

11 August 2021

PROPOSAL

in terms of section 155(2) of the Companies Act No. 71 of 2008 in respect of

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED

as supported by

STEINHOFF INTERNATIONAL HOLDINGS N.V.

and

STEINHOFF INVESTMENT HOLDINGS LIMITED

and

STEINHOFF AFRICA HOLDINGS PROPRIETARY LIMITED

and

AINSLEY HOLDINGS PROPRIETARY LIMITED

and

STEINHOFF AT WORK PROPRIETARY LIMITED

Unless defined otherwise, capitalised terms have the meaning given to them in Annexure A to this Proposal.

This Proposal is made by Steinhoff International Holdings Proprietary Limited ("**SIHPL**") pursuant to section 155 of the Companies Act No. 71 of 2008 (the "**Companies Act**") to certain parties falling within the definition of Scheme Creditors and comprising what is defined herein as -

- (i) the Contractual Claimants;
- (ii) the Financial Creditors; and
- (iii) the SIHPL Market Purchase Claimants.

This Proposal shall become effective if (i) it is adopted by the statutory required majorities of the Scheme Creditors that participate in the filing and voting procedures; (ii) it is thereafter approved and sanctioned on a final and non-appealable basis as contemplated in section 155(7) of the Companies Act; and (iii) all of the Suspensive Conditions applicable to the Proposal (including the confirmation of the SoP) are satisfied. Upon this Proposal becoming effective, compromises will become effective and distributions will be made to the Scheme Creditors who are entitled thereto in accordance with the provisions of the Proposal. If this Proposal does not become effective, it shall be of no legal force or effect and shall not constitute a compromise of any claims of Scheme Creditors.

If you are a Scheme Creditor, you are invited, in accordance with the terms of this Proposal, to file a claim and participate in the voting procedures set out herein, as you may be eligible to receive a payment based on this Proposal.

This Proposal shall be put to a vote at a virtual Meeting or Meetings convened for such purpose. The Meeting, or Meetings, as the case may be, shall be presided over by a Chair.

Please see clause 3 for a list of key next steps in relation to this Proposal.

This Proposal does not constitute, on any basis whatsoever, an admission of any liability on the part of SIHPL towards any Scheme Creditor, or any party that has instituted legal proceedings against SIHPL, or may contemplate instituting such legal proceedings or has threatened to institute such legal proceedings or who may assert a claim of whatsoever nature and howsoever arising, in legal proceedings.

The Scheme Creditors are encouraged to contact their respective advisers regarding the filing and voting procedures set out in this Proposal and, in addition, to consult www.SteinhoffSettlement.com for further information.

It is imperative that interested persons carefully read and consider this Proposal, together with the definitions contained in Annexure A to this Proposal, and any other annexures to this Proposal which may be relevant to such interested persons.

As a number of the matters set out in this Proposal are complex and technical in nature, all interested persons are encouraged to consult with an independent legal advisor, accountant, financial advisor or any other professional advisor who may be of assistance to interested persons in respect to the contents of this Proposal.

Nothing contained in this Proposal constitutes, on the part of the Board and/or SIHPL, tax, accounting or legal advice to any person or entity. This Proposal does not constitute a representation, or representations, of any nature whatsoever on the part of the Board and/or SIHPL, save for any representation that is expressly made (and stated as such) in this Proposal.

The Board and/or SIHPL and/or other Steinhoff Group Companies shall not be responsible for any acts taken by (or omissions arising from) any person or entities' reliance on this Proposal, save for a failure by the Board and/or SIHPL and/or other Steinhoff Group Companies to give effect to any obligation imposed on it/them in terms of this Proposal.

The PPH Shares (as defined herein) have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States. Any PPH Shares distributed to shareholders in the United States are expected to be provided in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Other overseas Scheme Creditors should consult their independent professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the PPH Shares to which they are entitled (if any) under this Proposal. If a Scheme Creditor is in any doubt as to their eligibility to receive PPH Shares (if any) they should contact their independent professional adviser immediately.



