

PUBLIC REPORT

report number 2 of the administrators of

Steinhoff International Holdings N.V. *in suspension of payments* ("SIHNV")

23 July 2021

This second public report in the provisional suspension of payments granted to SIHNV is a report in the meaning of Section 227 Dutch Bankruptcy Act ("**DBA**").

Introductory remarks:

- This informal English translation, as well as the original Dutch version, will be published on and accessible via www.steinhoffsettlement.com.
 - Please note that the suspension of payments has been granted to SIHNV only and as such does not directly affect any of the operating businesses in the Steinhoff Group (as defined below).
 - Please also note that the English version of this report is an informal translation and that the original Dutch text prevails at all times.
 - The Supervisory Judges approved that a different format than usual is used for this Public Report.
 - Information on events that occurred specifically in the Review Period, is reported on below per category in *italics*.
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Company details	:	Steinhoff International Holdings N.V.
SoP number (<i>surseancenummer</i>)	:	C/13/21/4 S
Court decision	:	Provisional suspension of payments: 15 February 2021
Administrators	:	Mr F. Verhoeven and Mr C.R. Zijderveld
Period under review	:	19 April 2021 – 18 July 2021 (" Review Period ")

This report aims to provide global information in respect of the SIHNV SoP proceedings. As such, no rights can be derived from this report.

Supervisory Judges	:	Ms K.M. van Hassel and Ms C.H. Rombouts
Hours spent in period under review	:	1920,8 hours
Hours spent since 15 February 2021	:	3008,5 hours

1. Introduction

1.1. Start of the Suspension of payments ("SoP")

1.1.1. On 15 February 2021 SIHNV applied for SoP at the Amsterdam District Court (the "**Court**") and on that same date, the Court approved SIHNV's application and granted provisional suspension of payments in respect of SIHNV with the appointment of Mr F. Verhoeven as SoP administrator (*bewindvoerder*). In its decision dated 15 February 2021, the Court further decided that:

- (i) the Voting Record Date is 15 June 2021, meaning that creditors can submit their claims until that date; and
- (ii) the Voting Hearing shall take place on 30 June 2021 10.00 CET at the Court, located at Parnassusweg 280 in Amsterdam, The Netherlands.

1.1.2. On 18 February 2021 the Court appointed Mr C.R. Zijderveld as joint SoP administrator.

1.2. Activities Administrators

1.2.1. The activities of the Administrators can be categorised as follows:

- a. approving, if needed, according to Section 228 DBA, decisions made by SIHNV's management board, including certain payments (see par. 2);
- b. reviewing and considering the Composition Plan as prepared by SIHNV, for the purpose of rendering advice as required pursuant to the DBA (see par. 3);
- c. safeguarding the SoP process and ensuring the rights and interests of the collective creditors are respected and secured (see par. 4); and
- d. monitoring and initiating certain procedural requirements as prescribed by the DBA (see par. 4).

1.2.2. These categories shall be addressed individually below. As this is the first Public Report of the Administrators, first a description of the Steinhoff Group and background information about the SoP request is provided.

