 37. The security related provisions will conform substantially to the corresponding provisions existing under the current SFHG Intercreditor Agreement and such amendment agreement will be entered into by SIHNV, the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors and the Umbrella Security Agent.
- 40** No security will be granted in circumstances in which the Interim Extension Option is requested.

Entrenched Provision Thresholds

- 41** Consent is sought under the relevant Steinhoff Finance Documents:
- (i) to amend the consent threshold in paragraph (a) (*Exceptions*) of clause 18.2 of the NV/Hemisphere Contingent Payment Undertaking from “all Lenders” to 80 per cent.;
 - (ii) to amend the threshold in paragraph (a) (*Exceptions*) of clause 19.2 of each NV Contingent Payment Undertaking from “all Lenders” (in the case of the NV/SEAG Contingent Payment Undertaking) or “90 per. cent” (in the case of the NV/SFHG Contingent Payment Undertakings) to 80 per cent. and to amend the threshold in paragraph (d) of clause 28.2 (*Amendments and Waivers: Transaction Security Documents and SIHNV Umbrella Agreement*) of the SEAG Intercreditor Agreement from “all” of the SIHNV/SEAG CPU Lenders to 80 per cent.;
 - (iii) to amend the threshold in paragraph (a) (*Exceptions*) of clause 19.2 of the SIHPL/SFHG Contingent Payment Undertaking from “90 per cent” to 80 per cent.; and
 - (iv) to amend the threshold in paragraph (a)(ii) (*Exceptions*) of clause 36.2 of the Hemisphere Facility Agreement from “all” the Lenders to 80 per cent.

Related provisions

- 42** Consent is sought under the relevant Steinhoff Finance Documents to waive and release all and any breaches of any representation, undertaking or other term, or the occurrence of any event of default (howsoever described) arising in connection with this letter, the approval of the Settlement Group Settlement, or the implementation of, or the performance of, the Steinhoff Group Settlement and/or any Implementation Proceedings.

Administrative Parties

- 43** The consent of the Umbrella Agent is required in connection with various amendments proposed under this letter to be made to the Umbrella Agreement to the extent these impact the rights and obligations of the Umbrella Agent. In addition, various amendments and waivers proposed under this letter to be made to the Umbrella Agreement require the consent of each Primary Agent, each acting on the instruction of the relevant majorities of the Lenders in respect of whom it was appointed as such.
- 44** Other than is set out in Paragraph 43 above, no other consent is being sought that relates to the rights or obligations of any Administrative Party and accordingly no consent is required of any Administrative Party.

Releases & Waivers

- 45** Subject to the occurrence of the Settlement Effective Date, each Consenting Lender irrevocably agrees that it releases and waives:
- (i) any and all actual or potential direct and indirect tort/delictual and other non-Contractual Claims they may have against SIHNV, SIHPL or any other member of the Group in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues;
 - (ii) any and all actual or potential claims against directors or officers of any Group entity, or auditors and/or any external valuation professional and/or any third parties that undertook a materially similar role on behalf of a Group entity, in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues and any requirement that SIHNV or any member of the Group pursue such claims against those parties; and
 - (iii) any and all actual or potential direct or indirect claims against directors, officers of any member of the Group and any advisers retained by any member of the Group in relation to post-December 2017 announcements matters save for fraud and gross misconduct,

provided that the releases and waivers of claims referred to in (i) above shall not extend to any Lenders who are “Upington Margin Lenders” in respect of any ongoing and disputed “Upington 1 Claim” “Upington 2 Claim” or the “Upington Lender Claim”, in each case as defined in the Settlement Term Sheet.

- 46** Subject to the occurrence of the Settlement Effective Date, each Consenting Lender irrevocably agrees that it waives any breach of any negative pledge set out in any of the NV Contingent Payment Undertakings, the SIHPL/SFHG Contingent Payment Undertaking, the NV/Hemisphere Contingent Payment Undertaking, the Facility Agreements and the Hemisphere Facility Agreement to the extent necessary to permit the granting of the SIHPL Security and the SIHNV Security.

Variations to Steinhoff Group Settlement

- 47** **Pre Interim Effective Time:** If SIHNV and/or SIHPL agrees to any amendment to any term or provision of the Settlement Term Sheet prior to the occurrence of the Interim Effective Time, then this letter shall be re-issued and consents sought on the basis of the Settlement Term Sheet as so amended **provided that** any creditor which provided its consent on the basis of the Settlement Term Sheet prior to any such amendment shall have 10 Business Days in which to revoke that consent before it is deemed to have been given in relation to

the Settlement Term Sheet as so amended. This Paragraph 47 shall not apply to any amendment to the Settlement Term Sheet of a minor, technical or administrative nature (as determined by SIHNV acting reasonably) or a Settlement Term Sheet Permitted Variation, each of which shall be permitted to be made without requiring any further consent of the creditors.

48 Post Interim Effective Time, Pre Settlement Effective Time: Following the Interim Effective Time and prior to the Settlement Effective Date any amendment to any term or provision of the Settlement Term Sheet or to the terms of any consent, waiver, release or support given under this letter that is not minor, technical or administrative in nature (as determined by SIHNV acting reasonably), shall not be effected or effective unless approved in writing by the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors, **provided that** any amendment:

- (i) to extend the date of the Term Extension beyond the dates proposed in Paragraph 29 or the period of the Interim Extension Option beyond the dates proposed in Paragraph 31 prior to the Settlement Effective Date shall require the consent of Super Majority Settlement Creditors (and any such extended date shall have effect to extend the applicable “Maturity Dates”, “Termination Dates” and “Final Repayment Dates” in all Steinhoff Finance Documents and shall override any consent requirement in any underlying Steinhoff Finance Document) and the consent of each of the Intercompany SIHNV Lenders and the Intercompany Group Lenders, provided that any such extension shall be extended to the same date under each of the Steinhoff Finance Documents;
- (ii) to reduce the amount of, or change the nature or timing of payment of the Hemisphere Settlement Payment referred to in Paragraphs 20 and 21 shall require the consent of the “Majority Lenders” as defined in the NV/Hemisphere Contingent Payment Undertaking;
- (iii) to the terms of the SIHPL/SFHG Contingent Payment Undertakings set out in Paragraphs 27 and 28 shall require the approval of the “Majority 21/22 Creditors” as defined in the SIHPL/SFHG Contingent Payment Undertaking;
- (iv) which imposes materially more onerous obligations or reduces material rights (in each case as determined by SIHNV acting reasonably) of lenders under any of:
 - (a) the SEAG First Lien Facilities Agreement;
 - (b) the SEAG Second Lien Facilities Agreement;
 - (c) the SFHG 21/22 Facilities Agreement;
 - (d) the SFHG 23 Facilities Agreement; or
 - (e) the Hemisphere Facility Agreement,in relation to its or their relative positions under any such agreement, shall not be effected without the written approval of such affected “Majority Lenders” or “Majority Creditors” howsoever defined in such agreement;
- (v) that would or could be reasonably expected to have the effect of introducing any further requirement for any creditor to grant a release or waiver of claims in addition to those set out in Paragraphs 45 above shall be deemed to be a “material amendment” for the purpose of this Paragraph 48; and

- (vi) that has the effect of imposing new obligations or affects the rights of any Steinhoff Agent, shall require the consent of that Steinhoff Agent.

49 Without limiting Paragraph 48 above and the provisions of the Steinhoff Finance Documents amendments to the terms of this letter must be approved by the Umbrella Agent (acting on the instructions of the Simple Majority Settlement Creditors), provided that the Umbrella Agent shall be deemed to have given its approval if the amendment is of a minor, technical or administrative nature (as determined by SIHNV acting reasonably).

Approval of Final Form Documentation

50 The final form of the relevant amended Steinhoff Finance Documents incorporating amendments to reflect the Consent Requests set out above shall be made available to the creditors via the Steinhoff Agents as soon as possible (the “**Relevant Amendments**”) and together with any documentary conditions precedent thereto (which shall include without limitation receipt of required approvals from the South African Reserve Bank if and to the extent necessary to facilitate payments required to be made in respect of the Steinhoff Group Settlement and payments under the Steinhoff Finance Documents following the Settlement Effective Time, including pursuant to the SA Cash Sweep) shall be subject to the prior consent of the Umbrella Agent acting on the instruction of the Simple Majority Settlement Creditors with the exception of:

- (i) Relevant Amendments to and conditions precedent in respect of the SIHPL/SFHG Contingent Payment Undertaking which shall also require the approval of the SIHPL CPU Agent acting on the instruction of those creditors whose Facility A1 Commitments under the SFHG 21/22 Facilities Agreement are more than 50 per cent of the total of the aggregate of the Facility A1 Commitments under SFHG 21/22 Facilities Agreement;
- (ii) Relevant Amendments to the Hemisphere CPU will also require the prior approval of the Majority Lenders under the Hemisphere Facility (as confirmed by the Hemisphere Agent); and
- (iii) any Relevant Amendment that has the effect of imposing new obligations or affects the rights of any Steinhoff Agent which shall also require the approval of that Steinhoff Agent,

provided that the relevant Consenting Lenders will enter into negotiations in good faith and act reasonably with a view to providing final sign off on the final forms of the amended Steinhoff Finance Documents (including any conditions precedent) and the form of documents contemplated by the Steinhoff Group Settlement which are delivered to them in a form consistent in all material respects with the transactions required by the Steinhoff Group Settlement and/or this letter.

51 Following the Consent Effective Time and receipt of the approvals in accordance with Paragraph 50 above, each Consenting Lender irrevocably authorises the Steinhoff Agents to enter into the relevant Steinhoff Finance Documents on such Consenting Lender’s behalf in the form made available in accordance with Paragraph 50 above or otherwise as amended and varied in accordance with this letter.

Summary of Consent Thresholds

52 Pursuant to the Umbrella Agreement and the other Steinhoff Finance Documents, the consent sought in Paragraphs 14 to 18 (inclusive) (*Permitted Settlement*) and the consent

sought under Paragraph 19 (*Permitted Settlement*) in relation to clause 6.16 of the SIHPL/SFHG Contingent Payment Undertaking, requires the consent of:

- (i) the Super Majority Guarantee Creditors, being Lenders who benefit from the NV Contingent Payment Undertakings and whose Guarantee Commitments at that time aggregate more than 80 per cent of the aggregate of the Guarantee Commitments of all Lenders who benefit from the NV Contingent Payment Undertakings, each as defined therein, such consent (if obtained) to be confirmed by the Umbrella Agent;
- (ii) the Settlement Majority 21/22 Creditors being those Creditors whose Facility A1 Commitments aggregate more than 50 per cent of Total Facility A1 Commitments under the SIHPL/SFHG Contingent Payment Undertaking, each as defined therein, such consent (if obtained) to be confirmed by the SIHPL CPU Agent; and
- (iii) the “Majority Lenders” being lenders whose Guaranteed Amounts aggregate more than 66.66 per cent of the Total Guaranteed Amounts under the NV/Hemisphere Contingent Payment Undertaking, each as defined therein, such consent (if obtained) to be confirmed by the Hemi CPU Agent.

53 The consents requested under Paragraphs 22 (*Hemisphere*), 23 to 26 (*Governance*), 27 and 28 (*SIHPL/SFHG Contingent Payment Undertaking*), 34 to 36 (*Extension of Intercompany Group Loans and Intercompany SIHNV Loans and Permitted Repayment*), 37 to 40 (*Grant of Security by SIHNV in favour of NV Contingent Payment Undertakings and Intercompany SIHNV Lenders*), 42 (*Related provisions*), 45 and 46 (*Releases and Waivers*) and 50 and 51 (*Approval of Final Form Documentation*) shall require:

- (i) the consent of “Creditors” holding more than 66.66 per cent of “Total Facility A1 Commitments” under the SIHPL/SFHG Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the SIHPL CPU Agent;
- (ii) for the purposes of Paragraphs 27 and 28, to the extent such arrangements fall within clause 19.2 of the SIHPL/SFHG Contingent Payment Undertaking, the consent of “Creditors” holding more than 90 per cent of the “Total Facility A1 Commitments” under the SIHPL/SFHG Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the SIHPL CPU Agent;
- (iii) the consent of “Creditors” holding more than 66.66 per cent of “Total Facility A1 Commitments” under the NV/SFHG 21/22 Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the 21/22 CPU Agent;
- (iv) the consent of “Creditors” holding more than 66.66 per cent of “Total Facility A2 Commitments” under the NV/SFHG 23 Contingent Payment Undertaking as defined therein, such consent (if obtained) to be confirmed by the 23 CPU Agent;
- (v) the consent of “Lenders” holding more than 66.66 per cent of each of the “Total Facility A1 Commitments” and the “Total Facility A2 Commitments” under the NV/SEAG Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the SEAG CPU Agent;
- (vi) to the extent such arrangements require the consent of lenders under the NV/Hemisphere Contingent Payment Undertaking, the consent of “Lenders” holding more than 66.66 per cent of “Facility A Loans” under the NV/Hemisphere Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the Hemi CPU Agent;

- (vii) the consent of the lenders holding more than 66.66 per cent of each of the “Total Commitments” and the “Total Facility A1 Commitments” under the SFHG 21/22 Facilities Agreement, such consent (if obtained) to be confirmed by the SFHG 21/22 Agent;
- (viii) the consent of the lenders holding more than 66.66 per cent of each of the “Total Commitments” and the “Total Facility A2 Commitments” under the SFHG 23 Facilities Agreement, such consent (if obtained) to be confirmed by the SFHG 23 Agent;
- (ix) the consent of the lenders holding more than 66.66 per cent of “Total Commitments” under each of the SEAG Credit Agreements, such consent (if obtained) to be confirmed by the SEAG First Lien Agent and the SEAG Second Lien Agent (respectively); and
- (x) the consent of the lenders holding more than 66.66 per cent of “Total Commitments” under the Hemisphere Facility Agreement, such consent (if obtained) to be confirmed by the Hemisphere Agent.

54 The consents requested under Paragraph 19 (*Permitted Settlement*) in relation to clause 5.5(b) of the NV/Hemisphere Contingent Payment Undertaking, Paragraphs 21 (*Hemisphere*), 29 and 30 (*Extension of Maturity Date/Final Repayment Date*), Paragraphs 31 to 33 (*Interim Extension Option*) and the under Paragraph 41 (*CPU Entrenched Provision Thresholds*) require:

- (i) the consent of “Creditors” holding more than 90 per cent of “Total Facility A1 Commitments” under the SIHPL/SFHG Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the SIHPL CPU Agent;
- (ii) the consent of “Creditors” holding more than 90 per cent of “Total Facility A1 Commitments” under the NV/SFHG 21/22 Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the 21/22 CPU Agent;
- (iii) the consent of “Creditors” holding more than 90 per cent of “Total Facility A2 Commitments” under the NV/SFHG 23 Contingent Payment Undertaking as defined therein, such consent (if obtained) to be confirmed by the 23 CPU Agent;
- (iv) the consent of “Lenders” holding 100 per cent of “Total Facility A1 Commitments and Total Facility A2 Commitments” under the NV/SEAG Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the SEAG CPU Agent;
- (v) the consent of “Lenders” holding 100 per cent of “Facility A Loans” under the NV/Hemisphere Contingent Payment Undertaking, as defined therein, such consent (if obtained) to be confirmed by the Hemi CPU Agent;
- (vi) the consent of the “Lenders” holding more than 80 per cent of “Total Commitments” under the SFHG 21/22 Facilities Agreement as defined therein, such consent (if obtained) to be confirmed by the SFHG 21/22 Agent;
- (vii) the consent of “Lenders” holding more than 80 per cent of “Total Commitments” under the SFHG 23 Facilities Agreement as defined therein, such consent (if obtained) to be confirmed by the SFHG 23 Agent;
- (viii) the consent of “Lenders” holding more than 66.66 per cent the “Commitments” under each of the “First Lien Facilities” and the “Super Senior Facilities” under and as

defined in the SFHG Intercreditor Agreement, such consent (if obtained) to be confirmed by the SFHG Security Agent;

- (ix) the consent of “Lenders” holding more than 80 per cent of “Total Commitments” under each of the SEAG Credit Agreements as defined therein, such consent (if obtained) to be confirmed by the SEAG First Lien Agent and the SEAG Second Lien Agent (respectively);
- (x) the consent of “Lenders” holding more than 66.66 per cent the “Commitments” under each of the “First Lien Facility”, “Second Lien Facility” and “Super Senior Facility” under and as defined in the SEAG Intercreditor Agreement, such consent (if obtained) to be confirmed by the SEAG First Lien Agent and the SEAG Second Lien Agent (respectively); and
- (xi) the consent of “Lenders” holding 100 per cent of “Total Commitments” under the Hemisphere Facility Agreement as defined therein, such consent (if obtained) to be confirmed by the Hemisphere Agent.