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1 INTRODUCTION

The Steinhoff Group

- 1.1 SIHPL is a private company with limited liability registered in accordance with the company laws of the Republic of South Africa. Prior to 7 December 2015, its name was Steinhoff International Holdings Limited.
- 1.2 Steinhoff International Holdings N.V. ("**SIHNV**") is a company registered and incorporated in the Netherlands, with a primary listing on the FSE, and a secondary listing on the JSE. SIHNV, a registered external company in South Africa, is the ultimate holding company of the companies that comprise the Steinhoff Group, including SIHPL.
- 1.3 The Steinhoff 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 30 September 2020, the Steinhoff Group employed approximately 100,000 people worldwide across all Steinhoff Group business activities. The Steinhoff Group'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 SIHPL was incorporated on 3 March 1998 under the name Steinhoff International Holdings Limited and became the parent company of the Steinhoff Group that year, when the shareholdings in the European and South African divisions that the Steinhoff Group had built up were transferred to it.
- 1.5 SIHNV was incorporated on 22 June 2015 under the name Genesis International Holdings N.V. ("**Genesis**"). On 18 November 2015 Genesis changed its name to SIHNV. On 7 December 2015, the group structure of the Steinhoff Group was altered as follows:
- 1.5.1 SIHNV acquired the entire share capital of SIHPL (then still known as Steinhoff International Holdings Limited) by means of a Scheme of Arrangement under



South African law, by issuing one ordinary SIHNV share in exchange for each ordinary share in SIHPL.

- 1.5.2 As a result of the Scheme of Arrangement, every shareholder in Steinhoff International Holdings Limited (now SIHPL) ceased to be a shareholder and became a shareholder in SIHNV.
- 1.5.3 Immediately following the exchange, SIHPL's name was changed from Steinhoff International Holdings Limited to its current name, after it had been delisted and converted into a private company.
- 1.6 SIHNV remains the ultimate holding company of SIHPL. All of SIHPL's shares are now held by a direct subsidiary of SIHNV, Steinhoff Investment Holdings Limited ("**SIH**"). SIHPL has no subsidiaries.

Summary of events during and after December 2017

- 1.7 On 5 December 2017, the then chief executive officer of SIHNV, Mr Markus Jooste ("**Mr Jooste**"), resigned. On 5 December 2017, the supervisory board of SIHNV announced that it had mandated Werksmans Attorneys ("**Werksmans**") to engage PricewaterhouseCoopers Advisory Services (Pty) Limited ("**PwC**") to perform an independent investigation into alleged accounting irregularities and/or possible violations of legislation and regulations. Accordingly, the approach to PwC by Werksmans was for the purpose of a forensic investigation being conducted into the events at the Steinhoff Group and for the purpose of Werksmans providing privileged legal advice to the Steinhoff Group in relation to what was (reliably as matters turned out) contemplated litigation and, in the exercise of its mandate, Werksmans engaged PwC for that purpose.
- 1.8 Following the resignation of Mr Jooste, a number of individuals and entities instituted legal proceedings against SIHNV and/or SIHPL and there remains a possibility of further such proceedings (collectively and individually the "**Litigation**"). A summary of the Litigation as at 30 September 2020 is described in note 22 of Annexure C (*SIHPL's Annual Financial Statements for the year ended 30 September 2020*), which must be read in conjunction with developments which



have occurred since that date which have been publicly announced by the Steinhoff Group and those which are recorded herein.

- 1.9 Central to the allegations made in the Litigation are certain events that are or may be 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 the overstatement of profits and asset valuations), including in prospectuses published (such as the 2015 Prospectus) by and/or other public statements made by Steinhoff Group Companies and/or former Steinhoff Group Companies, as well as in relation to allegations of improper fulfilment of duties by any Audit Firms, managing or supervisory directors, officers and/or employees of Steinhoff Group Companies and/or former Steinhoff Group Companies as well as by certain third parties and other matters, whether such allegations are known or unknown at the date of this Proposal (collectively, the "**Events**").
- 1.10 The Events and their disclosure have led or may lead to allegations, whether such allegations are known or unknown at the date hereof, by some of the Scheme Creditors that, among other things, such Scheme Creditors have suffered losses and that SIHPL and/or SIHNV and/or other (current and/or former) Steinhoff Group Companies are liable for such losses, whether directly or indirectly, allegedly incurred by such Scheme Creditors as a result thereof.
- 1.11 The Events and their disclosure have further led or may lead to allegations, whether such allegations are known or unknown at the date hereof, by SIHNV, SIHPL and/or other (current and/or former) Steinhoff Group Companies and various Scheme Creditors that, among other things, the D&Os did not properly fulfil their duties towards SIHPL and/or SIHNV and/or other (current and/or former) Steinhoff Group Companies and/or certain of the Steinhoff claimants and are liable for losses, whether directly or indirectly, incurred by SIHPL and/or SIHNV and/or other (current and/or former) Steinhoff Group Companies and/or all or certain of the Scheme Creditors.
- 1.12 The Events and their disclosure also have led or may lead to allegations, whether such allegations are known or unknown at the date hereof, by various Scheme Creditors that, among other things:



- 1.12.1 Scheme Creditors relied on:
- 1.12.1.1 the circular published by SIHPL dated 07 August 2015 and/or a prospectus issued by SIHNV dated 19 November 2015 in connection with the Scheme of Arrangement and the subsequent listing of the issued shares of SIHNV on the FSE and JSE (together the "**2015 Prospectus**");
 - 1.12.1.2 the audits by Deloitte & Touche South Africa for SIHPL and other Steinhoff Group Companies of the consolidated group financial statements of SIHPL and the statutory financial statements of certain other Steinhoff Group Companies in respect of the financial years up to and including 2017 (the "**SIHPL Audits**" and the "**SIHPL Financial Statements**", respectively);
 - 1.12.1.3 the audit by Deloitte NL of the consolidated group financial statements of SIHNV for the financial year 2015/16 (the "**2016 Audit**" and the "**2016 Financial Statements**", respectively);
 - 1.12.1.4 a reporting accountants report for the purposes of the 2015 Prospectus (the "**RA Report**");
 - 1.12.1.5 a comfort letter (the "**Comfort Letter**") for the purposes of the 2015 Prospectus;
 - 1.12.1.6 limited assurance reports (the "**Limited Assurance Reports**") for the purposes of the issue of certain other securities issued by Steinhoff Group Companies, including bonds issued prior to December 2017 by a Steinhoff Group Company guaranteed by SIHNV and/or SIHPL (the "**Other Steinhoff Securities**");
 - 1.12.1.7 the issuance by Deloitte & Touche South Africa of unqualified audit opinions in relation to the SIHPL Audits and the SIHPL Financial Statements (the "**SIHPL Audit Opinions**");



- 1.12.1.8 the incorporation by reference or inclusion with the auditor's approval of amongst other things the SIHPL Audits and the SIHPL Audit Opinions for the financial years 2013 to 2015, the RA Report, and other auditor work product into the 2015 Prospectus and the authorised use of the name of Deloitte & Touche South Africa in the 2015 Prospectus; and
- 1.12.1.9 the unqualified audit opinion of Deloitte NL in respect of the 2016 Financial Statements dated 6 December 2016 (the "**2016 Audit Opinion**") (the 2016 Audit Opinion and the SIHPL Audit Opinions together the "**Audit Opinions**");
- 1.12.2 Deloitte & Touche South Africa did not properly perform or was negligent in its performance of amongst other things:
 - 1.12.2.1 the SIHPL Audits;
 - 1.12.2.2 audits of other Steinhoff Group Companies;
 - 1.12.2.3 the Limited Assurance Reports;
 - 1.12.2.4 the RA Report;
 - 1.12.2.5 the Comfort Letter;
 - 1.12.2.6 its other work product contained in or referred to in the 2015 Prospectus and/or contained in or referred to in offering documents relating to Other Steinhoff Securities; and/or
 - 1.12.2.7 any assistance it provided to Deloitte NL, and/or other duties under the Deloitte & Touche South Africa engagement letters with respect to the SIHPL Audits, the RA Report, the Comfort Letter, and the Limited Assurance Reports;
- 1.12.3 Deloitte NL did not properly perform or was negligent in its performance of the 2016 Audit;



- 1.12.4 if Deloitte & Touche South Africa and/or Deloitte NL had properly performed their duties:
 - 1.12.4.1 they would have discovered the Events earlier than they were, in fact, subsequently discovered and they would not have issued the Audit Opinions and Deloitte & Touche South Africa would not have issued the RA Report, the Limited Assurance Reports, the Comfort Letter or consented to its reports and name being referred to or included in the form and context in which they appeared in the 2015 Prospectus and/or contained in or referred to in offering documents relating to Other Steinhoff Securities, or alternatively would have withdrawn such consent;
 - 1.12.4.2 SIHPL, SIHNV, other Steinhoff Group Companies and/or certain Steinhoff claimants would not have suffered losses;
 - 1.12.4.3 such Scheme Creditors would not have purchased or acquired the Steinhoff Shares and Other Steinhoff Securities at an allegedly inflated price or would not have purchased or acquired those shares or securities at all; and
 - 1.12.4.4 such Scheme Creditors would not have funded the Steinhoff Group or not on the same terms.
- 1.13 The allegations referred to in clauses 1.10 through 1.12 inclusive are referred to as the "**Allegations**".
- 1.14 The terms of certain of the Deloitte & Touche South Africa engagement letters with SIHPL and other Steinhoff Group Companies stipulate certain limitations of liability on the part of Deloitte & Touche South Africa and provide for a right of Deloitte & Touche South Africa to be indemnified by SIHPL, together with SIH and certain other Steinhoff Group Companies and their directors and officers and managers (a) against claims by third parties relating to reports of Deloitte & Touche South Africa received by third parties, including claims by third parties relying on such reports; and (b) for all losses, liabilities, damages, costs or expenses incurred by Deloitte & Touche South Africa as a result of SIHPL and other Steinhoff Group Companies and their directors and officers and managers failing to comply with their obligations