1.3. SIHNV and the Steinhoff Group

- 1.3.1. SIHNV is the ultimate holding company of the Steinhoff group, a global retailer primarily focussed on the furniture and household goods sector. The Steinhoff group has approximately 8.600 stores in about 30 countries (the "**Steinhoff Group**").¹
- 1.3.2. SIHNV was incorporated on 22 June 2015 (at the time under the name Genesis International Holdings N.V.). On 7 December 2015, a scheme of arrangement was completed, pursuant to which SIHNV acquired the entire share capital in a company that is now called Steinhoff International Holdings (Pty) Limited ("**SIHPL**") through the issue of one ordinary share in SIHNV's capital in exchange for each ordinary share in the capital of SIHPL. Pursuant to this scheme of arrangement, each shareholder of SIHPL became a shareholder in SIHNV. SIHPL was listed on the Johannesburg Stock Exchange until 7 December 2015.
- 1.3.3. The shares in SIHNV are listed on the Frankfurt Stock Exchange (primary listing) and on the Johannesburg Stock Exchange (secondary listing) following admittance to listing on those exchanges on 7 December 2015 and 30 November 2015, respectively.
- 1.4. Reasons for SIHNV to file for SoP
- 1.4.1. In December 2017 SIHNV made a public announcement in which it disclosed that possible accounting irregularities had occurred. Following the disclosure of these possible accounting irregularities, SIHNV was confronted with financial difficulties. In several jurisdictions (Germany, South Africa and the Netherlands), civil liability claims were filed against SIHNV. Besides that, financiers of various Steinhoff Group companies had stopped providing additional credit. Moreover, banks froze intra-group credits, causing Steinhoff Group companies to be unable to make use of the group's cash pool arrangements. Collectively, these circumstances (and other measures taken by creditors) led to a liquidity shortage.
- 1.4.2. Since December 2017, the Steinhoff Group has worked to restore confidence. To that end, the Steinhoff Group effected a financial restructuring in 2018 and 2019 to extend its financings until 31 December 2021 under the terms of amended and restated credit agreements and so-called Contingent Payment Undertakings² (the "**Financial Restructuring**").
- 1.4.3. It was not possible to resolve all issues (including litigation) faced by the Steinhoff Group at the same time as implementing the Financial Restructuring. The Steinhoff Group subsequently negotiated with representatives of the various

¹ Please see the simplified Structure Chart ([Annex 1](#)).

² Please refer to par. 4.2.c. of this Public Report.

parties involved in pending litigation and with representatives of (other) creditors to come to a resolve of the litigation and other issues that followed from the disclosures made in December 2017. As a result, SIHNV is currently offering its creditors a composition plan via the present Dutch SoP proceedings. Simultaneously, SIHPL is offering a plan in South Africa by means of proceedings referred to as 'Section 155 Proceedings'.

- 1.4.4. The Steinhoff Group operates a website, www.steinhoffsettlement.com, which contains more detailed background information to the Steinhoff Group. It also contains more specific information in respect of the SoP proceedings and the Section 155 proceedings.

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- 1.5. *No additional introductory reporting is available for this second report other than that the Administrators urge creditors to regularly visit www.steinhoffsettlement.com, since this website contains the most up to date information in respect of the SoP process.*

2. Operational aspects (incl. ongoing litigation)

- 2.1. Pursuant to Section 228 DBA, the board of a debtor company loses its power to independently administer or dispose of assets comprised in the estate during an SoP. Instead, the cooperation/authorisation of the court appointed administrator(s) is required. This necessitates (to a certain extent) operational involvement of the administrators.
- 2.2. In the SoP proceedings, the Administrators have at least one weekly update call with the SIHNV board of directors (the "**Board**") in which a variety of topics is discussed. The Board attempts to be as transparent as possible regarding all topics related to the SoP and the Board provides the Administrators with all information as requested without any undue delay. Furthermore, the Board shares information with the Administrators at its own discretion as and when it deems such information important for the performance of the Administrators' task. The Administrators regularly authorise Board decisions if and when required (and if in the interest of the SoP creditors; cmp. Section 228 DBA). Furthermore, the Administrators review and approve payments that are in the interest of the SoP process (cmp. Section 233 DBA).
- 2.3. For clarity's sake, the Administrators note that the authorisations given relate to SIHNV only – the Administrators do not have any responsibility or authority to authorise decisions that are taken by other entities within the Steinhoff Group.
- 2.4. SIHNV (as a holding company) remains going concern. The Board has provided information that evidences that SIHNV has sufficient funding for the SoP process.

- 2.5. As mentioned above, quite some litigation against SIHNV is pending. The Administrators have reviewed the list of pending litigation and – if and when needed - the Administrators provide authorisation for any steps or decisions that need to be taken in respect of the ongoing litigation, all in as far as SIHNV is concerned.