Part C: Support for and during implementation

55 Each Consenting Lender agrees that it will support the Steinhoff Group Settlement and the Implementation Proceedings, and that such support will include, but will not be limited to:

- (i) providing reasonable assistance to the SIHNV and each member of the Group in relation to the Steinhoff Group Settlement and the Implementation Proceedings;
- (ii) unless otherwise agreed by SIHNV and SIHPL, suspending or staying any and all existing legal proceedings that have been instituted by it against any member of the Group, and, save for enforcement of rights under this letter, refraining from instituting any further legal proceedings against any member of the Group;
- (iii) attending, either in person or by authorised proxy, all meetings convened in connection with the Implementation Proceedings that are relevant to it;
- (iv) voting and exercising any powers or rights available to it (or authorising a party to do so on its behalf) irrevocably and unconditionally in favour of:
 - (a) any proposals, arrangements or composition plan consistent with the Steinhoff Group Settlement put forward by SIHNV, SIHPL or any member of the Group, or any of them in the relevant Implementation Proceedings; and
 - (b) any amendment, waiver, consent or other proposal that SIHNV and any member of the Group considers necessary to implement, or complete any step, in relation to the Steinhoff Group Settlement, provided that it is consistent with the terms of this letter and if it is an amendment to, or a consent that has the effect of changing, any term of this letter or the terms or provisions of the Steinhoff Group Settlement it is made in accordance with this letter;
- (v) refraining from, and procuring that each of its affiliates refrain from, taking, encouraging, assisting, supporting or consenting to (or procuring that any other person takes, encourages, assists, supports or consents to) any action that would, or may reasonably be expected to:
 - (a) breach or be inconsistent with the Steinhoff Group Settlement; or

- (b) unless otherwise agreed by SIHNV and SIHPL, delay, impede or prevent the implementation or consummation of the Steinhoff Group Settlement;
- (vi) promptly upon written request by SIHNV and/or SIHPL, supplying SIHNV, SIHPL or any member of the Group and/or the administrator with copies of all documents and other evidence that SIHNV, SIHPL or any other member of the Group or an administrator, meeting Chairperson or the Steinhoff Recovery Foundation or its agents, may reasonably request in connection with the Steinhoff Group Settlement or the Implementation Proceedings;
- (vii) instruct the Steinhoff Agents to enter into all documents and take all steps in connection with the Steinhoff Group Settlement; and
- (viii) unless otherwise agreed by SIHNV and SIHPL, promptly upon written request:
 - (a) preparing, executing and filing (or instructing its advisers to prepare, execute and file) any document;
 - (a) making (or instructing its advisers to make) any application for or in support of any order or direction;
 - (b) giving (or instructing its advisers to give) any notice; and
 - (c) taking any other action,

that SIHNV or SIHPL or any member of the Group considers necessary or desirable in connection with the Steinhoff Group Settlement or the Implementation Proceedings.

56 From the Interim Effective Time, SIHNV and SIHPL shall provide to the Umbrella Agent for circulation to the Primary Agents updates on the progress of implementation of the Steinhoff Group Settlement no less frequently than once a month and shall promptly inform the Umbrella Agent in writing on becoming aware of any material breach by it or any member of the Group of this letter.

57 From the Interim Effective Time, in the event that SIHNV commences Dutch Proceedings and:

- (i) the composition plan (“*akkoord*”) offered by SIHNV in the SoP Proceedings (the “**Composition Plan**”) is not approved (“*aangenomen*”) at the voting hearing as referred to in section 255(1)(2°) of the Dutch Bankruptcy Act (*Faillissementswet*) (the “**DBA**”);
- (ii) the Dutch court does not order a confirmation hearing (“*homologatiezitting*”); or
- (iii) the Dutch court refuses to confirm (“*homologeren*”) the Composition Plan,

and/or the equivalent, as applicable, in relation to, if enacted, the Dutch procedure *wet homologatie onderhands akkoord*, each Consenting Lender will, in its capacity as a creditor of SIHNV, assist and support any request by SIHNV to the Dutch court to terminate the Dutch Proceedings without a subsequent conversion of the Dutch Proceedings into bankruptcy proceedings (“*faillissement*”) and to support and facilitate SIHNV emerging from the Dutch Proceedings as a going concern, including any request by SIHNV pursuant to section 247 of the DBA to withdraw the SoP Proceedings on the ground that the financial condition of SIHNV enables it to resume its payments (“*toestand des boedels SIHNV weer in staat stelt zijn betalingen te hervatten*”), or the equivalent, as applicable, in relation to, if enacted, the Dutch procedure *wet homologatie onderhands akkoord*.

- 58** Nothing in this letter shall:
- (i) require any Consenting Lender to make any additional equity or debt financing available to SIHNV or any of its Subsidiaries, except as expressly contemplated by this letter; or
 - (i) prevent or otherwise restrict any Consenting Lender from providing to SIHNV or any of its Subsidiaries debt financing, equity capital, discretionary money management, corporate finance, investment banking, investment advisory, private management, risk management activities or other services in the ordinary course which are independent from the transactions contemplated by this letter.

Part D: Effectiveness and Termination of Consents

- 59** The approval of the Interim Extension Option in accordance with this letter will be irrevocable and effective from the Consent Effective Time provided that if the Interim Extension Option has not been exercised before the Termination Date, the Interim Extension Option shall expire and shall not be capable of being exercised.
- 60** The provisions of Part C (*Support for and during implementation*) will be irrevocable and effective as between SIHNV and each Consenting Lender from the date each Consenting Lender gives its consent by delivery of a Consenting Lender's Settlement Consent Form, until the Termination Date.
- 61** The Consent Requests are a single, non-divisible package and are not capable of separate or individual approval.
- 62** An approval given by a Consenting Lender under one Steinhoff Finance Document will be treated as an approval of the Consent Requests under all other Steinhoff Finance Documents to which it is a party.
- 63** Until the earlier of three Business Days following the Settlement Effective Date and the Termination Date, each Consenting Lender agrees not to transfer, assign or sub-participate any of its Commitments under and as defined in each Facility Agreement or the Hemisphere Facility Agreement to, or in favour of, any person (such transferee, a "**New Lender**"):
- (i) except as permitted under the relevant Steinhoff Finance Documents; and
 - (ii) unless and until that Consenting Lender delivers to the relevant Steinhoff Agent and SIHNV a duly completed and irrevocable Transfer Notice,
- provided that no Transfer Notice shall be required where the New Lender is also a Consenting Lender in which case such transferred Commitments will be automatically covered by and subject to the terms of this letter applicable to a Consenting Lender.
- 64** Following the Interim Effective Time, the consent(s) then obtained under the Consent Requests will be effective, irrevocable and remain available to the Group pending successful completion of any necessary English law scheme of arrangement or Part 26A restructuring plan to give effect to the Consent Requests in relation to that other Steinhoff Finance Document ("**Proposed Scheme**"). This letter, including the consents and undertakings contained herein, shall lapse and have no further effect from the date of a termination notice issued by the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors following: (i) the date on which the requisite majorities do not approve the Proposed Scheme at any scheme meeting(s); or (ii) the date on which the Court fails to

sanction the Proposed Scheme at any sanction hearing, taking into account and following any appeal process and in each case (the “**Unsanctioned Scheme Date**”).

- 65** The approval by each Consenting Lender to the Consent Requests will remain fully effective and irrevocable from the Consent Effective Time until the Termination Date. The consents given by a Consenting Lender pursuant to this letter will terminate with immediate effect on the Termination Date.
- 66** If the Consent Effective Time has occurred but the Settlement Effective Date has not occurred by the Long-Stop Date then the Long-Stop Date may be extended by written agreement between SIHNV and the Umbrella Agent acting on the instructions of the Simple Majority Settlement Creditors, provided that the Long-Stop Date shall not be extended beyond 31 December 2021 without the prior written consent of the Umbrella Agent acting on the instructions of the Super Majority Settlement Creditors.

Part E: Consent Process & Timetable

- 67** We kindly request that you seek the requisite creditor approval under the Steinhoff Finance Documents to the Consent Requests.
- 68** Each creditor is requested to respond by **11.59 pm (London time) on 30 October 2020** confirming its decision in respect of the Consent Requests by completing the consent form set out in Annex 4 (*Settlement Consent Form*) and sending it by email to all of the following relevant email addresses:
- (i) Lucid Agency Services Limited and Lucid Trustees Services Limited to deals@lucid-ats.com with a copy to middleoffice@lucid-ats.com;
 - (ii) Global Loan Agency Services Limited and GLAS Trust Corporation Limited to tmg@glas.agency; and
 - (iii) SIHNV at lenders@steinhoff.co.za.
- 69** The “snooze” provisions under each of the NV Contingent Payment Undertakings (15 Business Days), the SIHPL/SFHG Contingent Payment Undertaking (15 Business Days), the NV/Hemisphere Contingent Payment Undertaking (10 Business Days), the Facility Agreements (15 Business Days), the Hemisphere Facility Agreement (10 Business Days), the SFHG Intercreditor Agreement (15 Business Days) and the SEAG Intercreditor Agreement (15 Business Days) shall apply to this consent request.
- 70** Each relevant Steinhoff Agent shall as soon as reasonably practicable:
- (i) notify SIHNV upon receipt of approval of each Consent Request;
 - (ii) notify SIHNV upon receipt of the approval percentages in relation to each Consent Request referred to in the definition of “Interim Effective Time”; and
 - (iii) upon request from SIHNV, provide written confirmation to SIHNV of the approvals received in relation to each Consent Request,
- and SIHNV will notify each Steinhoff Agent:
- (i) that the Interim Effective Time as occurred; and
 - (ii) that the Consent Effective Time has occurred,

as soon as reasonably practicable following confirmations from the Steinhoff Agents that the Consent Requests have received the required approvals as set out in this letter.

- 71** Subject to any confidentiality and legal privilege constraints, SIHNV will respond promptly in writing, and in any event within five Business Days, to any request for further information in respect of the Consent Requests reasonably requested by any creditor through the Steinhoff Agents. SIHNV shall also arrange creditor briefing calls in relation to the Consent Requests. Details of creditor briefing calls will be sent by SIHNV to the Primary Agents for distribution to the creditors.
- 72** On providing its approval, each Consenting Lender consents to the disclosure of its approval and its commitments under Steinhoff Finance Documents to the other Steinhoff Agents, SIHNV and SIHPL. Each Consenting Lender also agrees that any Steinhoff Agent may disclose to SIHNV the names of each Consenting Lender. SIHNV and SIHPL will also be able to disclose the names of creditors and consent approval levels (but not individual creditor holdings) publicly and in any Implementation Proceedings.

Part F: Miscellaneous

- 73** Except as expressly set out in this letter, the Steinhoff Finance Documents shall remain in full force and effect and nothing in this letter shall constitute or be construed as a waiver, consent or compromise of, or amendment to, any other term or condition of, or any right or remedy of any creditor and / or Agent under, the Steinhoff Finance Documents, nor otherwise prejudice any right or remedy of any creditor and / or Agent under any Steinhoff Finance Document and all such rights and remedies are fully reserved in respect of Group entities and each person referenced in or contemplated by the Settlement Term Sheet.
- 74** Each Consenting Lender agrees and acknowledges that clauses 10.5 (*Consent Process*) and 10.6 (*Role of Umbrella Agent*) of the Umbrella Agreement shall apply in relation to this letter and any calculation of any threshold or any determination of whether the consent or approval of the Simple Majority Settlement Creditors or the Super Majority Settlement Creditors has been obtained.
- 75** Each Consenting Lender which is a “Lender” under and as defined in the Hemisphere Facility Agreement authorises the Hemisphere Agent and the Hemi CPU Agent to provide to the Umbrella Agent all information requested by the Umbrella Agent in connection with any such calculation or determination as referred to in the above paragraph .
- 76** Each Consenting Lender which is a “Lender” under and as defined in the Hemisphere Facility Agreement confirms that, for the purposes of this letter and all matters relating to this letter, including without limitation (i) any calculation of any threshold or any determination of whether the consent or approval of the Simple Majority Settlement Creditors or the Super Majority Settlement Creditors has been obtained and/or (ii) any documentation entered into by the Umbrella Agent in accordance with this letter, the Umbrella Agent shall be entitled to rely on and shall have the protection of clause 11 (*Appointment of Umbrella Agent*) of the Umbrella Agreement as if the Hemi CPU Agent were a party to the Umbrella Agreement.
- 77** For the purposes of the definition of “Agreed Form” in the NV/SEAG Contingent Payment Undertaking and, to the extent applicable, clause 38.5(b) (*Other exceptions*) of each SEAG Credit Agreement, SIHNV confirms its consent and agreement to the Consent Requests.
- 78** This letter shall be a “Finance Document” for the purposes of the Steinhoff Finance Documents with effect from the date of receipt of a copy of this letter signed by the Agent.

- 79** This letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.
- 80** The provisions of clauses 13 (*Notices*) (to the extent applicable), 18 (*Miscellaneous*) and 20 (*Enforcement*) of the Umbrella Agreement apply to this letter, including the Settlement Consent Form, as though they were set out in full in this letter except that references to “the Agreement” are to be construed as references to this letter.
- 81** This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Annex 1

Part 1: Other Agents under the Steinhoff Finance Documents

- 1 Lucid Agency Services Limited**, 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, (Attention: Transaction Management (deals@lucid-ats.com)/middleoffice@lucid-ats.com), in its capacity as described as:

 - (a) senior agent under the Hemisphere Intercreditor Agreement (as defined below);
 - (b) SIHNV umbrella agent under the SEAG Intercreditor Agreement;
 - (c) first lien agent under the SEAG Intercreditor Agreement;
 - (d) second lien agent under the SEAG Intercreditor Agreement;
 - (e) SIHNV umbrella agent under the SFHG Intercreditor Agreement;
 - (f) SEAG first lien agent under the NV/SEAG Contingent Payment Undertaking;
 - (g) SEAG second lien agent under the NV/SEAG Contingent Payment Undertaking.
- 2 Lucid Trustee Services Limited**, 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG, (Attention: Transaction Management (deals@lucid-ats.com)/middleoffice@lucid-ats.com), in its capacity as described as:

 - (a) security agent under the SEAG First Lien Facilities Agreement and SEAG Second Lien Facilities Agreement ("**SEAG Security Agent**");
 - (b) security agent under the Hemisphere Facility Agreement; and
 - (c) security agent under the Hemisphere Intercreditor Agreement.
- 3 Global Loan Agency Services Limited**, 45 Ludgate Hill, London EC4M 7JU, (Attention: Transaction Management Group (tmg@glas.agency)) in its capacity as described as:

 - (a) Luxfinco 1 21/22 agent under the SFHG Intercreditor Agreement;
 - (b) Luxfinco 2 23 agent under the SFHG Intercreditor Agreement.

Part 2: (Intercompany SIHNV Loans and Intercompany SIHNV Lenders)

- 1 The intercompany loan between SIHNV as borrower and **Steinhoff Africa Holdings Proprietary Limited** as lender dated 12 August 2019 in the amount ZAR 4,320,689,089.
- 2 The intercompany loan between SIHNV as borrower and **Steenbok Newco 2A Limited** as lender dated 12 August 2019 in the amount EUR 675,884,815.
- 3 The intercompany loan between SIHNV as borrower and **Steenbok Lux Finco 1 S.á.r.l.** as lender dated 28 December 2018 in the amount EUR 12,000.
- 4 Undocumented intercompany loan between SIHNV as borrower and **Steinhoff International Share Trust** as lender in the amount ZAR 2,750,205.
- 5 Undocumented intercompany loan between SIHNV as borrower and **Steinhoff US Holdings II, LLC** (formerly Sherwood Acquisitions Holdings LLC) as lender in the amount USD 13,388.
- 6 Undocumented intercompany loan between SIHNV as borrower and **Steinhoff UK Group Services Limited** as lender in the amount £100.

Notes:

- (1) All amounts as at 17 September 2020;
- (2) Loans (3) to (6) inclusive above being the “Intercompany SIHNV Minor Loans”.