under the engagement letters, including their obligations to provide accurate information and to disclose all relevant information to Deloitte & Touche South Africa. . In each case, the indemnities granted by SIHPL are granted on the basis that SIH (as a co-grantee) will undertake in favour of SIHPL that SIH will, in its capacity as a signatory to the SSSA, discharge any such liability by way of indemnification in full, and SIHPL will not be required to contribute in respect of the same. The Deloitte NL Engagement Letter with SIHNV contains similar terms and conditions.

- 1.15 Since the departure and resignation of Mr Jooste, and in light of the Litigation, the Allegations, and assertions regarding the Events, the Steinhoff Group has worked hard to restore confidence by protecting the Steinhoff Group's underlying businesses, commissioning and undertaking an investigation into the causes and effects of the Events and/or the Allegations, and stabilising its financial position.
- 1.16 To the latter end, during 2018 and 2019, the Steinhoff Group negotiated and after extensive discussions put in place a financial restructuring to consolidate and extend its financings until 31 December 2021 (with a total value of approximately €8.8 billion), including under the terms of Contingent Payment Undertakings entered into by SIHNV and SIHPL deferring their respective liabilities under guarantees previously entered into by them (the "**Financial Restructuring**").
- 1.17 The Steinhoff Group's strategy following the Financial Restructuring has been threefold:
 - 1.17.1 to continue to protect and promote the underlying businesses of the Steinhoff Group;
 - 1.17.2 to seek to resolve the Litigation and associated potential recourse claims faced by the Steinhoff Group; and
 - 1.17.3 to reduce the financial indebtedness of the Steinhoff Group.
- 1.18 These three objectives are 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 Steinhoff Group and is a matter



which counterparties to those businesses take into account. Similarly, uncertainty arising from unresolved contingent liabilities, including potential recourse claims by the D&O Beneficiaries, Audit Firms and the other Deloitte Beneficiaries, can negatively affect the valuations of the Steinhoff Group's assets at a time when the Steinhoff 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 achievable value.

The Steinhoff Group Settlement

- 1.19 As noted above, it was not possible to resolve all of the critical issues facing the Steinhoff Group at the same time as the Financial Restructuring, and a key outstanding issue has been the need to resolve the contingent liabilities arising from the Litigation and to limit any future litigation.
- 1.20 SIHPL denies the Allegations and has defended, and continues to defend, all of the Litigation, and has denied, and continues to deny, liability and wrongdoing as alleged in the Litigation, and nothing contained in this Proposal is to be interpreted as detracting from, or as a waiver or abandonment of, such denials. To date, no judgments on the merits, and giving rise to the liability as alleged in the Litigation, have been granted and, in fact, certain judgments have been handed down in SIHPL's favour.
- 1.21 If, however, any of the Litigation were to be successful in establishing liability on the part of SIHPL, SIHPL would be at material risk of damages assessments and awards. There is a potential that adverse judgments may be granted against SIHPL by a court of first instance in the first half of 2022.
- 1.22 SIHPL, together with SIHNV and various creditor group and claimant group representatives, has, therefore, been proactively exploring the possibility of resolving substantially all of the Litigation, as well as compromising certain other unsecured, non-preferred, claims against SIHPL and SIHNV, by means of the Steinhoff Group Settlement.
- 1.23 This Proposal records the terms of the Steinhoff Group Settlement with regards to SIHPL and the Scheme Creditors. It is essential to note, however, that this Proposal