Second Public Report:

- 2.6. *In the Review Period, the Administrators have continued managing the process along the lines as described above.*

3. Composition plan

- 3.1. SIHNV filed a draft composition plan when submitting the filing for the SoP proceedings on 15 February 2021 (the "**Composition Plan**"). The Administrators understand that the Composition Plan is the result of extensive negotiations and has been drafted by SIHNV in consultation with certain of its creditors (through their respective representatives).
- 3.2. The Composition Plan is rather detailed and has a certain degree of complexity. In summary (and on a very high level), the Administrators understand that the Composition Plan aims to compensate former shareholders of SIHNV and SIHPL (the 'MPC Claimants' and 'Contractual Claimants'; also see para 4. below) for any alleged loss that may have resulted after the announcements made in December 2017. In the context of the Composition Plan, the former auditor of the Steinhoff Group and the insurers under the directors and officers insurance policy of the Steinhoff Group, will contribute certain amounts for compensation. The Administrators in due course will advise on the Composition Plan (as required pursuant to the DBA). For now, the Administrators refer to www.steinhoffsettlement.com for more details and the exact content of the Composition Plan (including the contribution by the former auditors and the insurers).

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- 3.3. *The Administrators will continue to review the Composition Plan also with the aim of preparing and presenting the report as referred to in Section 265 DBA. The Administrators are in communication with creditors with respect to the merits of the Composition Plan.*
- 3.4. *On 16 July 2021, SIHNV announced an increased settlement proposal leading to an amendment of the Composition Plan. For a summary term sheet that sets out the improved terms, please refer to: 'Summary Amendments to the terms of the Steinhoff Group Settlement': <https://steinhoffsettlement.com/case-documents.aspx>.*

4. Assets and Creditors of SIHNV

- 4.1. As the holding company of the Steinhoff Group, SIHNV's asset base comprises of (i) shares in certain subsidiaries and (ii) an intercompany claim (receivable) of approx. EUR 168 million. Aside, at the date of filing for SoP, SIHNV had bank balances at various banks for a total amount of approx. EUR 7.8 million (part of it being held in ZAR).
- 4.2. Based on the SoP application, and as set out in the Composition Plan, the Administrators understand that the creditor base of SIHNV is comprised as follows:
- a. so called 'MPC Claimants' – these are current or former SIHNV shareholders who assert claims against SIHNV for losses incurred after the announcements made in 2017. It is estimated that SIHNV may face approx. 66,000 MPC Claimants, who together may assert approx. EUR 2.8 billion in claim amount;
 - b. so called 'Contractual Claimants' – these are parties that as part of transactions with the Steinhoff Group, received payments in the form of SIHNV shares. Approximately 8 parties would qualify as 'Contractual Claimants' and in total they may assert approx. EUR 1.9 billion in claim amount;
 - c. a group referred to as 'Financial Creditors' comprises approx. 400 parties that may assert a total claim amount of approx. EUR 9.2 billion. The Financial Creditors are holders of Contingent Payment Undertakings ("CPUs"). The CPUs were created in the context of the Financial Restructuring and as such are viewed by SIHNV as an acknowledged debt instrument;
 - d. SIHNV in its SoP application also lists certain 'Other Unsecured Creditors'. Two parties were listed for a total amount of approx. EUR 5.3 million. To the Administrators both these creditors seem to be relevant for the continuation of the Steinhoff business and thus serve the overall creditor base of SIHNV;
 - e. SIHNV also has two intra group creditors, for a total amount of approximately EUR 930 million; and
 - f. In the Composition Plan, a residual group of creditors is referred to as 'Non-Qualifying Creditors' and 'Contingent Creditors'. The SoP application did not mention any examples of parties that would qualify as such.
- 4.3. Pursuant to the DBA, the Administrators seek to safeguard the SoP process and to secure the rights and interests of the collective body of creditors. Against this background, the Administrators have had various calls with (representatives of) creditors and creditor groups. The Administrators will continue to liaise with the various parties.

Second Public Report:

4.4. *In the Review Period, the Administrators have continued to safeguard the SoP process and to secure the rights and interests of the collective body of creditors. To the extent that creditors have expressed opposing views in respect of the process and/or the Composition Plan, the Administrators have consistently provided those creditors the opportunity to share their concerns and the Administrators have taken note of those concerns.*

5. Procedural matters

5.1. Notifications and claims filing

5.1.1. Following a request by the Administrators based on Section 281b and Section 225 of the DBA, on 5 March 2021 the Court decided to allow the Administrators to notify (potential) creditors of SIHNV, as referred to in Section 256 (2) DBA, via publication of a notice text (the "**Notice**") in various newspapers worldwide.