Annex 2
(Settlement Term Sheet)

STEINHOFF SETTLEMENT TERM SHEET (October 2020)

Item	Terms
Steinhoff Overview Settlement	<p>Steinhoff International Holdings N.V. (“SIHNV”) and the former holding company Steinhoff International Holdings Proprietary Limited (“SIHPL”) are the subject of various claims and legal proceedings in the Netherlands, Germany and South Africa.</p> <p>This term sheet sets out the terms of settlement being proposed by SIHNV (in Part 1) and SIHPL (in Part 2).</p> <p>The objective of the proposed global settlement is to settle all or substantially all of the claims so as to provide finality for the SIHNV and SIHPL, and each other member of the Steinhoff group of companies (together “Steinhoff” or the “Group”) in relation to the claims on terms acceptable to SIHNV, SIHPL and the large majority of the claimants.</p> <p><i>The terms proposed in this term sheet are made on the basis of there being no admission of liability or wrongdoing on the part of SIHNV, SIHPL or any other Group entity. This term sheet does not constitute an offer capable of acceptance. The settlement terms capable of acceptance will be subject to further settlement documentation to be provided by SIHNV and/or SIHPL. Therefore, these settlement terms are subject to contract and final approvals.</i></p> <p>In broad terms, the claims instituted in legal proceedings against SIHNV and SIHPL fall into three categories:</p> <ol style="list-style-type: none"> 1. market purchase claims (“MPCs”) in respect of shares and securities acquired on markets; 2. contractual claims (“Contractual Claims”) by those claimants who, in accordance with the terms of contractual arrangements involving Steinhoff, sold businesses, shares or otherwise received consideration directly from Steinhoff by way of issuance, or transfer, of Steinhoff shares; and 3. other claims that are neither MPCs nor Contractual Claims against SIHNV or SIHPL (“Non-Qualifying Claims”). <p>It is proposed that all MPCs are settled by consideration provided by SIHNV irrespective of whether the MPC is against SIHNV or SIHPL. The substantive terms of the MPCs settlement are therefore set out in Part 1.</p> <p>Any settlement consideration paid or delivered by SIHNV or SIHPL will be in full and final settlement of any and all MPCs or Contractual Claims of the claimant or counterparty against any member of the Group (unless otherwise specified).</p>

Part 1 – SIHNV: Summary of Proposed Settlement and Distribution Plan
(“SIHNV Summary”)

Item	Terms
SIHNV Settlement Overview	<p>The SIHNV settlement proposal includes the claimants set out below being those with MPCs and Contractual Claims, financial creditors of SIHNV and intra group creditors.</p> <p>SIHNV will settle both agreed and accepted MPC claims against itself and MPC claims against SIHPL. The terms of the MPC settlement are summarised below. As part of the settlement arrangements and in consideration of SIHNV settling the SIHPL MPC claims, SIHPL will issue a loan note in favour of SIHNV as described below.</p> <p>SIHNV will also settle agreed and accepted contractual or delictual damages claims against it at the same recovery rate as for the MPC claims and minimum nominal amounts specified below may be adjusted accordingly. Both eligible MPC claimants and eligible SIHNV Contractual Claimants will be offered settlement consideration in the form of 50 per cent cash and 50 per cent in the shares of the South African listed entity Pepkor Holdings Limited (“PPH”), subject in all cases to SIHNV’s option to settle the settlement consideration in a greater proportion, or in the full amount, in cash.</p> <p>As described further below, SIHNV’s financial creditors will be asked to consent to the proposed settlement, including the Hemisphere payment described below, as a permitted settlement under the SIHNV Umbrella Agreement, to provide certain releases and waivers, and to extend the maturity or final repayment dates of the current SIHNV CPU Claims (defined below) and under the Underlying Finance Documents (defined below).</p> <p>Note: estimated nominal settlement amounts referred to in this Settlement Term Sheet are rounded to the nearest million.</p>
SIHNV Settlement Participants	<ol style="list-style-type: none"> (1) SIHNV, together with its subsidiaries (the “Steinhoff Group”); (2) claimants with a valid MPC against SIHNV or SIHPL (“MPC Claimants”); (3) Lancaster 101 (RF) (Proprietary) Limited (“Lancaster 101”), Lancaster 102 (Proprietary) Limited (“Lancaster 102”), Lancaster Group (Proprietary) Limited, the Lancaster Non-Profit Company, and the Public Investment Corporation (“PIIC”) on behalf of the Government Employees Pension Fund (“GEPF”) and any other parties that may be entitled to bring claims on their behalf or in their place (including by way of security rights) (together the “Lancaster Related Parties”); (4) Upington Investment Holdings B.V. (or any legal successor thereof) and any other parties that may be entitled to bring claims on its behalf or in its place (including by way of security rights) (“Upington”), Thibault Square Financial Services (Proprietary) Limited (“Thibault”) and Titan Premier Investment Proprietary Limited (“Titan”);

Item	Terms
	<p>(5) AJVH Holdings (Proprietary) Limited, Full Team Sure Trade (Proprietary) Limited, Aquilam Holdings (Proprietary) Limited, Libel Decimus (Proprietary) Limited, Xanado Trade and Invest 327 (Proprietary) Limited (together the “Tekkie Town Claimants”);</p> <p>(6) the financial creditors of SIHNV pursuant to the 21/22 CPU, 23 CPU, SEAG CPU and Hemisphere CPU, each as defined below (the “SIHNV CPU Creditors”); and</p> <p>(7) Steinhoff Africa Holdings (Proprietary) Limited (“SAHPL”), Steenbok Newco 2A Limited (“Newco 2A”), Steenbok Lux Finco 1 S.à r.l. and Steinhoff International Share Trust and Steinhoff Acquisition Holdings, being the intra-group intercompany claimants which are creditors of SIHNV (together the “IGCs”),</p> <p>each a “Participant” and together the “Participants”.</p> <p>The Tekkie Town Claimants, Lancaster 101, the PIC, on behalf of the GEPF and Titan, standing in the place of Upington, are together the “SIHNV Contractual Claimants”.</p> <p>For the purposes of this SIHNV Summary, “SIHNV CPU Claims” means claims of a financial creditor against SIHNV arising under, pursuant to or in relation to the 21/22 CPU, 23 CPU, SEAG CPU and the Hemisphere CPU (together, the “SIHNV CPUs”) or any of the “Finance Documents” as that term is respectively defined in each of the 21/22 CPU, 23 CPU, SEAG CPU and the Hemisphere CPU.</p> <p>Reference to “Settlement Effective Date” is to the date on which the settlement becomes effective in accordance with its terms.</p>
MPC Settlement	<ul style="list-style-type: none"> • The total settlement consideration to be paid by SIHNV in respect of all MPCs is capped at EUR 266m. • The total settlement consideration will be paid 50 per cent in cash and 50 per cent in shares currently held by the Steinhoff Group in PPH, subject to SIHNV’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The settlement consideration payable in PPH shares shall be settled at a deemed price per share of ZAR 15. MPC claimants will not be subject to any lock up agreement or terms in respect of those PPH shares leaving those claimants free to sell (or to hold) PPH shares following Settlement Effective Date. • A claimant is deemed to have a valid MPC if they have a claim against SIHNV or SIHPL in relation to the events that are alleged to have occurred in relation to alleged mismanagement, accounting irregularities, market manipulation, misstatements, misrepresentation of and otherwise misleading annual accounts and other financial reporting, including in prospectuses published by and/or other public statements made by Steinhoff Group companies together with allegations of improper fulfilment of duties and statutory obligations by any managing or supervisory director, officer and/or employee of

Item	Terms
	<p>the Steinhoff Group arising as a result of purchasing or acquiring either SIHPL or SIHNV securities and shares (excluding Contractual Claims against the Steinhoff Group and claims of certain excluded shareholders, such as former directors and officers):</p> <ul style="list-style-type: none"> – prior to 6 December 2015 (c.o.b) (in the case of SIHPL) or prior to the c.o.b. on 5 December 2017 (in the case of SIHNV); and – continued to hold SIHNV shares at the c.o.b. on 5 December 2017, including in the event such shares had not yet been delivered to the purchaser’s securities account by 5 December 2017 c.o.b.. <ul style="list-style-type: none"> • The MPCs are valued according to a methodology based on the extent to which the relevant Steinhoff shares were inflated in the period from 1 March 2009, which is calculated by reference to the share price decline as a result of announcements in the first week of December 2017 (the “Inflation Methodology”). The calculation is in essence as follows: <ul style="list-style-type: none"> – the total amount of each MPC claimant’s overpayments during the relevant period due to inflation in the price of the SIHPL or SIHNV shares on the date of each purchase thereof, less – the total amount of each MPC claimant’s overcompensation during the relevant period due to inflation in the price of the SIHPL or SIHNV shares on the date of any and each sale thereof. • For the purposes of the settlement of MPCs, shareholders who purchased SIHPL shares prior to 1 March 2009 and continued to hold equivalent SIHNV shares at the c.o.b. on 5 December 2017 have been allocated a claim of EUR 0.01 per share. • The settlement of the MPCs and the Inflation Methodology and the treatment of any unclaimed portion of total MPC settlement consideration will be more fully described in the SIHNV settlement documentation and the SRF and claims administration settlement conditions. • In addition, in order to facilitate recoveries to MPC Claimants, the Group is considering making available an additional amount of up to EUR 30m to pay in respect of certain fees, costs and work undertaken by representatives of the “Active Claimant Groups” on the terms to be set out in settlement documentation. The specific terms of the proposal remain under consideration. • SIHNV will also provide up to EUR 15m to cover the costs of the SRF (as defined below). Any costs of the SRF that exceed that amount will be deducted from the settlement payment, and any surplus amount will revert to SIHNV. • SIHNV will establish a new Dutch <i>stichting</i> foundation called the Steinhoff Recovery Foundation (“SRF NL”) with additional appropriate arrangements within South Africa in respect of South African claimants (“SRF SA”), (SRF NL and SRF SA,

Item	Terms
	<p>together “SRF”). The SRF will be the claim administration and distribution vehicle, set up as an independent entity governed by a board of newly appointed directors with majority independence from the Steinhoff Group. The SRF will appoint Computershare to assist with claims administration and to validate claims. Any claims submitted to the SRF which are disputed by the SRF will be subject to the dispute resolution mechanism on terms set out in the settlement arrangements.</p> <ul style="list-style-type: none"> • On the Settlement Effective Date, the written undertakings provided by SIHPL to Adams & Adams (on behalf of Hamilton) dated 8 August 2019 and to LHL Attorneys Inc. dated 23 September 2019 will terminate and SIHPL shall be unconditionally and irrevocably released from such undertakings.
SIHNV rescissionary Contractual Claim valuation	<ul style="list-style-type: none"> • The SIHNV rescissionary Contractual Claims will be valued using the following method: Nominal Amount less the Floor Amount. • The Contractual Claims of the Tekkie Town Claimants and Lancaster 101 will be valued using this valuation methodology. • For the purposes of this valuation: <ul style="list-style-type: none"> – “Floor Amount” means the Floor Price multiplied by the number of Relevant Shares held at the Holding Time; – “Floor Price” means: <ul style="list-style-type: none"> • for the shares held on the Johannesburg Stock Exchange, ZAR 2.43, being the SIHNV volume weighted average price (“SIHNV VWAP”) for the SIHNV shares listed on the Johannesburg Stock Exchange for the 30 days starting on the first trading day post the Publication Date; and • for the shares held on the Frankfurt Stock Exchange, EUR 0.157, being the SIHNV VWAP for the SIHNV shares listed on the Frankfurt Stock Exchange for the 30 days starting on the first trading day post the Publication Date; – “Holding Time” means the moment of the end of trading on the Johannesburg Stock Exchange or Frankfurt Stock Exchange (as applicable) on 5 December 2017; – “Nominal Amount” means the aggregate amount of the Transaction Amount, less: <ul style="list-style-type: none"> • the value of any cash dividends received prior to the Holding Time; and

Item	Terms
	<ul style="list-style-type: none"> • the value received from all sales of any Relevant Shares prior to the Holding Time; – “Original Shares” means the SIHNV shares originally subscribed for or received as part of an exchange with Steinhoff; – “Publication Date” means 29 June 2018, being the date on which SIHNV’s 2018 half-year results for the 2018 financial year were released; – “Relevant Shares” means the SIHNV shares originally subscribed for or received as part of an exchange with Steinhoff and any dividends which the claimant elected to receive as SIHNV shares <i>in lieu</i> of cash; and – “Transaction Amount” means the Original Shares multiplied by the transaction price attributed to those shares (as specified in this SIHNV Summary below).
SIHNV delictual damages/ Contractual Claim valuation	<ul style="list-style-type: none"> • Delictual damages claims in respect of Contractual Claims will be valued using the following methodology: Implied Claim less Benefits. • The claim of Upington will be valued using this valuation methodology. • For the purposes of this valuation: <ul style="list-style-type: none"> – “Benefits” means: <ul style="list-style-type: none"> • the value of any cash dividends received prior to the Holding Time; <i>plus</i> • the number of shares the claimant elected to receive as either SIHPL or SIHNV shares in lieu of a cash dividend multiplied by the Floor Price minus; <i>plus</i> • the proceeds from the sale of any shares prior to the Holding Time; <i>minus</i> • the number of shares sold prior to the Holding Time multiplied by the Floor Price; – “Floor Price” means:

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	<ul style="list-style-type: none"> • for the shares held on the Johannesburg Stock Exchange, ZAR 2.43, being the SIHNV VWAP for the SIHNV shares listed on the Johannesburg Stock Exchange for the 30 days starting on the first trading day post the Publication Date; and • for the shares held on the Frankfurt Stock Exchange, EUR 0.157, being the SIHNV VWAP for the SIHNV shares listed on the Frankfurt Stock Exchange for the 30 days starting on the first trading day post the Publication Date; <ul style="list-style-type: none"> – “Holding Time” means the moment of the end of trading on the Johannesburg Stock Exchange or Frankfurt Stock Exchange (as applicable) on 5 December 2017; – “Implied Claim” means: the Transaction Amount /less (the Floor Price multiplied by the Original Shares); – “Original Shares” means the SIHPL shares originally subscribed for or received as part of an exchange with Steinhoff (including to the extent those SIHPL shares were exchanged for SIHNV shares as part of the 2015 scheme of arrangement); – “Publication Date” means 29 June 2018, being the date on which SIHNV’s 2018 half-year results for the 2018 financial year were released; and – “Transaction Amount” means the Original Shares multiplied by the transaction price attributed to those shares (as specified in this SIHNV Summary below).
<p>Contractual Claim settlement: Upington/Titan (Upington 1 Claim)</p>	<ul style="list-style-type: none"> • A Contractual Claim will be recognised in respect of the 162,000,000 SIHNV shares issued to Upington pursuant to the subscription agreement dated 28 September 2016 and the 152,000,000 SIHNV shares acquired by Upington from Sunnyside Investment Partners Limited and Sutherland Investments Partners UK Limited pursuant to the share purchase agreement dated 28 September 2016, with an original transaction value of EUR 5.055 per share (“Upington 1 Claim”). • SIHNV will settle the Upington 1 Claim in full and final settlement for a minimum nominal amount equivalent to EUR 82m (applying the same recovery rate as applied to the MPCs).

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	<ul style="list-style-type: none"> • The settlement consideration in respect of the Upington 1 claim will be paid on a pro rata basis to the legal owners of the benefit of the Upington 1 claim following resolution of the dispute between Upington/Titan and Conservatorium Holdings LLC (“Conservatorium”) or a binding settlement agreement between the relevant parties and SIHNV. • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15, subject to SIHNV’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash and in accordance with the settlement terms. • SIHNV will continue to dispute any claim made by Upington, or on behalf of Upington, or the lenders under the margin loans which financed or refinanced the purchase of the SIHNV shares (the “Upington Margin Lenders”), or Conservatorium or any of their legal successors, or any assignee of Upington, the Upington Margin Lenders or Conservatorium, against SIHNV or any other member of the Steinhoff Group in respect of the SIHNV shares that were transferred to it by Thibault, Wiesfam Trust (Proprietary) Limited or TotheTop (Proprietary) Limited (any such claim, an “Upington 2 Claim”). • SIHNV will continue to dispute any claim made by Upington, or on behalf of Upington, or the Upington Margin Lenders, Conservatorium or their legal successors or any assignee of Upington or the Upington Margin Lenders or Conservatorium, against SIHPL, SIHNV or any other member of the Steinhoff Group for any costs or damages associated with the financing of the acquisition of the 314,000,000 SIHNV shares (“Upington Lender Claim”). • SIHNV will reserve a recovery amount (applying the same recovery rate as applied to the MPCs) in respect of a portion of the Upington Lender Claim as determined by SIHNV, pending the consensual settlement, or the final unappealable determination, of the Upington Lender Claim. • Titan, on behalf of Upington, and/or Conservatorium and/or any other Upington Margin Lenders (if entitled), will be required to waive Upington’s claim against SIHNV for EUR 2,044,433.00 in underwriting commissions associated with the subscription for 314,000,000 SIHNV shares. • On the Settlement Effective Date, the written undertaking provided by SIHPL to Tinus Slabber & Associates, Attorneys dated 15 August 2019 shall terminate and SIHPL shall be unconditionally and irrevocably released from such undertaking.
Contractual Claim settlement: PIC/Lancaster 101	<ul style="list-style-type: none"> • Lancaster 101 will be entitled to a Contractual Claim in respect of 51,526,717 SIHNV shares issued to Lancaster 101 for a transaction value of ZAR 75.98 per share (the “Lancaster 101 Claim”).

Item	Terms
	<ul style="list-style-type: none"> • The PIC, on behalf of the GEPF, will be entitled to submit a Contractual Claim in respect of 8,473,283 SIHNV shares issued to the GEPF for an original transaction value of ZAR 75.98 per share (the “PIC/GEPF Claim”). • SIHNV will settle the Lancaster 101 Claim in full and final settlement for a minimum nominal amount equivalent to EUR 13m (applying the same recovery rate as applied to the MPCs). • SIHNV will settle the PIC/GEPF Claim in full and final settlement for a minimum nominal amount equivalent to EUR 2m (applying the same recovery rate as applied to the MPCs). • SIHNV will settle the Lancaster 101 Claim and the PIC/GEPF Claim in full and final settlement of all claims by Lancaster 101 and the GEPF applying the same recovery rate as the MPCs. • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15, subject to SIHNV’s right, at its option, to settle the settlement consideration in a greater proportion or the full amount in cash and in accordance with the settlement terms. Lancaster 101 and the PIC, on behalf of the GEPF, will not be subject to any lock up agreement or terms in respect of those PPH shares leaving those claimants free to sell (or to hold) PPH shares following the Settlement Effective Date.
Lancaster 102	<ul style="list-style-type: none"> • As part of the global settlement, SAHPL and the Lancaster Related Parties agree to unwind the legacy arrangements that were put in place as part of the proposed Shoprite transaction in H2 2017 and to settle for no additional consideration the SAHPL-Lancaster 102-Thibault transaction on or before the Settlement Effective Date as follows: <ul style="list-style-type: none"> – Lancaster 102 will acknowledge that the SAHPL preference shares were wholly invalid <i>ab initio</i> and the Lancaster Related Parties will release and waive any and all claims against SAHPL; and – SAHPL will return the 1,000 Lancaster 102 preference shares to Lancaster 102 and will release and waive all claims against Lancaster 102 in respect of this matter. • Thibault and Titan (as shareholder of Thibault), SAHPL and the Lancaster Related Parties will agree to release and waive any and all claims they may have against each other in respect of, and/or result from, the SAHPL-Lancaster 102-Thibault transaction and any and all security furnished pursuant to the transaction will be cancelled.
Contractual claim settlement: The	<ul style="list-style-type: none"> • To the extent the Tekkie Town Claimants are found not to have an “<i>in rem</i>” claim against SIHNV, or at the election of the Tekkie Town Claimants, the Tekkie Town Claimants will be entitled to a contractual claim in respect of the 25,060,021 SIHNV

Item	Terms
Tekkie Town Claimants	<p>shares issued to the Tekkie Town Claimants, in exchange for shares in Tekkie Town (Proprietary) Limited, with an original transaction value of ZAR 75.75 per share (the “Tekkie Town Claim”).</p> <ul style="list-style-type: none"> • SIHNV will settle the Tekkie Town Claim in full and final settlement of all claims by the Tekkie Town Claimants for a minimum nominal amount equivalent to EUR 6m (applying the same recovery rate as the MPCs). • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15, subject to SIHNV’s right, at its option, to settle the settlement consideration in a greater proportion or the full amount in cash and in accordance with the settlement terms. The Tekkie Town Claimants will not be subject to any lock up agreement or terms in respect of those PPH shares leaving those claimants free to sell (or to hold) PPH shares following the Settlement Effective Date.
Upington Margin Lender Tort/Delictual Claims	<ul style="list-style-type: none"> • As referenced above, SIHNV will continue to dispute any and all claims made by Conservatorium or any of the Upington Margin Lenders or their respective legal successors (as applicable) against SIHNV or any other member of the Steinhoff Group arising out of the Upington Lender Claim and any other claim relating to the financing of Upington acquiring 314,000,000 SIHNV shares.
Disputed claims	<ul style="list-style-type: none"> • To the extent any claims are asserted which are disputed by SIHNV, those claims will be proposed by SIHNV to count for voting purposes in a provisional nominal value of EUR 1.00. • Following implementation of the settlement, any disputed claims will be subject to the ordinary course litigation process or the dispute resolution process set out by SIHNV in the settlement documentation, unless an alternative dispute resolution process is agreed by SIHNV and such disputed claimant. • In respect of any disputes as to the legal ownership, value or amount of a claim against SIHNV, the SRF will wait for the final unappealable determination of any such dispute, or its consensual resolution, before paying any compensation to the owner of the claim. The SRF will consider paying any compensation attributable to a claim in which ownership is disputed into escrow or other arrangements subject to terms acceptable to the SRF. • To the extent a claim, or part of a claim, is disputed by SIHNV, a recovery in respect of the disputed claim will be reserved to the extent considered appropriate by SIHNV. The amount of the reserve will be proposed by SIHNV.

Item	Terms
SIHNV CPU Creditors (including Hemisphere CPU): Consents & Amendments	<ul style="list-style-type: none"> • The SIHNV CPU Creditors (as applicable) will be requested to consent (and to waive all and any related restrictions or requirements) to the proposed Steinhoff settlement set out in this Term Sheet and the transactions, payments and the agreements, formal implementation processes contemplated by them as being a permitted global settlement pursuant to: <ul style="list-style-type: none"> – the Umbrella Agreement entered into between SIHNV, Lucid Agency Services Limited (as Umbrella Agent) dated 12 August 2019 and certain other agents (the “Umbrella Agreement”); – the (2021/2022 Convertible Bonds) Contingent Payment Undertaking created by SIHNV in favour of Global Loan Agency Services Limited dated 12 August 2019 (the “21/22 CPU”); – the (2023 Convertible Bonds) Contingent Payment Undertaking created by SIHNV in favour of Global Loan Agency Services Limited dated 12 August 2019 (the “23 CPU”); – the (SEAG) Contingent Payment Undertaking created by SIHNV in favour of Lucid Trustee Services Limited and Lucid Agency Services Limited dated 12 August 2019 (the “SEAG CPU”); – the Contingent Payment Undertaking created by SIHNV in favour of Lucid Agency Services Limited dated 5 September 2018 (the “Hemisphere CPU”); – the SEAG First Lien Facility Agreement between, among others, Steenbok Lux Finco 2 Sarl as borrower, Lucid Agency Services Limited as agent and Lucid Trustee Services Limited as security agent dated 12 August 2019 (the “SEAG First Lien Facility”); – the SEAG Second Lien Facility Agreement between, among others, Steenbok Lux Finco 2 Sarl as borrower, Lucid Agency Services Limited as agent and Lucid Trustee Services Limited as security agent dated 12 August 2019 (the “SEAG Second Lien Facility”); – the SEAG Intercreditor Agreement between, among others, Steenbok Lux Finco 2 Sarl, Lucid Agency Services Limited and Lucid Trustee Services Limited dated 12 August 2019 (the “SEAG ICA”); – the SFH 21/22 Facility Agreement between, among others, Steenbok Lux Finco 1 Sarl as borrower, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent dated 12 August 2019 (the “SFH 21/22 Facility”);

Item	Terms
	<ul style="list-style-type: none"> – the SFH 23 Facility Agreement between, among others, Steenbok Lux Finco 1 Sarl as borrower, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent dated 12 August 2019 (the “SFH 23 Facility”); – the SFH Intercreditor Agreement between, among others, Steenbok Lux Finco 1 Sarl, Global Loan Agency Services Limited and GLAS Trust Corporation Limited dated 12 August 2019 (the “SFH ICA”); and – the Hemisphere Facility Agreement between, among others, Hemisphere International Properties B.V. (“Hemisphere”) as borrower, Lucid Agency Services Limited as agent and Lucid Trustee Services Limited as security agent dated 5 September 2018 (the “Hemisphere Facility”), <p>the SEAG First Lien Facility, the SEAG Second Lien Facility, the SEAG ICA, the SFH 21/22 Facility, the SFH 23 Facility, the SFH ICA, and the Hemisphere Facility being together, the “Underlying Finance Documents”.</p> <ul style="list-style-type: none"> • The SIHNV CPU Creditors will be requested to approve the proposed payment to the Hemisphere CPU as set out below without requiring an equivalent payment to be made to the other SIHNV (or SIHPL) CPU creditors. • CPU Amendments: SIHNV will request consent under the SIHNV CPUs to amend the 21/22 CPU, 23 CPU, SEAG CPU and the Hemisphere CPU and the Underlying Finance Documents to extend the “Maturity Date” under each SIHNV CPU and the final repayment date (however described) in the Underlying Finance Documents to 30 June 2023, with the ability of SIHNV to seek a further 6 months’ extension on the approval of 50 per cent by value of the total SIHNV CPU Creditors. • Umbrella Agreement Amendments: Following occurrence of the Settlement Effective Date, the requirements for and provisions relating to the Litigation Working Group will cease to have effect with the ongoing management of litigation and disputes being left to the applicable Steinhoff Boards. • The SIHNV CPU Creditors will release and waive: <ul style="list-style-type: none"> a. any and all actual or potential direct and indirect tort/delictual and other non-Contractual Claims they may have against SIHNV, SIHPL or any other member of the Steinhoff Group in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues; b. any and all actual or potential claims against Steinhoff directors or officers, or auditors and/or any external valuation professional and/or any third parties that undertook a materially similar role on behalf of a Steinhoff Group company,

Item	Terms
	<p>in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues and will not require that SIHNV or any members of the Group pursue such claims against those parties; and</p> <p>c. any and all actual or potential direct or indirect claims against directors, officers and advisers in relation to post-December 2017 announcements matters save for fraud and gross misconduct; provided that</p> <p>d. the releases and waivers of non-Contractual Claims or any indirect tort/delictual claims referred to in (a) above shall not extend to any SIHNV CPU Creditors who are Upington Margin Lenders in respect of any ongoing and disputed Upington Lender Claim or ownership dispute in respect of a Contractual Claim.</p> <ul style="list-style-type: none"> • In exchange for the consents, extensions, releases and waivers, with effect from the Settlement Effective Date SIHNV will offer to the SIHNV CPU Creditors first ranking security over its shares in Steinhoff Investment Holdings Limited (“SIHL”) and any loan claim payable by SIHL to SIHNV, subject to arrangements to maintain the entitlements to settlement consideration in respect of any Non-Qualifying Claims which are determined by a relevant court or agreed by SIHNV to be payable by SIHNV. • In addition, SIHNV proposes the following additional governance provisions: <ul style="list-style-type: none"> a. with effect from the Settlement Effective Date, one of either David Pauker or Paul Copley (both current Supervisory Board members and members of the Litigation Working Group) will be appointed by Steinhoff as a non-executive director of SIHL (which will comprise a total of 4 non-executive directors and 2 executive directors) and one of Paul Copley or David Pauker will be appointed by Steinhoff as a non-executive director to the Board of SAHPL (which following the appointment will comprise a total of 2 executive directors and one non-executive director); b. provided that the Settlement Effective Date has occurred, with effective from 1 January 2022, Steinhoff will appoint to the Board of SAHPL one additional non-executive director in place of an existing executive director either Paul Copley, David Pauker or, if nominated by the Relevant Creditors (see below), the “Independent Nominee”; c. if Paul Copley and David Pauker are for whatever reason not available or cease to be able to take any initial appointment described in (a) above, the procedure set out in (d) below will apply to identify their replacement (“Replacement Nominee”). The same process will apply to identify the Independent Nominee for the purpose of (b) above; d. a Replacement Nominee or an Independent Nominee will be appointed from a list of not less than 3 of eligible candidate nominees approved by “Relevant Creditors”. “Relevant Creditors” for this purpose means, until the date on which the intercompany loans between SIHPL (as lender) and SAHPL and SIHL (each as borrowers) are repaid

Item	Terms
	<p>in full, the 4 largest creditors by commitments in LuxFinco 1, and thereafter creditors representing more than 50 per cent in total commitments under all SIHNV CPUs. Eligibility criteria will be set by Steinhoff (in accordance with its nomination procedures) in consultation with the Relevant Creditors; and</p> <p>e. these governance arrangements will be supported by an undertaking not to increase the overall number of directors on the SIHL and SAHPL Boards and that non-compliance with these governance arrangements will be an event of default under the SIHNV CPUs.</p>
Hemisphere CPU Payments and Amendments	<ul style="list-style-type: none"> • Under the Hemisphere CPU, based on the proposed global settlement by SIHNV set out in this Settlement Term Sheet, the Hemisphere lenders are entitled to a payment of EUR 40m. • Each of the 21/22 CPU, 23 CPU and SEAG CPU include an equivalent provision. SIHNV will request that these provisions will be waived to allow SIHNV to make the payment under the Hemisphere CPU without an equivalent payment being made under the other SIHNV CPUs. • The Hemisphere payment will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15. • In consideration for the payment, the Hemisphere lenders will be required to accede to the Umbrella Agreement and to approve amendments to the Hemisphere CPU to conform the Hemisphere CPU to the other SIHNV CPUs, including the extension to the “Maturity Date” and the final repayment date (however described) in the Hemisphere Facility in exchange for the settlement payment.
IGC Settlement: Intra-Group waiver and support	<ul style="list-style-type: none"> • The IGCs will waive any and all tort/delictual claims and other non-Contractual Claims they may have against SIHNV, SIHPL or any other member of the Steinhoff Group. • The IGCs agree to consent to the proposed SIHNV settlement (and the SIHPL settlement) and the transactions and payments contemplated by them. • The IGCs will be requested to extend the maturities under the intercompanies to be consistent with the extension to the 21/22 CPU, 23 CPU, SEAG CPU and Hemisphere CPU and, if owned by an IGC as at the Settlement Effective Date, will share pari passu in the first ranking security also granted in favour of the SIHNV CPU Creditors with effect from the Settlement Effective Date.

Item	Terms
Contingent Assets	<ul style="list-style-type: none"> • The settlement consideration provided by the Steinhoff Group will be independent of any recoveries made by claimants from third parties. Any such recoveries will be incremental to the Steinhoff settlement consideration.
Release of claims against Steinhoff & others: post-December 2017	<ul style="list-style-type: none"> • From the Settlement Effective Date, the Participants (together the “Releasing Parties” and each a “Releasing Party”) will provide a full, final and irrevocable release of any and all claims they have or assert (or in the future may have or assert) against SIHNV, SIHPL and all other subsidiaries of the Steinhoff Group, and any advisers to, and directors and officers of, the Steinhoff Group arising after the December 2017 announcements including, but not limited to: <ul style="list-style-type: none"> – in relation to the 2019 financial restructuring; and – in relation to the negotiation and implementation of a global settlement by SIHPL and SIHNV. • For the avoidance of doubt, the waiver set out above is not intended in any way to waive the contractual debt claims the SIHNV CPU Creditors have against SIHNV or any member of the Steinhoff Group.
Steinhoff protection from counterclaims etc.	<ul style="list-style-type: none"> • Each Releasing Party undertakes: <ul style="list-style-type: none"> – prior to bringing a claim of any nature against a third party in respect of the events leading to the announcements in December 2017, to inform SIHNV of its intention to pursue such a claim; and – that it will use best endeavours to minimise any loss to Steinhoff and co-operate in all respects to allow Steinhoff to minimise any losses or costs arising out of such claim.
Implementation & Timetable	<ul style="list-style-type: none"> • The competing stakeholder interests, the financial position of Steinhoff and the complex multi-jurisdictional nature of the litigation make implementation of the proposed settlement uniquely challenging. SIHNV has therefore been considering a number of options to achieve the necessary certainty and finality required by SIHNV and stakeholders. • One of the options currently available to Steinhoff is to implement the global settlement by an inter-conditional composition plan which will be submitted in draft form (<i>ontwerp van akkoord</i>) immediately with the filing of the request for a Suspension of Payments (<i>surseance van betaling</i>) procedure in the Netherlands by SIHNV and a pre-prepared compromise plan pursuant to section 155 of the Companies Act 71 of 2008 in South Africa by SIHPL, in addition to any UK scheme of arrangement in respect of any of the CPUs and/or Underlying Finance Documents.

Item	Terms
	<ul style="list-style-type: none"> SIHNV and SIHPL continue to consider whether there may be appropriate settlement mechanisms to supplement and/or replace such implementation procedures. SIHNV is seeking to implement the proposed transaction with the objective of making first distributions of the settlement consideration in Q1 2021.
Sources and Uses of Funding	<ul style="list-style-type: none"> The MPC Claimants will be paid in accordance with the terms of the final settlement documentation and following the claim verification process with final payments after the bar date. The SIHNV Contractual Claimants with accepted and agreed claims will be paid and delivered the settlement consideration shortly following the Settlement Effective Date in accordance with the terms of the final settlement documentation. SIHNV will pay the cash portion of the settlement amount in ZAR to the extent this is consistent with the denomination of the Participant's underlying transaction and in euros to the extent this is consistent with the denomination of the Participant's underlying transaction. The funding arrangements contemplated in respect of the settlement consideration will be subject to regulatory approval, including the requisite approval of the South African Reserve Bank.