5.1.2. Following this Court decision, the Administrators instructed Computershare to publish the Notice in the following newspapers:

Newspaper	Date publication
Wall Street Journal (United States)	15 March 2021
Frankfurter Allgemeine Zeitung (Germany)	16 March 2021
Sunday Times (South Africa)	14 March 2021
Financial Times (worldwide)	15 March 2021
De Telegraaf (the Netherlands)	15 March 2021

5.1.3. The judgement of 5 March 2021 also allowed the Administrators to retain the services of Computershare, to be able to process the claims that are expected to be filed by the large number of creditors. Computershare coordinates the entire claims process, including but not limited to communication with creditors, publishing public statements and processing claims forms.

5.1.4. Please refer to www.steinhoffsettlement.com for further information in this respect.

5.2. Committee of representation

5.2.1. In its SoP application dated 15 February 2021, SIHNV referred to the appointment of a committee of representation, as referred to in Section 281e DBA (the "**Committee**"). This is a special statutory regime for large SoP proceedings with more than 5.000 creditors. If the Court appoints a Committee, such Committee will vote on the Composition Plan instead of the individual

creditors of SIHNV. The Administrators concluded that voting by means of a Committee adds procedural flexibility, mitigating challenges posed by SIHNV's large and varied group of creditors.

- 5.2.2. The Administrators on 23 April 2021 filed a petition to the Court requesting the Court to appoint such Committee. The composition of the Committee as will be proposed to the Court, has been carefully considered and it aims to ensure that the composition is drawn up in a manner that allows all relevant creditor groups to be represented. To this end, the Administrators also propose to appoint independent members to the Committee ('independent' *inter alia* meaning that these members are not affiliated to SIHNV, the Steinhoff Group or any of the creditor groups).
- 5.2.3. Any updates regarding the request and/or the appointment of the Committee will be published on the website www.steinhoffsettlement.com.

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5.3. Committee

5.3.1. *On 28 May 2021, the Court rendered its decision on the application filed on 23 April 2021 by the administrators requesting (i) the appointment of the Committee and (ii) measures regarding the list of claims as referred to in Section 259 DBA. In its ruling, the Court has appointed the Committee. As a result of this appointment, the appointed members of such Committee will vote on the Composition Plan instead of individual creditors. In addition, in its ruling the Court approved one of the two requests for measures regarding the list of claims. As a consequence, the Administrators do not need to include claims filed by SIHNV MPC Claimants on the list of claims. For all other claimants the Administrators will need to include the claims on the list of claims, in accordance with the requirements set by the Dutch Bankruptcy Act. Please refer for the judgment as published to the website www.steinhoffsettlement.com.*

5.3.2. *On 25 June 2021, the Administrators filed an application for the replacement of one of the members of the Committee. The application was filed upon request by PIC, that wishes to replace the member that was appointed on its behalf. On 6 July 2021, the Amsterdam District Court approved such request.*

5.4. Dutch SoP related proceedings

5.4.1. *On 4 June 2021, a court hearing took place concerning the requests filed through the statements of response by Hamilton B.V., Hamilton 2 B.V. (jointly: "Hamilton") and Lancaster 101 (rf) (Pty) Ltd ("Lancaster"), in the proceedings regarding the application by the Administrators for the appointment of the Committee. On 17 June 2021, the Amsterdam District Court rejected all requests filed by Hamilton. Lancaster withdrew all its requests at that hearing.*

5.4.2. *Hamilton lodged an appeal against the judgement of the Amsterdam District Court dated 28 May 2021 in which it appointed the Committee and adopted measures regarding the list of claims. The Amsterdam Court of Appeal has dismissed that appeal on 29 June 2021.*

5.4.3. *The Administrators are not aware of any SoP related proceedings currently pending before a Dutch court.*