Part 2 - SIHPL: Summary of Proposed Settlement and Distribution Plan
(“SIHPL Summary”)

Item	Terms
SIHPL Settlement Overview	<p>This SIHPL Summary sets out the proposed settlement terms for SIHPL. The principal creditors of SIHPL are: SIHPL MPC Claimants, SIHPL Contractual Claimants and the SIHPL CPU Creditors (each as defined below).</p> <p>Note: estimated nominal settlement amounts referred to in this Settlement Term Sheet are rounded to the nearest million.</p>
Participants	<ol style="list-style-type: none"> (1) SIHPL; (2) Steinhoff Africa Holdings (Proprietary) Limited (“SAHPL”); (3) Steinhoff Investment Holdings Limited (“SIHL”); (4) claimants with valid market purchase claims (“MPCs”) in respect of SIHPL (“SIHPL MPC Claimants”); (5) Thibault Square Financial Services (Proprietary) Limited (“Thibault”), Titan Premier Investment Proprietary Limited (“Titan”) and Wiesfam Trust (Proprietary) Limited (“Wiesfam”) (together the “Titan Claimants”); (6) Charl André Cronjé, Jacobus Hauptfleisch du Toit, Annamie Hansen, Leon Marius Lourens, Estelle Ann Morkel, Jacobus Francois Pienaar, Johan Samuel Van Rooyen and Johan Daniël Wasserfall (together “Cronje and Others”); (7) Business Venture Investments No 1499 (RF) (Proprietary) Limited (“BVI”); (8) Enrico De Villiers Greyling (“Greyling”); (9) Gerrit Thomas Ferreira and Gerrit Thomas Ferreira, N.O., Geralt Simon Fortuin, N.O. and Sharon Geraldine October N.O. as trustees of the Tokara BEE Trust and the Tokara Employees Trust (together the “GT Ferreira Claimants”); (10) Jacob de Vos du Toit N.O., Theo Werner Biesenbach N.O. and Magda de Wet N.O. as trustees of the Le Toit Trust (together “Le Toit Trust”); (11) Trevo Capital Limited (“Trevo”); and

Item	Terms
	<p>(12) the financial creditors of SIHPL pursuant to the Contingent Payment Undertaking created by SIHPL in favour of Global Loan Agency Services Limited dated 12 August 2019 (the “SIHPL CPU”), (the “SIHPL CPU Creditors”), each a “Participant” and together the “Participants”.</p> <p>The Titan Claimants, Cronje and Others, BVI, Greyling, GT Ferreira and the Le Toit Trust are together the “SIHPL Contractual Claimants”.</p> <p>For the purposes of this SIHPL Summary: “Settlement Effective Date” means the date on which the settlement becomes effective in accordance with its terms.</p>
Settlement of SIHPL MPCs	<ul style="list-style-type: none"> • The MPCs against SIHPL will be settled as part of the global settlement terms and the compensation available under the proposed implementation process(es) will be funded from sources other than SIHPL. As part of the settlement arrangements and in consideration of SIHNV settling the SIHPL MPC claims, SIHPL will issue a loan note in favour of SIHNV as described below. • SIHPL MPCs will be subject to substantially the same verification process as will be set out in the SRF and claims administration conditions.
SIHPL: Rescissionary Contractual Claim valuation	<ul style="list-style-type: none"> • Rescissionary Contractual Claims will be valued using the following methodology: Nominal Amount /less the Floor Amount. • The claims of Thibault, Wiesfam, Greyling, GT Ferreira and the Le Toit Trust will be valued using this methodology. • For the purposes of this valuation: <ul style="list-style-type: none"> – “Floor Amount” means the applicable Floor Price multiplied by the number of Relevant Shares held at the Holding Time; – “Floor Price” means: <ul style="list-style-type: none"> • for the shares held on the Johannesburg Stock Exchange, ZAR 2.43, being the SIHNV VWAP for the SIHNV shares listed on the Johannesburg Stock Exchange for the 30 days starting on the first trading day post the Publication Date; and

Item	Terms
	<ul style="list-style-type: none"> • for the shares held on the Frankfurt Stock Exchange, EUR 0.157, being the SIHNV VWAP for the SIHNV shares listed on the Frankfurt Stock Exchange for the 30 days starting on the first trading day post the Publication Date; – “Holding Time” means the moment of the end of trading on the Johannesburg Stock Exchange or Frankfurt Stock Exchange (as applicable) on 5 December 2017; – “Nominal Amount” means the aggregate amount of the Transaction Amount, less: <ul style="list-style-type: none"> • the value of any cash dividends received prior to the Holding Time; and • the value received from all sales of any Relevant Shares prior to the Holding Time. – “Original Shares” means the SIHPL shares originally subscribed for or received as part of an exchange with Steinhoff (including to the extent those SIHPL shares were exchanged for SIHNV shares as part of the 2015 scheme of arrangement); – “Publication Date” means 29 June 2018, being the date on which SIHNV’s 2018 half-year results for the 2018 financial year were released; and – “Relevant Shares” means: the SIHPL shares originally subscribed for or received as part of an exchange with Steinhoff (including to the extent those SIHPL shares were exchanged for SIHNV shares as part of the 2015 scheme of arrangement) and any dividends which the claimant elected to receive as either SIHPL or SIHNV shares <i>in lieu</i> of cash; and – “Transaction Amount” means the Original Shares multiplied by the transaction price attributed to those shares (as specified in this SIHPL Summary below).
SIHPL: Contractual damages/ Contractual Claim valuation	<ul style="list-style-type: none"> • Delictual damages claims in respect of Contractual Claims will be valued using the following methodology: Implied Claim <i>less</i> Benefits. • The claims of BVI and Cronje and Others will be valued using this valuation methodology. • For the purposes of this valuation:

Item	Terms
	<ul style="list-style-type: none"> – “Benefits” means: <ul style="list-style-type: none"> • the value of any cash dividends received prior to the Holding Time; <i>plus</i> • the number of shares the claimant elected to receive as either SIHPL or SIHNV shares in lieu of a cash dividend multiplied by the Floor Price; <i>plus</i> • the proceeds from the sale of any shares prior to the Holding Time; <i>minus</i> • the number of shares sold prior to the Holding Time multiplied by the Floor Price; – “Floor Price” means: <ul style="list-style-type: none"> • for the shares held on the Johannesburg Stock Exchange, ZAR 2.43, being the SIHNV VWAP for the SIHNV shares listed on the Johannesburg Stock Exchange for the 30 days starting on the first trading day post the Publication Date; and • for the shares held on the Frankfurt Stock Exchange, EUR 0.157, being the SIHNV VWAP for the SIHNV shares listed on the Frankfurt Stock Exchange for the 30 days starting on the first trading day post the Publication Date; – “Holding Time” means the moment of the end of trading on the Johannesburg Stock Exchange or Frankfurt Stock Exchange (as applicable) on 5 December 2017; – “Implied Claim” means: the Transaction Amount <i>less</i> (the Floor Price multiplied by the Original Shares); – “Original Shares” means the SIHPL shares originally subscribed for or received as part of an exchange with Steinhoff (including to the extent those SIHPL shares were exchanged for SIHNV shares as part of the 2015 scheme of arrangement); – “Publication Date” means 29 June 2018, being the date on which SIHNV’s 2018 half-year results for the 2018 financial year were released; and

Item	Terms
	<ul style="list-style-type: none"> – “Transaction Amount” means the Original Shares multiplied by the transaction price attributed to those shares (as specified in this SIHPL Summary below).
Titan Claimants Settlement and Related Arrangements	<ul style="list-style-type: none"> • Thibault will have the following claims recognised against SIHPL: <ul style="list-style-type: none"> – a Contractual Claim in respect of the 609,145,624 SIHPL shares issued to Thibault at an original transaction price of ZAR 57.00 per share (“Thibault Contractual Claim”); and – a MPC in respect of the 2,019,800 SIHPL shares it purchased at an original transaction value of ZAR 80.07 per share. • Wiesfam will have the following claims recognised against SIHPL: <ul style="list-style-type: none"> – a Contractual Claim in respect of the 29,718,557 SIHPL shares issued to Wiesfam at an original transaction value of ZAR 22.74 per share; and – a MPC in respect of the 3,990,300 SIHPL shares it purchased at an original transaction value of ZAR 50.18 per share. • Titan will have the following claims recognised: <ul style="list-style-type: none"> – a MPC in respect of the 100,000 SIHNV shares it purchased at an original transaction value of ZAR 75.64 per share; – a MPC in respect of the 50,000 SIHNV shares it purchased at an original transaction value of ZAR 75.39 per share; and – a MPC in respect of the 2,000,000 SIHNV shares it purchased at an original transaction value of ZAR 62.34 per share, <p>the Thibault, Wiesfam and Titan claims being together, the “Titan Claims”.</p> • The total pleaded Titan Claims (excluding MPCs) equals approximately ZAR 38,152mas at 5 December 2017. • In respect of the Titan Claims, SIHPL will agree as follows: <ul style="list-style-type: none"> – On or after the Settlement Effective Date, SIHPL will pay, or procure the payment, of ZAR 7,904m to (the South African resident entity) Titan in full and final settlement of all of the Titan Claims and any other claims that any

Item	Terms
	<p>Titan Claimants or any of their affiliates have against any member of the Steinhoff Group (other than in respect of the Upington 1 Claim, as defined in the SIHNV Summary) except for the Titan Excluded Claims.</p> <ul style="list-style-type: none"> - The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on the Settlement Effective Date at a deemed price per share of ZAR 15 subject, at SIHNV and SIHPL's option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to Titan Claimants will be subject to a 180-day lock up condition. - The Titan Claims which are SIHNV MPCs or SIHPL MPCs will be settled for nil value. <ul style="list-style-type: none"> • Acquisition by SIHPL of the Titan Loan: <ul style="list-style-type: none"> - Subsequent to the aborted Shoprite transaction following the events of December 2017, a settlement was concluded in early 2018, pursuant to which Titan owed Steinhoff Finance Holding GmbH ("SFHG") an amount of EUR 200m plus interest ("Titan Loan"). In accordance with the 2019 financial restructuring arrangements, the Titan Loan was transferred from SFHG to Newco 2A. - Immediately prior to, or immediately following, the purchase of the Titan Loan, the Titan Loan will be amended to include the following terms: <ul style="list-style-type: none"> • ZAR 3.4 billion principal outstanding; • coupon payable of 5.04 per cent PIK per annum; • repayment date of 5 years plus one day from the Settlement Effective Date and voluntarily repayable without penalty at any time; and • secured in favour of SIHPL on terms satisfactory to SIHPL. - Conditional upon and subject to the occurrence of the Settlement Effective Date, SIHPL will acquire the Titan Loan from Newco 2A for an amount to be determined subject to an agreed mechanism linked to the prevailing EUR-ZAR exchange rate upon Settlement Effective Date. Payment of the consideration will be deferred resulting in an amount owed by SIHPL to Newco 2A ("Newco 2A Loan Note"), including the following terms:

Item	Terms
	<ul style="list-style-type: none"> • zero coupon; • repayment date: final maturity date of 6 months after the date of the Titan Loan final maturity; • quarterly cash sweep at SIHPL and across the South African sub-group; • first ranking security over SIHPL's assets, subject to arrangements in respect of Non-Qualifying Claims finally determined or agreed by SIHPL; and • limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL. <p>• "Titan Excluded Claims" means the claims against the Steinhoff Group or third parties, as mutually agreed between Steinhoff and Titan in writing.</p>
Cronje and Others	<ul style="list-style-type: none"> • Cronje and Others will be entitled to a Contractual Claim in respect of the 8,174,080 shares issued to Cronje and Others with an original transaction value of ZAR 57.00 per share (the "Cronje and Others Claims"). "Retired PPH Managers" shall mean Mr Jacobus H Du Toit and Mr Jacobus F Pienaar. "Non-Retired PPH Managers" shall mean the Cronje and Others claimants other than the Retired PPH Managers. • SIHPL will settle the Cronje and Others Claims in full and final settlement of all claims by Cronje and Others and their affiliates against the Steinhoff Group for a nominal amount equivalent to ZAR 159m. • In respect of the Non-Retired PPH Managers, the settlement consideration will be payable 100 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 13.5. The PPH shares so issued will be subject to a three-year lock up condition. • The Retired PPH Managers will have the option to elect the settlement consideration to be paid in accordance with the offer to the Non-Retired PPH Managers as specified above, or the settlement consideration to be paid 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15. In the event that a Retired PPH Manager elects the latter option, the PPH shares issued to that Retired PPH Manager will be subject to a 180-day lock up condition. • In each case the offer of shares is subject to SIHPL's right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash.

Item	Terms
BVI	<ul style="list-style-type: none"> • BVI will be entitled to a Contractual Claim in respect of the 51,703,157 shares issued to BVI with an original transaction value of ZAR 57.00 per share (the “BVI Claim”). • SIHPL will settle the BVI Claim in full and final settlement of all claims by BVI and its affiliates against the Steinhoff Group for a nominal amount equivalent to ZAR 643m. • The settlement consideration will be payable 100 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 13.5 subject to SIHPL’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to BVI will be subject to a three-year lock up condition.
Greyling	<ul style="list-style-type: none"> • Greyling will be entitled to a Contractual Claim in respect of the 1,325,000 shares issued to Greyling with an original transaction value of ZAR 74.03 per share (“Greyling Claim”). • SIHPL will settle the Greyling Claim in full and final settlement of all claims by Greyling and his affiliates against the Steinhoff Group for a nominal amount equivalent to ZAR 34m. • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15 subject to SIHPL’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to Greyling will be subject to a 180-day lock up condition.
GT Ferreira	<ul style="list-style-type: none"> • The GT Ferreira Claimants will be entitled to Contractual Claims in respect of the 15,811,729 shares issued to the GT Ferreira Claimants with an original transaction value of ZAR 74.03 per share (“GT Ferreira Claims”). • SIHPL will settle the GT Ferreira Claims in full and final settlement of all claims by the GT Ferreira Claimants and their affiliates against the Steinhoff Group for a nominal amount equivalent to ZAR 421m. • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15 subject to SIHPL’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to the GT Ferreira Claimants will be subject to a 180-day lock up condition.

Item	Terms
Le Toit Trust	<ul style="list-style-type: none"> • Subject to SIHPL being provided with satisfactory evidence that the Le Toit Trust held the full benefit of such shares as at 5 December 2017, the Le Toit Trust will be entitled to a Contractual Claim in respect of the 10,176,000 shares issued to the Le Toit Trust with an original transaction value of ZAR 74.03 per share (“Le Toit Claim”). • SIHPL will settle the Le Toit Claim in full and final settlement of all claims by the Le Toit Trust and its affiliates against the Steinhoff Group for a nominal amount equivalent to ZAR 227m. • The settlement consideration will be payable 50 per cent in cash and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15 subject to SIHPL’s right, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to the Le Toit Trust will be subject to a 180-day lock up condition.
Trevo	<ul style="list-style-type: none"> • Trevo will be entitled to a MPC for shares held on 5 December 2017 purchased from Treemo (Proprietary) Limited in cash and preference shares (“Trevo Claim”). • Trevo will recover on its claim at the same rate as the other MPCs and its claim will be valued in accordance with the MPC valuation methodology. • In full and final settlement of all claims by Trevo and its affiliates against the Steinhoff Group, the Trevo Claim will be settled as part of the global settlement terms and the compensation available under the proposed implementation process in respect of the Trevo Claim will be funded from sources other than SIHPL. • The settlement consideration will be payable 50 per cent in cash (payable by SIHNV) and 50 per cent in PPH shares on or after the Settlement Effective Date at a deemed price per share of ZAR 15 subject, at SIHNV’s option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. The PPH shares issued to the Trevo claimants will not be subject to a lock up condition consistent with the approach to MPCs.
Non-Qualifying Claims	<ul style="list-style-type: none"> • SIHPL will dispute, on the basis of remoteness, any and all claims made by Potter, Morris, Berry, Botha, Steyn and Malan against SIHPL or any other member of the Steinhoff Group in respect of the BVI shares issued to them. • SIHPL will dispute, on the basis that there is no case to answer, any and all claims made by the South African Competition Commission against SIHPL, KAP Diversified Industrial Proprietary Limited or any other member of the Steinhoff Group in respect of the alleged price fixing.

Item	Terms
Conservatorium	<ul style="list-style-type: none"> SIHPL will dispute any and all claims made by Conservatorium Holdings LLC, any of the lenders who financed the acquisition of 314,000,000 SIHNV shares by Upington Investment Holdings B.V. (“Upington”) or their respective legal successors (as applicable) against SIHPL or any other member of the Steinhoff Group arising out of the financing of Upington acquiring 314,000,000 SIHNV shares.
Disputed claims	<ul style="list-style-type: none"> Save in relation to the Titan Claims, in respect of any disputes as to the legal ownership, amount or value of a claim against SIHPL, SIHPL will wait for the final unappealable determination, or consensual resolution, of those disputes before paying any compensation to the owner of the claim. SIHPL will consider paying any compensation attributable to a claim in which the ownership is disputed into escrow or other arrangements subject to terms acceptable to SIHPL. In relation to the Titan Claims against SIHPL, including the Thibault Contractual Claim, SIHPL will pay to the Titan entities the respective settlement amounts notwithstanding any continuing ownership dispute. Unless SIHPL agrees otherwise, SIHPL will not make a payment to a Participant if that Participant (or any affiliate of that Participant) has a continuing disputed claim against SIHPL, SIHNV or any member of the Steinhoff Group.
SIHNV Loan Note	<ul style="list-style-type: none"> In consideration of the settlement by SIHNV of SIHPL MPC claims, SIHPL will issue a loan Note to SIHNV (“SIHNV Loan Note”) of not more than EUR 100m, including the following terms: <ul style="list-style-type: none"> – zero coupon; – repayment date: final maturity date of 6 months after the date of the Titan Loan final maturity; – quarterly cash sweep at SIHPL and across the South African sub-group; – second ranking security over SIHPL assets, subject to arrangements in respect of Non-Qualifying Claims finally determined or agreed by SIHPL; and – limited recourse to the available assets of SIHPL.
Amendments to SIHL and SAHPL receivables	<ul style="list-style-type: none"> SIHL and SAHPL receivables to be amended to include quarterly cash sweep in favour of SIHPL on cash balances subject to SIHL and its subsidiaries (excluding PPH) retaining aggregate balances of at least EUR 50m equivalent at

Item	Terms
	<p>prevailing spot rate plus cash provision for payment of the next dividend payment on SIHL ZAR 1.5bn preference shares.</p>
<p>SIHPL CPU Settlement and Amendments to the SIHPL CPU</p>	<ul style="list-style-type: none"> • The SIHPL CPU Creditors will agree to consent to the proposed SIHNV settlement and the SIHPL settlement and the transactions, payments, agreements and formal processes contemplated by them as being permitted settlement pursuant to the SIHPL CPU, the Umbrella Agreement and the LuxFinco 1 21/22 Facility Agreement. • The SIHPL CPU Creditors will agree to the amendments to the SIHPL CPU as set out below: <ul style="list-style-type: none"> – repayment date: final maturity date of 6 months after the date of the Titan Loan final maturity; – quarterly cash sweep at SIHPL and across the South African sub-group and delete Clause 6.9 (<i>SIHPL Cash Pay Outs</i>); – third ranking security over SIHPL assets, subject to arrangements in respect of Non-Qualifying Claims finally determined by a relevant court or agreed by SIHPL; – limited recourse: the recourse of the SIHPL CPU Creditors against SIHPL will be limited to the net proceeds recovered by SIHPL under the Titan Loan, the Newco 2A/SIHPL intercompany loan (the “Newco 2A Receivable”), the SIHL receivable and the SAHPL receivable (together the “SIHPL Intercompanies”); – disposals: with majority lender consent (more than 50 per cent by value of the SIHPL CPU Creditors), SIHPL may sell the Titan Loan, the Newco 2A Receivable and/or the SIHPL Intercompanies and the SIHPL CPU Creditors agree that in such circumstances recourse under the SIHPL CPU will be limited to the proceeds of such sale(s), and subject to the structural priority of the Newco 2A Loan Note and SIHNV Loan Note; – provisions to permit and facilitate the solvent winding up of SIHPL; and – quarterly reporting by the Board of SAHPL to the SIHPL CPU creditors in relation to its ongoing asset realisation strategy. • The SIHPL CPU Creditors will release and waive:

Item	Terms
	<ul style="list-style-type: none"> a. any and all actual or potential direct and indirect tort/delictual and other non-Contractual Claims they may have against SIHNV, SIHPL or any other member of the Steinhoff Group in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues; b. any and all actual or potential claims against Steinhoff directors or officers, or auditors and/or any external valuation professional and/or any third parties that undertook a materially similar role on behalf of a Steinhoff group company, in respect of all matters relating (directly or indirectly) to the pre-December 2017 legacy accounting issues and will not require that SIHNV, SIHPL or any members of the Group pursue such claims against those parties; and c. any and all actual or potential direct or indirect claims against directors, officers and advisers in relation to post-December 2017 announcement matters save for fraud and gross misconduct; provided that d. the releases and waivers of contractual claims or any indirect tort/delictual claims referred to in (a) above shall not extend to any SIHPL CPU Creditors who are Upington Margin Lenders in respect of any ongoing and disputed Upington Lender Claim or ownership dispute in respect of a Contractual Claim.
Steinhoff releases – post-December 2017	<ul style="list-style-type: none"> • From the Settlement Effective Date, the Participants (together the “Releasing Parties” and each a “Releasing Party”) agree to provide a full, final and irrevocable release of any and all claims they have or assert (or in the future may have or assert) against SIHNV, SIHPL and all other members of the Steinhoff group arising after the December 2017 announcements including, but not limited to: <ul style="list-style-type: none"> – in relation to the 2019 financial restructuring; and – in relation to the negotiation and implementation of a global settlement by SIHPL and SIHNV. • For the avoidance of doubt, the waiver set out above is not intended in any way to waive the contractual debt claims the SIHPL CPU Creditors have against any member of the Steinhoff Group.
Steinhoff Protection against counterclaims etc.	<p>Each Releasing Party undertakes:</p> <ul style="list-style-type: none"> • prior to any bringing a claim of any nature against a third party in respect of the events leading to the announcements in December 2017, to inform SIHPL of its intention to pursue such a claim; and

Item	Terms
	<ul style="list-style-type: none"> that it will use best endeavours to minimise any loss to Steinhoff and co-operate in all respects to allow Steinhoff to minimise any losses or costs arising out of such claim.
Implementation	<ul style="list-style-type: none"> The competing stakeholder interests, the financial position of Steinhoff and the complex multi-jurisdictional nature of the litigation make implementation of the proposed settlement uniquely challenging. SIHPL has therefore been considering a number of options to achieve the necessary certainty and finality required by SIHPL and stakeholders. One of the options currently available to Steinhoff is to implement the global settlement by an inter-conditional composition plan which will be submitted in draft form ("<i>ontwerp van akkoord</i>") immediately with the filing of the request for a Suspension of Payments ("<i>surseance van betaling</i>") procedure in the Netherlands by SIHNV and a pre-prepared compromise plan pursuant to section 155 of the Companies Act 71 of 2008 in South Africa by SIHPL, in addition to any UK scheme of arrangement in respect of any of the CPUs and/or Underlying Finance Documents. SIHNV and SIHPL continue to consider appropriate settlement mechanisms to supplement and/or replace such implementation procedures. The intention is to implement the global settlement as soon as possible with the objective of making first distributions in Q1 2021.
Sources and uses of Funding	<ul style="list-style-type: none"> The SIHPL MPC Claimants will be paid in accordance with the terms of the SIHNV final settlement documentation. The SIHPL Contractual Claimants with accepted and agreed claims will be paid and delivered the settlement consideration shortly following the Settlement Effective Date in accordance with the terms of the final settlement documentation. SIHPL will elect to pay settlement amounts in ZAR. The funding contemplated in respect of the settlement consideration and the other arrangements contemplated in relation to SIHPL will be subject to regulatory approval, including the requisite approval of the South African Reserve Bank.

**Annex 3
(Transfer Notice)**

To: [Lucid Agency Services Limited and Lucid Trustee Services Limited,
6th Floor, No 1 Building 1-5 London Wall Buildings,
London Wall, London,
United Kingdom, EC2M 5PG,
Email: deals@lucid-ats.com/operations@lucid-ats.com]

[Global Loan Agency Services Limited and GLAS Trust Corporation Limited,
45 Ludgate Hill,
London,
United Kingdom, EC4M 7JU
Email: tmg@glas.agency] *[Delete as applicable]*

To: **Steinhoff International Holdings N.V.**
By Email: Settlement@steinhoffinternational.com

From: [Consenting Lender]
[New Lender]

Date: [●]

Dear all,

The consent request letter dated [●] October 2020 from, among others, Steinhoff International Holdings N.V. and Steinhoff International Holdings Proprietary Limited to Lucid Agency Services Limited, Lucid Trustee Services Limited, GLAS Trust Corporation Limited and Global Loan Agency Services Limited, each in its capacity listed therein (the “Consent Request Letter”)

We refer to the Consent Request Letter. This is a Transfer Notice. Terms used but not otherwise defined in this Transfer Notice shall have the meaning given to them in the Consent Request Letter.

The Consenting Lender provided its approval to the Consent Requests on [ADD DATE] 2020.

The Consenting Lender intends to transfer the following amounts to the New Lender:

[Insert details of facilities and amounts to be transferred] (together the “**Transferred Debt**”)

The New Lender acknowledges that the Consenting Lender has approved the Consent Requests in respect of, inter alia, the Transferred Debt and irrevocably undertakes not to withdraw such approval in respect of the Transferred Debt.

To the extent the New Lender holds any other commitments under the Steinhoff Finance Documents which have not yet voted in favour of the Consent Requests (the “**Existing Debt**”), upon the transfer of the Transferred Debt to the New Lender becoming effective, the Existing Debt shall also be deemed to have approved the Consent Requests and the New Lender undertakes to execute all such additional documents as may be required to effect this.

This Transfer Notice and any non-contractual obligations arising out of or in connection with it are governed by English law.

Signed:

.....

[Consenting Lender]

Name:

Position:

Signed:

.....

[New Lender]

Name:

Position:

**Annex 4
(Settlement Consent Form)**

To: [Lucid Agency Services Limited and Lucid Trustee Services Limited,
6th Floor, No 1 Building 1-5 London Wall Buildings,
London Wall, London,
United Kingdom, EC2M 5PG,
Email: deals@lucid-ats.com/middleoffice@lucid-ats.com]

[Global Loan Agency Services Limited and GLAS Trust Corporation Limited,
45 Ludgate Hill,
London,
United Kingdom, EC4M 7JU
Email: tmg@glas.agency] *[Delete as applicable]*

To: Steinhoff International Holdings N.V.
By Email: Settlement@steinhoffinternational.com

From: [Lender]

Date: [●] 2020

Dear All,

The consent request letter dated [●] October 2020 from, among others, Steinhoff International Holdings N.V. and Steinhoff International Holdings Proprietary Limited to Lucid Agency Services Limited, Lucid Trustee Services Limited, GLAS Trust Corporation Limited and Global Loan Agency Services Limited, each in its capacity listed therein (the “Consent Request Letter”)

We refer to the Consent Request Letter. Terms used but not otherwise defined in this consent form (the “**Settlement Consent Form**”) shall have the meaning given to them in the Consent Request Letter.

SECTION A: LENDER’S CONTACT DETAILS

(i) Name:

(ii) Address:

(iii) Attention:

(iv) Phone:

(v) Email:

(vi) Details of our Commitments as lender under each Facility Agreement (as relevant) as at the date of the Consent Form:

Facility Agreement	Commitments
Hemisphere Facility Agreement	Facility A: [●]
SEAG First Lien Facilities Agreement	Super Senior Facility: [●] Facility A1: [●] Facility B1: [●] [Facility B3: [●]] [Facility B5: [●]]
SEAG Second Lien Facilities Agreement	Facility A2: [●] Facility B2: [●] [Facility B4: [●]] [Facility B6: [●]]
SFHG 21/22 Facilities Agreement	Super Senior Facility: [●] Facility A1: [●] [Facility B1: [●]] [Facility B3: [●]] [Additional Facility: [●]]
SFHG 23 Facilities Agreement	Super Senior Facility: [●] Facility A2: [●] [Facility B2: [●]] [Facility B4: [●]]

SECTION B: VOTE IN RESPECT OF THE CONSENT REQUESTS

We hereby irrevocably vote:

Elect **ONE** of the following:

in favour of all of the Consent Requests on the terms set out in the Consent Request Letter

OR

against all of the Consent Requests

SECTION C: GRANT OF IRREVOCABLE CONSENT

To the extent that we have voted in favour of the Consent Requests, such consent is irrevocably granted by us on the terms set out in the Consent Request Letter and pursuant to the terms of each of the Steinhoff Finance Documents to which we are a party and is provided in respect of any and all Commitments:

- (i) that we hold as at the date of the Settlement Consent Form including, but not limited to, those Commitments listed in Section A above;

- (ii) transferred by us to any other party in accordance with the terms of the Steinhoff Finance Documents following the date of the Settlement Consent Form; and
- (iii) transferred to us following the date of the Settlement Consent Form.

Such consent is provided in accordance with the Consent Request Letter and is effective from the date of this Settlement Consent Form. For the avoidance of doubt, any consent granted by us under one Steinhoff Finance Document will be treated as an approval of the Consent Requests under all other Steinhoff Finance Documents to which we are a party.

This Settlement Consent Form and any non-contractual obligations arising out of or in connection with it are governed by English law.

Signed:

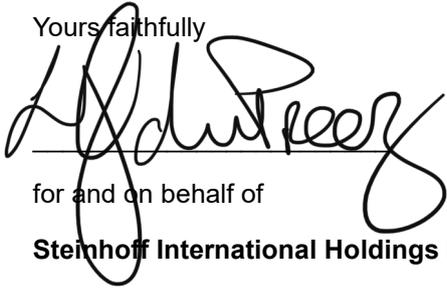
.....

[Lender]

Name:

Position:

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. J. J. van der Meer', written over a horizontal line.

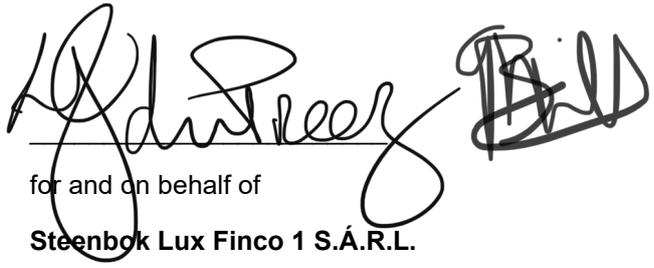
for and on behalf of

Steinhoff International Holdings N.V.



for and on behalf of

Steinhoff International Holdings Proprietary Limited

A handwritten signature in black ink, appearing to read 'G. J. J. J.', is written over a horizontal line. To the right of the signature is a circular stamp or seal, partially obscured by the ink.

for and on behalf of

Steenbok Lux Finco 1 S.Á.R.L.

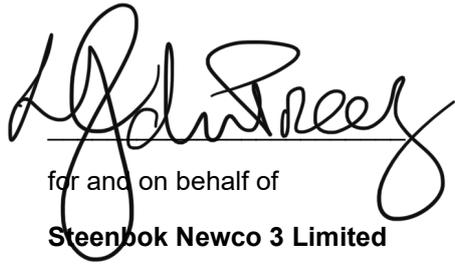

for and on behalf of

Steenbok Lux Finco 2 S.À.R.L.



for and on behalf of

Steinheff Finance Holding GmbH

A handwritten signature in black ink, appearing to read "A. J. [unclear]". The signature is written in a cursive style and is positioned above a horizontal line.

for and on behalf of
Steenbok Newco 3 Limited

UMBRELLA AGENT

We, Lucid Agency Services Limited, acting as Umbrella Agent pursuant to clause 10.5 (*Consent Process*) and clause 16 (*Amendments and Waivers*) of the Umbrella Agreement, confirm that Super Majority Guarantee Creditors have approved the Consent Requests.

Date:

Lucid Agency Services Limited

Name:

Position:

SEAG FIRST LIEN AGENT

We, Lucid Agency Services Limited, acting as SEAG First Lien Agent:

- (i) pursuant to clause 38 (*Amendments and Waivers*) of the SEAG First Lien Facilities Agreement, confirm that the Super Majority Lenders (as defined in the SEAG First Lien Facilities Agreement) have approved the Consent Requests; and
- (ii) pursuant to paragraph (b) of the clause 7.5 (*Restrictions on Amendments and waivers: Intra-Group Lenders*) of the SEAG Intercreditor Agreement confirm that the Super Majority First Lien Facility Creditors (as defined in the SEAG Intercreditor Agreement) have approved the Consent Requests.

Date:

Lucid Agency Services Limited

Name:

Position:

SEAG SECOND LIEN AGENT

We, Lucid Agency Services Limited, acting as SEAG Second Lien Agent:

- (i) pursuant to clause 38 (*Amendments and Waivers*) of the SEAG Second Lien Facilities Agreement, confirm that the Super Majority Lenders (as defined in the SEAG Second Lien Facilities Agreement) have approved the Consent Requests; and
- (ii) pursuant to paragraph (b) of the clause 7.5 (*Restrictions on Amendments and waivers: Intra-Group Lenders*) of the SEAG Intercreditor Agreement confirm that the Super Majority Second Lien Facility Creditors (as defined in the SEAG Intercreditor Agreement) have approved the Consent Requests.

Date:

Lucid Agency Services Limited

Name:

Position:

HEMISPHERE AGENT

We, Lucid Agency Services Limited, acting as Hemisphere Agent pursuant to clause 36 (*Amendments and Waivers*) of the Hemisphere Facility Agreement, confirm that the requisite creditors have approved the Consent Requests.

Date:

Lucid Agency Services Limited

Name:

Position:

HEMI CPU AGENT

We, Lucid Agency Services Limited, acting as Hemi CPU Agent pursuant to clause 18 (*Amendments and Waivers*) of the NV/Hemisphere Contingent Payment Undertaking, confirm that "Lenders" holding 100 per cent of "Facility A Loans" under the NV/Hemisphere Contingent Payment Undertaking have approved the Consent Requests.

Date:

Lucid Agency Services Limited

Name:

Position:

SEAG CPU AGENT

We, Lucid Trustee Services Limited, acting as SEAG CPU Agent pursuant to clause 19 (*Amendments and Waivers*) of the NV/SEAG Contingent Payment Undertaking, confirm that all Lenders in respect of each of the Total Facility A1 Commitments and the Total Facility A2 Commitments have approved the Consent Requests.

Date:

Lucid Trustee Services Limited

Name:

Position:

SFHG 21/22 AGENT

We, Global Loan Agency Services Limited, acting as SFHG 21/22 Agent pursuant to clause 37 (*Amendments and Waivers*) of the SFHG 21/22 Facilities Agreement, confirm that the requisite creditors have approved the Consent Requests.