5.5. South African proceedings

5.5.1. *On 12 May 2021 certain entities affiliated to the former owners of the Tekkie Town business, filed an application for - inter alia - the provisional liquidation of SIHNV with the High Court of South Africa (Western Cape Division). In order to protect the SoP proceedings and the interests of the joint creditors of SIHNV, the Administrators decided to intervene in these proceedings. A first filing was served on 25 June 2021. A hearing regarding the liquidation application is expected to take place between 1 and 3 September 2021.*

5.5.2. *On 2 July 2021 the High Court of South Africa (Western Cape Division) released a judgment regarding, amongst other things, a contingent payment undertaking between Steinhoff International Holdings (Pty) Ltd and Global Loan Agency Services Ltd dated 12 August 2019. Whilst this judgement is not rendered against SIHNV, the Administrators are considering its implications, if any, for the SoP process.*

6. **Supervisory Judges**

6.1. *The Administrators frequently consult with the Supervisory Judges as advisors in the SoP about all issues relating to the SoP.*

Second Public Report:

6.2. *On 11 June 2021, the Administrators filed a request pursuant to Section 264 DBA, for postponement of the meeting regarding consultation and vote on the Composition Plan, which was initially set on 30 June 2021. The Supervisory Judges have on 25 June 2021 rendered a decision on this request. Following that decision, the Committee meeting regarding consultation and vote on the Composition Plan will now be held on 3 September 2021.*

7. **Next Public Report**

7.1. *If necessary, the next Public Report will be published on 23 October 2021, or earlier if needed.*

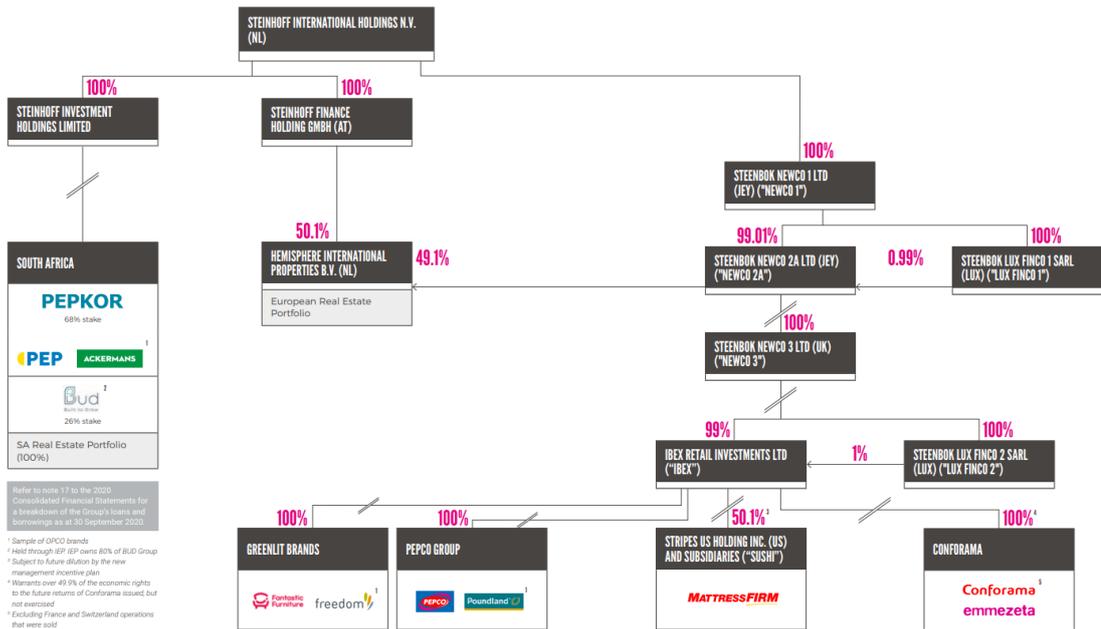
Amsterdam, 23 July 2021

Frédéric Verhoeven
Administrator

Christiaan Zijderveld
Administrator

Annex 1

AS AT 30 SEPTEMBER 2020



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