Date:

Global Loan Agency Services Limited

Name:

Position:

SFHG 23 AGENT

We, Global Loan Agency Services Limited, acting as SFHG 23 Agent pursuant to clause 36 (*Amendments and Waivers*) of the SFHG 23 Facilities Agreement, confirm that the requisite creditors have approved the Consent Requests.

Date:

Global Loan Agency Services Limited

Name:

Position:

SFHG SECURITY AGENT

We, GLAS Trust Corporation Limited, acting as Security Agent pursuant to Clause 28 (Consents, Amendments and Override) of the SFHG Intercreditor Agreement, pursuant to the SFHG Intercreditor Agreement, confirm that the requisite creditors have approved the Consent Requests.

Date:

GLAS Trust Corporation Limited

Name:

Position:

21/22 CPU AGENT

We, Global Loan Agency Services Limited, acting as 21/22 CPU Agent pursuant to clause 19 (*Amendments and Waivers*) of the NV/SFHG 21/22 Contingent Payment Undertaking, confirm that the requisite creditors have approved the Consent Requests.

Date:

Global Loan Agency Services Limited

Name:

Position:

23 CPU AGENT

We, Global Loan Agency Services Limited, acting as 23 CPU Agent pursuant to clause 19 (*Amendments and Waivers*) of the NV/SFHG 23 Contingent Payment Undertaking, confirm that the requisite creditors have approved the Consent Requests.

Date:

Global Loan Agency Services Limited

Name:

Position:

SIHPL CPU AGENT

We, Global Loan Agency Services Limited, acting as SIHPL CPU Agent pursuant to clause 19 (*Amendments and Waivers*) of the SIHPL/SFHG Contingent Payment Undertaking, confirm that the requisite creditors have approved the Consent Requests.

Date:

Global Loan Agency Services Limited

Name:

Position:

INTERCOMPANY SIHNV LENDERS

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

Steinhoff Africa Holdings Proprietary Limited

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

Steenbok Newco 2A Limited

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

Steenbok Lux Finco 1 S.á.r.l.

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

Steinhoff International Share Trust

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

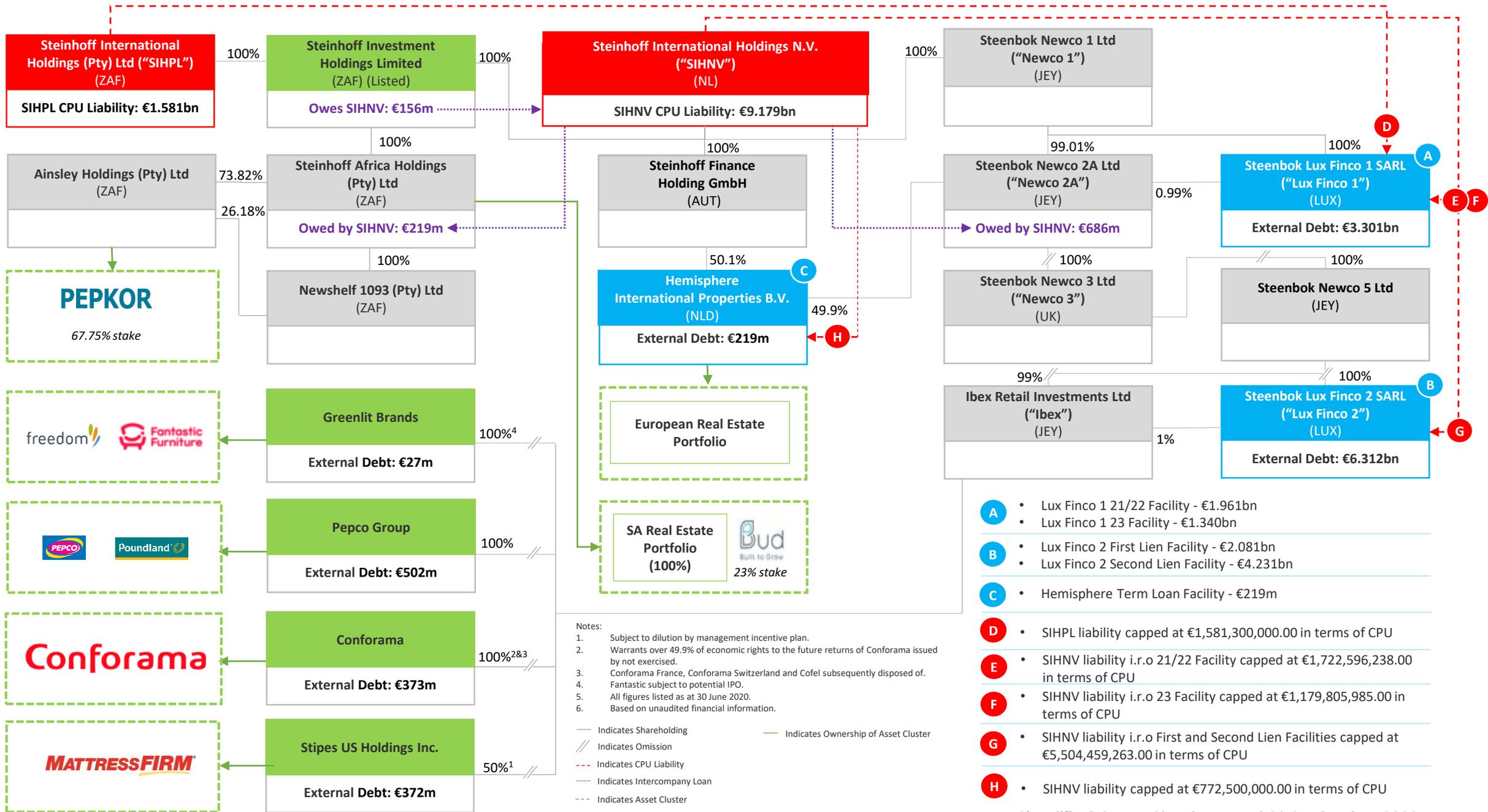
Steinhoff US Holdings II, LLC

We, the undersigned Intercompany SIHNV Lenders, consent to our respective Intercompany SIHNV Loans being amended and/or extended and/or repaid in accordance with the terms of this letter, including as detailed in Paragraphs 34, 35 and 36.

for and on behalf of

Steinhoff UK Group Services Limited

APPENDIX G
DEBT STRUCTURE CHART



Simplified Group Structure as at 30 September 2020

APPENDIX H
LIQUIDATION COMPARATOR

Summary of Recoveries to Creditors in a Liquidation Scenario

Figures in € Millions Unless Otherwise Stated

Claims at NV			
Upington Contractual Claim	€ 1,592	11%	[A.1]
Tekkie Town Claimants Contractual Claim	€ 117	1%	[A.2]
Lancaster 101 / PIC Contractual Claim	€ 287	2%	[A.3]
NV Market Purchase Claims	€ 2,998	20%	[A.4]
NV Litigant Claims (31 March 2021) ^[1]	€ 4,994	34%	[A.1] + [A.2] + [A.3] + [A.4] = [A]
CPU Creditor Claims (31 March 2021)^[2]	€ 9,179	62%	[B]
Intercompany Claim (31 March 2021) ^[3]	€ 691	5%	[C]
Recoveries at NV			
Mean expected liquidation proceeds available to NV Liabilities ^[4]	€ 631		[D]
NV Litigant Claims' recovery in March 2031	€ 212		$[D] \times [A] / ([A] + [B] + [C]) = [E]$
PV of Upington recovery	€ 58		$[F] \times ([A.1] / [A]) = [F.1]$
PV of Tekkie Town Claimants recovery	€ 4		$[F] \times ([A.2] / [A]) = [F.2]$
PV of Lancaster 101 / PIC recovery	€ 11		$[F] \times ([A.3] / [A]) = [F.3]$
PV of NV Market Purchase Claims' recovery	€ 110		$[F] \times ([A.4] / [A]) = [F.4]$
PV of NV Litigant Claims' recovery ^[6]	€ 183		$[E] \times \text{PV Discount}^{[5]} = [F]$
PV of NV Litigant Claims' recovery in c/€ of claims	3.7		$[F] / [A] = [G]$
CPU Creditors' recovery in March 2031	€ 390		$[D] \times [B] / ([A] + [B] + [C]) = [H]$
PV of CPU Creditors' recovery^[6]	€ 336		$[H] \times \text{PV Discount}^{[5]} = [I]$
PV of CPU Creditors' recovery in c/€ of claims	3.7		$[I] / [B] = [J]$

Notes:

- [1] Estimated NV Litigant Claims are grown at 2% per year between 5 December 2017 and 31 March 2021.
- [2] This amount includes all guarantees.
- [3] This amount includes all intercompany loans.
- [4] This amount is after €27M is paid in NV liquidator fees. The input value used for PPH stock price is the 30 day volume weighted average price as of 28 October 2020 of ZAR 11.88, which is projected to decline to, on average, ZAR 11.86 as of 31 March 2021. Liquidation proceeds from South Africa are assumed to grow at the Rand risk-free rate of 7.0% between 31 March 2022 and 31 March 2026. On 31 March 2024, a portion of proceeds are paid to SIHPL to fulfil the SAHPL-SIHPL and SIHL-SIHPL intercompany loans and other smaller liabilities at SAHPL and SIHL. On 31 March 2026, remaining proceeds are converted to Euro at the forward exchange rate of 26.52, reflecting average depreciation of 6.6% per year from 2022 to 2026. These proceeds are then held constant in Euro until 31 March 2031, when NV creditors are paid.
- [5] The present value recoveries assume that payouts to NV creditors will take place ten years after the start of liquidation (31 March 2021), and are calculated using a discount rate of 1.5% per year, based on European inflation projections.
- [6] All NV liabilities are assumed to be pari passu, and NV recoveries are distributed proportionally per the face value plus accrued interest of the liabilities as of 31 March 2021.

APPENDIX I

DEFINITIONS AND INTERPRETATION

The following defined terms have the following meanings in this Explanatory Statement, and in the Notice of Scheme Meeting, unless the context requires otherwise. The principles of interpretation in clause 1.2 of the Scheme will also apply to this Explanatory Statement, save that references to “Clauses” or “Appendices” in this Explanatory Statement shall mean the clauses or appendices of this Explanatory Statement.

Scheme Creditors should note that certain defined terms that are used in the Scheme are summarised or explained in the body of this Explanatory Statement for ease of reference and descriptive purposes only. In the event of any inconsistencies with such summaries or explanations, the relevant definitions set out in clause 1.1 (*Definitions*) of the Scheme shall prevail.

“21/22 SFHG CPU”	has the meaning given to such term in paragraph 2.2.2 of Part 2 of this Explanatory Statement.
“23 SFHG CPU”	has the meaning given to such term in paragraph 2.2.3 of Part 2 of this Explanatory Statement.
“2019 Restructuring”	has the meaning given to such term in paragraph 6.3 of Part 1 of this Explanatory Statement.
“27 July Announcement”	has the meaning given to such term in paragraph 1.4.11 of Part 3 of this Explanatory Statement.
“Act”	means the United Kingdom Companies Act 2006.
“Analysis Group”	means Analysis Group, Inc., adviser to the Scheme Company.
“Business Day”	means a day on which commercial banks are open for business in London and Amsterdam (excluding, for the avoidance of doubt, Saturdays, Sundays and public holidays).
“Chairperson”	has the meaning given to it in paragraph 5.7 of Part 5 (<i>Description of the Scheme</i>) of this Explanatory Statement.
“CIPC”	means the Companies and Intellectual Property Commission
“Composition Plan”	means a composition plan submitted in draft form immediately on the filing of a request for the commencement of suspension of payments proceedings.
“Consent Effective Time”	has the meaning given to it in the Consent Request.
“Consent Long-Stop Date”	has the meaning given to such term in paragraph 2.4 of Part 4 of this Explanatory Statement.
“Consent Request”	has the meaning given to it in paragraph 6.7 of Part 1 of this Explanatory Statement.
“Consent Request Implementation Documents”	means the amendment agreements or amendment and restatement agreements in relation to the following documents to be entered into to implement the Non-Scheme Amendments: Umbrella Agreement, the SIHPL SFHG CPU, 21/22 SFHG CPU, 23 SFHG CPU, the SEAG CPU (which, for the avoidance of

doubt, will include amendments other than those set out in the SEAG CPU Amendment Agreement), the SEAG First Lien Facilities Agreement, the SEAG Second Lien Facilities Agreement, SFHG Facilities Agreements, Hemisphere CPU, Hemisphere Facilities Agreement and Intercompany SIHNV Loans (as each such term is defined in the Explanatory Statement, other than those defined herein) and the Intercompany Group Loans (as such term is defined in the Consent Request).

“Consenting Lender”	has the meaning given to it in paragraph 4.1.1 of Part 3 of this Explanatory Statement.
“Contingent Payment Undertakings”	means NV Contingent Payment Undertakings and the SIHPL SFHG CPU.
“Contractual Claimants”	has the meaning given to such term in paragraph 3.5.1 of Part 2 of this Explanatory Statement.
“Contractual Claim”	has the meaning given to such term in paragraph 3.5.1 of Part 2 of this Explanatory Statement.
“Convening Order”	has the meaning given to it in Appendix D (<i>Notice of Scheme Meetings</i>) of this Explanatory Statement.
“Court”	means the High Court of Justice of England and Wales.
“CPU Amendment Threshold Change”	has the meaning given to it in paragraph 1.1.3 of Part 4 of this Explanatory Statement.
“CVA”	means a company voluntary arrangement under Part I of the Insolvency Act 1986.
“Deed of Release”	means the deed of release to be executed by the Scheme Company, NewCo 3 and the SEAG CPU Agent (in the case of the SEAG CPU Agent on behalf of the Scheme Creditors) to effect the releases set out in paragraph 9 of Part 5 of this Explanatory Statement.
“Deeds of Undertaking”	means deeds of undertaking executed by the Undertaking Agents and NewCo 3 pursuant to which they have consented to this Scheme and agreed and undertaken to the Court, the Scheme Company and the Scheme Creditors, on and from the Scheme Effective Date: (i) to be bound by the Scheme; (ii) to promptly do or procure to be done all such acts and things necessary or desirable for the purpose of giving effect to the Scheme; and (iii) to promptly execute the Scheme Implementation Documents (and related documents) to which it or (in the case of the SEAG CPU Agent acting as lawful attorney for the Scheme Creditors) the Scheme Creditors are a party.
“Dutch Proceedings”	means both the SoP Procedure and the WHOA Procedure.
“Effective Time”	means the completion of the Scheme Steps.

“EUR” or “€”	means euro, the currency for the time being of the eurozone.
“Explanatory Statement”	means this explanatory statement in relation to the Scheme required to be provided to the Scheme Creditors pursuant to section 897 of the Act.
“Facility A1”	has the meaning given to it in the SEAG First Lien Facilities Agreement.
“Facility A1 Commitment”	has the meaning given to it in the SEAG First Lien Facilities Agreement.
“Facility A1 Lenders”	has the meaning given to it in the SEAG CPU.
“Facility A1 Loans”	has the meaning given to it in the SEAG First Lien Facilities Agreement.
“Facility A2”	has the meaning given to it in the SEAG Second Lien Facilities Agreement.
“Facility A2 Commitment”	has the meaning given to it in the SEAG Second Lien Facilities Agreement.
“Facility A2 Lenders”	has the meaning given to it in the SEAG CPU.
“Facility A2 Loans”	has the meaning given to it in the SEAG Second Lien Facilities Agreement.
“Facility Agent”	means Lucid Agency Services Limited as agent under the SEAG First Lien Facilities Agreement and/or as agent under the SEAG Second Lien Facilities Agreement, as the context may require.
“Facilities Agreements”	means <ul style="list-style-type: none"> (i) the Hemisphere Facilities Agreement; (ii) the SEAG Facilities Agreement; (iii) the SFHG 21/22 Facilities Agreement; and (iv) the SFHG 23 Facilities Agreement.
“First Lien Scheme Meeting”	has the meaning given to it in paragraph 5.1.1 of Part 5 of this Explanatory Statement.
“Form of Proxy”	means the form of proxy set out in Appendix C (<i>Form of Proxy</i>) of this Explanatory Statement.
“FSE”	has the meaning given to it in paragraph 1.6 of Part 2 of this Explanatory Statement.
“Genesis”	has the meaning given to it in paragraph 1.5 of Part 2 of this Explanatory Statement.
“Group”	means the Scheme Company and its subsidiaries.
“Group Companies”	means the Scheme Company and its subsidiaries, and “ Group Company ” means any one of them.

“Hemi CPU Agent”	has the meaning given to such term in paragraph 2.2.4 of Part 2 of this Explanatory Statement.
“Hemisphere”	means Hemisphere International Properties B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of the Netherlands, registered with the Dutch Trade Register under number 17228592.
“Hemisphere CPU”	has the meaning given to such term in paragraph 2.2.4 of Part 2 of this Explanatory Statement.
“Hemisphere Facilities Agreement”	means the €750m revolving bridge facility agreement dated 3 August 2018 between, among others, Hemisphere as borrower, Lucid Agency Services Limited as agent and the Scheme Company as guarantor.
“Hemisphere Lenders”	the lenders in respect of Facility A under and as defined in the Hemisphere Facilities Agreement.
“Identification Documents”	means, with respect to a person, (i) proof of personal identity (for example, a copy of the valid passport or valid driving licence with photo) and (ii) if attending on behalf of a body corporate, evidence of his/her authorisation to represent that body corporate (for example, a copy of the valid power of attorney and/or signed and dated board minutes).
“Implementation Proceedings”	means each of and any combination of SoP Procedure, WHOA Procedure, SA Proceedings, English law <i>scheme of arrangement</i> or Part 26A restructuring plan proceedings, and, in connection with any of these proceedings, a collective action procedure and/or private settlement agreements.
“Intercompany SIHNV Loans”	has the meaning given to it in paragraph 2.6 of Part 2 of this Explanatory Statement.
“Interim Effective Time”	has the meaning given to it in the Consent Request.
“Interim Extension Option”	has the meaning given to it in paragraph 1.1.2 of Part 4 of this Explanatory Statement.
“Intragroup Indebtedness”	has the meaning given to it in paragraph 2.6 of Part 2 of this Explanatory Statement.
“JSE”	has the meaning given to it in paragraph 1.6 of Part 2 of this Explanatory Statement.
“Lenders”	has the meaning given to it in the SEAG CPU.
“Liability”	means any debt, liability or obligation whatsoever whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and whether it arises at common law, in equity or by statute, in England and Wales or in any other jurisdiction, or in any other

	manner whatsoever, and “Liabilities” shall be construed accordingly.
“Litigation Working Group”	means the litigation working group which was established by the Scheme Company for the purposes of the detailed review and conduct of disputes threatened and initiated against the Group and legal proceedings which may facilitate recoveries on behalf of the Group.
“Lock-Up Agreement”	has the meaning give to it in paragraph 1.2.2 of Part 3 of this Explanatory Statement.
“Majority Scheme Creditors”	means in excess of 50 per cent. by value of the Scheme Creditors.
“Management Board”	means the management board of the Scheme Company.
“Möbel”	Steinhoff Möbel Holding Alpha GmbH, a company incorporated under the laws of Austria with registered number FN202439f.
“MPC”	has the meaning given to such term in paragraph 3.4.1 of Part 2 of this Explanatory Statement.
“MPC Claimants”	has the meaning given to such term in paragraph 3.4.1 of Part 2 of this Explanatory Statement.
“NewCo 2A Loan Note”	has the meaning given to it in paragraph 3.2.3(vi) of Part 4 of this Explanatory Statement.
“NewCo 3”	means Steenbok NewCo 3 Limited, a private limited company incorporated under the laws of England and Wales, having its registered office at 5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH and company number 11728460, acting as the Parent under the SEAG Intercreditor Agreement.
“Non-Qualifying Claimants”	has the meaning given to such term in paragraph 3.6.1 of Part 2 of this Explanatory Statement.
“Non-Qualifying Claims”	has the meaning given to such term in paragraph 3.6.1 of Part 2 of this Explanatory Statement.
“Non-Scheme Amendments”	has the meaning given to it in paragraph 2.1 of Part 4 of this Explanatory Statement.
“NV Contingent Payment Undertakings”	means (i) the 21/22 SFHG CPU, (ii) the 23 SFHG CPU, (iii) the SEAG CPU and (iv) the Hemisphere CPU.
“NV SFHG CPUs”	means the 21/22 SFHG CPU and 23 SFHG CPU.
“PPH”	Pepkor Holdings Limited, a company incorporated under the laws of the Republic of South Africa with registered number 2017/221869/06.
“Practice Statement”	the Practice Statement issued by the Court on 26 June 2020 in relation to a scheme of arrangement under the Act.
“Practice Statement Letter”	means the practice statement letter dated 4 November 2020 issued by the Scheme Company for the purposes of the Scheme.

“Proceedings”	means any process, action or other legal proceedings (including, without limitation, any demand arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture re-entry, lien, enforcement of judgment or enforcement of any security), whether arising in connection with the Scheme or otherwise.
“Proxy Deadline”	has the meaning given to it in paragraph 5 of Appendix B (<i>Voting Instructions to Scheme Creditors</i>) of this Explanatory Statement.
“PwC”	means PricewaterhouseCoopers Advisory Services (Pty) Ltd.
“Registrar of Companies”	means the registrar of companies within the meaning of the Act.
“Released Party”	means the Scheme Company, any of the Scheme Company’s subsidiaries, the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent, the Umbrella Agent, Lucid Agency Services Limited acting in any other capacity in connection with the Scheme and (in relation to a Scheme Creditor) any other Scheme Creditor and in each case each of their directors, managers, officers, employees, professional advisers and statutory auditors.
“Reserve Amount”	has the meaning given to it in the Consent Request.
“SAHPL”	Steinhoff Africa Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa with registered number 1969/015042/07.
“SA Proceedings”	has the meaning given to it in paragraph 3.25 of Part 4 of this Explanatory Statement.
“SARB”	means the South African Reserve Bank.
“Scheme”	means the scheme of arrangement, proposed to be made under Part 26 of the Act between the Scheme Company and the Scheme Creditors in the form set out in Appendix A (<i>The Scheme</i>) of this Explanatory Statement, with or subject to any modification, addition or condition approved or imposed in accordance with clause 11.3 (<i>Modification</i>) of the Scheme.
“Scheme Amendments”	has the meaning given to it in paragraph 1.1 of Part 4 of this Explanatory Statement.
“Scheme Claims”	means any claim or claims in respect of any Liability of the Scheme Company to a Scheme Creditor arising, directly or indirectly, in relation to, or arising out of or in connection with, the SEAG CPU.
“Scheme Company”	means Steinhoff International Holdings N.V., a public limited liability company incorporated under the laws of the Netherlands, registered with the Trade Register in the Netherlands under number 63570173.
“Scheme Conditions”	means the conditions set out in paragraph 7.2 of Part 5 of this Explanatory Statement.

“Scheme Conditions Satisfaction Time”	means the time at which the Scheme Company (acting reasonably and in good faith) considers that all of the Scheme Conditions have been satisfied or waived in accordance with clause 11.1 (<i>Waiver of the Scheme Conditions</i>) of the Scheme, as applicable and has provided notice of the same to each Scheme Creditor and the Undertaking Agents.
“Scheme Creditors”	means the Facility A1 Lenders and Facility A2 Lenders.
“Scheme Effective Date”	means the date on and time at which an office copy of the Scheme Sanction Order has been delivered to the Registrar of Companies for registration in respect of the Scheme.
“Scheme Implementation Documents”	means: <ul style="list-style-type: none"> (i) the SEAG CPU Amendment Agreement; (ii) the SEAG ICA Amendment Agreement; (iii) the Deed of Release; and (iv) all documents, agreements and instruments which the Scheme Company considers necessary and/or desirable to implement and/or consummate the Scheme.
“Scheme Meeting”	has the meaning given to it in paragraph 5.1.2 of Part 5 of this Explanatory Statement.
“Scheme Parties”	means the Scheme Company, each Scheme Creditor, NewCo 3 and the Undertaking Parties.
“Scheme Sanction Hearing”	means the hearing of the Court for the purpose of obtaining the Scheme Sanction Order.
“Scheme Sanction Order”	means the order of the Court sanctioning the Scheme under section 899 of the Act.
“Scheme Steps”	means the steps set out in paragraph 8.3 of Part 5 of this Explanatory Statement.
“SEAG”	has the meaning given to it in paragraph 1.2 of Part 2 of this Explanatory Statement.
“SEAG CPU”	has the meaning given to it in paragraph 2.2.1 of Part 2 of this Explanatory Statement.
“SEAG CPU Agent”	means Lucid Trustee Services Limited as security agent for the Lenders (as defined in the SEAG CPU).
“SEAG CPU Amendment Agreement”	has the meaning given to it in paragraph 1.2 of Part 4 of this Explanatory Statement.
“SEAG CPU Creditor”	means (a) a Facility A1 Lender or (b) a Facility A2 Lender, in each case for the purposes of, and as defined in, the SEAG CPU.

“SEAG CVA”	means the company voluntary arrangement between SEAG and certain creditors of SEAG under Part I of the Insolvency Act 1986.
“SEAG Facilities Agreements”	means the SEAG First Lien Facilities Agreement and SEAG Second Lien Facilities Agreement.
“SEAG Finance Documents”	means (i) “Finance Documents” as defined in the SEAG First Lien Facilities Agreement; and “Finance Documents” as defined in the SEAG Second Lien Facilities Agreement.
“SEAG First Lien Agent”	means Lucid Agency Services Limited as agent under the SEAG First Lien Facilities Agreement.
“SEAG First Lien Facilities Agreement”	means the first lien facilities agreement dated 12 August 2019 entered into by and between, among others, NewCo 3, Steenbok Lux Finco 2 S.à .r.l., Lucid Agency Services Limited in its capacity as agent and Lucid Trustee Services Limited in its capacity as security agent (as subsequently amended from time to time).
“SEAG ICA Amendment Agreement”	has the meaning given to it in paragraph 1.3 of Part 4 of this Explanatory Statement.
“SEAG Intercreditor Agreement”	means the intercreditor agreement entered into between, among others, SEAG First Lien Agent, SEAG Second Lien Agent, Umbrella Agent, the Scheme Company and Steenbok Lux Finco 2 S.à r.l governing, among others, ranking of claims under the SEAG Facilities Agreements and certain intra-group claims against the debtors, and the regime of making certain changes to the Umbrella Agreement on behalf of the Facility A1 Lenders and Facility A2 Lenders dated 12 August 2019.
“SEAG Second Lien Agent”	means Lucid Agency Services Limited as agent under the SEAG Second Lien Facilities Agreement.
“SEAG Second Lien Facilities Agreement”	means the second lien facilities agreement dated 12 August 2019 entered into by and between, among others, NewCo 3, Steenbok Lux Finco 2 S.à .r.l., Lucid Agency Services Limited in its capacity as agent and Lucid Trustee Services Limited in its capacity as security agent (as subsequently amended from time to time).
“SEAG Security Agent”	means Lucid Trustee Services Limited as Security Agent under and as defined in the SEAG Intercreditor Agreement.
“Second Lien Scheme Meeting”	has the meaning given to it in paragraph 5.1.2 of Part 5 of this Explanatory Statement.
“Settlement Effective Date”	has the meaning given to it in the Consent Request.
“Settlement Term Sheet”	has the meaning given to it in paragraph 1.4.12 of Part 3 of this Explanatory Statement.
“SFHG”	has the meaning given to it in paragraph 1.2 of Part 2 of this Explanatory Statement.
“SFHG 21/22 Facility Agent”	means Global Loan Agency Services Limited acting as agent under the SFHG 21/22 Facilities Agreement.

“SFHG 21/22 Facilities Agreement”	means the LUXFINCO 1 21/22 facilities agreement dated 12 August 2019 entered into by and between, among others, SFHG, Steenbok Lux Finco 1 S.à .r.l., Global Loan Agency Services Limited and Glas Trust Corporation Limited.
“SFHG 23 Facility Agent”	means Global Loan Agency Services Limited acting as agent under the SFHG 23 Facilities Agreement .
“SFHG 23 Facilities Agreement”	means LUXFINCO 1 23 facilities agreement dated 12 August 2019 entered into by and between, among others, SFHG, Steenbok Lux Finco 1 S.à .r.l., Global Loan Agency Services Limited and Glas Trust Corporation Limited.
“SFHG CVA”	means the company voluntary arrangement between SFHG and certain creditors of SFHG under Part I of the Insolvency Act 1986.
“SFHG Facilities Agreements”	means the SFHG 21/22 Facilities Agreement and the SFHG 23 Facilities Agreement.
“SFHG Intercreditor Agreement”	means the intercreditor agreement entered into between, among others, SFHG 21/22 Facility Agent, SFHG 23 Facility Agent, Umbrella Agent, the Scheme Company and Steenbok Lux Finco 1 S.à r.l governing, among others, ranking of claims under the SFHG Facilities Agreements and certain intra-group claims against the debtors dated 12 August 2019.
“SIHL”	means Steinhoff Investment Holdings Limited, a company incorporated under the law of the Republic of South Africa with registered number 1954/001893/06.
“SIHNV Security”	has the meaning given to it in paragraph 2.5 of Part 4 of this Explanatory Statement.
“SIHPL”	has the meaning given to it in paragraph 6.2 of Part 1 of this Explanatory Statement.
“SIHPL SFHG CPU”	means the contingent payment undertaking dated 12 August 2019, entered into by SIHPL with Global Loan Agency Services Limited as agent for the Lenders under and as defined in the SFHG 21/22 Facilities Agreement in relation to Facility A1 Loans (as defined in the SFHG 21/22 Facilities Agreement).
“Simple Majority Settlement Creditors”	has the meaning given to it in the Consent Request.
“SoP Procedure”	means the Suspension of Payments procedure available in the Netherlands.
“Steinhoff Agents”	means Lucid Agency Services Limited, Lucid Trustee Services Limited, Global Loan Agency Services Limited, and GLAS Trust Corporation Limited in their capacities as Umbrella Agent, SEAG Security Agent, SEAG CPU Agent, SEAG First Lien Agent, SEAG Second Lien Agent, agent under the Hemisphere Facilities Agreement, Hemi CPU Agent, SFHG 21/22 Facility Agent, SFHG 23 Facility Agent, agent under the 21/22 SFHG CPU, agent under

the 23 SFHG CPU, agent under the SIHPL SFHG CPU, security agent under the SFHG Facilities Agreements and other agents under the Steinhoff Finance Documents as set out in annex 1 of the Consent Request.

“Steinhoff Finance Documents”

means:

- (i) the Umbrella Agreement;
- (ii) the SEAG CPU;
- (iii) the 21/22 SFHG CPU;
- (iv) the 23 SFHG CPU;
- (v) the SIHPL SFHG CPU;
- (vi) the Hemisphere CPU; and
- (vii) each **“Finance Document”** under and as defined in:
 - (a) the SEAG First Lien Facilities Agreement;
 - (b) the SEAG Second Lien Facilities Agreement;
 - (c) the SFHG 21/22 Facilities Agreement;
 - (d) the SFHG 23 Facilities Agreement; and
 - (e) the Hemisphere Facilities Agreement.

“Steinhoff Financial Indebtedness”

means Group’s principal external financial indebtedness relevant to the purposes of the Scheme comprising:

- (i) the SEAG Facilities Agreements, and related SEAG CPU;
- (ii) the SFHG Facilities Agreements, and related:
 - (a) 21/22 SFHG CPU;
 - (b) SIHPL SFHG CPU; and
 - (c) 23 SFHG CPU;
- (iii) the Hemisphere Facilities Agreement and related Hemisphere CPU.

“Steinhoff Group Settlement”

means a settlement in accordance with the Settlement Term Sheet and such proposal as may be amended or varied by the Scheme Company and/or SIHPL in accordance with the Consent Request prior to the Settlement Effective Date.

“Steinhoff Recovery Foundation”

means a Dutch stichting set up for the purpose of verifying and administering claims and distributing settlement proceeds.

“Stripes”

has the meaning give to it in paragraph 1.2.2 of Part 3 of this Explanatory Statement.

“Term Extension”	has the meaning given to it in paragraph 1.1.1 of Part 4 of this Explanatory Statement.
“Titan Receivable”	has the meaning given to it in paragraph 3.2.3(vi) of Part 4 of this Explanatory Statement.
“Total Facility A1 Commitments”	has the meaning given to it in the SEAG First Lien Facilities Agreement.
“Total Facility A2 Commitments”	has the meaning given to it in the SEAG Second Lien Facilities Agreement.
“Umbrella Agent”	Lucid Agency Services Limited acting as the Umbrella Agent under and as defined in the Umbrella Agreement.
“Umbrella Agreement”	means the umbrella agreement between, among others, the Scheme Company, the SEAG CPU Agent, the Facility Agents and Lucid Agency Services Limited as the Umbrella Agent regulating, among others, the terms and payments as between each of the SEAG CPU, the NV SFHG CPUs and, if and when there was accession by the Hemi CPU Agent, which has not yet occurred, the Hemisphere CPU.
“Umbrella Security Agent”	has the meaning given to it in the Consent Request.
“Undertaking Agents”	means the SEAG CPU Agent, each Facility Agent, the SEAG Security Agent and the Umbrella Agent.
“Undertaking Parties”	means: <ul style="list-style-type: none"> (i) the SEAG CPU Agent; (ii) each Facility Agent; (iii) the SEAG Security Agent; (iv) the Umbrella Agent; and (v) NewCo 3.
“Voting Record Time”	means 5:00 p.m. (London time) on 10 December 2020.
“WHOA Procedure”	means the Dutch procedure <i>wet homologatie onderhands akkoord</i> .
“ZAR”	means South African rand, the lawful currency of the Republic of South Africa.