is inter-conditional with, and dependent on the success of, a proposal by SIHNV for the settlement and compromise of its litigation and financial liabilities in accordance with the terms of the SIHNV Composition Plan. Furthermore, in terms of the SSSA, the D&O Insurers, the Settling D&Os, the Deloitte Firms, SIHPL, SIHNV and other Steinhoff Group Companies grant each other, certain of the other D&Os and the other Audit Firms and other Deloitte Beneficiaries releases and waivers from claims and liabilities relating to the Events and/or Allegations, including potential recourse claims, under the terms set out in the SSSA. Those releases and waivers will only become effective if and when this Proposal and the SIHNV Composition Plan are approved and sanctioned/confirmed (as applicable). In short, the Steinhoff Group Settlement is comprised of this Proposal and the SIHNV Composition Plan together and, as such, each of this Proposal and the SIHNV Composition Plan must be approved and sanctioned/confirmed (as applicable) before either comes into effect, and the releases and the waivers in the SSSA will also only come into effect in that event. For the avoidance of doubt, the provisions of this Proposal do not in any way impair or diminish any of the rights of the D&O Beneficiaries and the Audit Firms or other Deloitte Beneficiaries under the SSSA or any other agreements between the D&O Insurers, the Settling D&Os and/or Deloitte Firms and any Released Parties and/or any Scheme Creditor/s. The key obligations assumed by SIHPL and SIHNV pursuant to the SSSA are set out in Annexure I.

This Proposal

- 1.24 This Proposal contains the substantive terms and conditions for the proposed compromise of all of the claims asserted by Scheme Creditors who fall within the three Classes of Scheme Creditors to whom this Proposal is made, as well as the requisite information required in terms of section 155 of the Companies Act.
- 1.25 Specifically, this Proposal contains detailed information designed to assist each of SIHPL's Classes of Scheme Creditors in assessing the benefits of the Proposal for them, including relative to the likely counterfactual of SIHPL's insolvent liquidation. The three Classes of Scheme Creditors (Financial Creditors, Contractual Claimants and SIHPL Market Purchase Claimants) are defined in Annexure A and their characteristics are described in clause 4.9.



- 1.26 The terms of this Proposal have been substantially amended since it was first issued, including to take account of the variations to the terms of the Steinhoff Group Settlement announced respectively by SIHNV on 16 July 2021 and by SIHPL on 11 August 2021, both available at <https://www.steinhoffinternational.com/sens.php>.
- 1.27 For the reasons set out in detail in this Proposal, SIHPL believes that the respective treatment under this Proposal of each of its Classes of Scheme Creditors is beneficial relative to that likely counterfactual of insolvent liquidation and is fair and equitable as between them. Accordingly, every Scheme Creditor is encouraged to vote in favour of, and otherwise support, this Proposal.
- 1.28 For the avoidance of doubt, it is recorded that, subject to the remaining provisions of this Proposal (including the Suspensive Conditions):
- 1.28.1 where this Proposal is supported by the requisite majority of a particular Class of Scheme Creditors, it shall be binding on **all** members of that Class of Scheme Creditors irrespective of whether or not certain members of that Class of Scheme Creditors did not support this Proposal; and
- 1.28.2 for this Proposal to become effective, the Proposal must be supported by the requisite majority of **all** three Classes of Scheme Creditors. Accordingly, if any one of the Classes of Scheme Creditors should fail to approve the Proposal, the Proposal will fail, with the associated risk that SIHPL may need to enter insolvent liquidation.
- 1.29 This Proposal will become effective if, and from the date on which, the last of the Suspensive Conditions contained in clause 28 of this Proposal has been satisfied. SIHPL shall, thereafter, give effect to this Proposal by implementing and procuring the implementation of its terms and satisfying its conditions, in accordance with the timelines and procedures set out in this Proposal.



- 1.30 Nothing contained in this Proposal shall:
- 1.30.1 constitute an admission of liability, indebtedness, wrongdoing or the like, on the part of SIHPL, the Board and officers of SIHPL or any member of the Steinhoff Group and their respective directors and officers;
 - 1.30.2 waive, negate, abandon or serve to limit the scope and ambit of SIHPL's denials of liability or the defences raised by it to any claims asserted against it, whether such claims have been instituted or not; and/or
 - 1.30.3 serve as an acknowledgment by SIHPL, for purposes of any proceedings against it, that Scheme Creditors asserting alleged claims of whatsoever nature against it are proven creditors of SIHPL, or have *locus standi* in such proceedings, notwithstanding their description as Scheme Creditors for purposes of this Proposal.
- 1.31 It is imperative that interested persons carefully read and consider this Proposal, together with the definitions contained in Annexure A to this Proposal, and any other annexures to this Proposal which may be relevant to such interested persons.
- 1.32 As a number of the matters set out in this Proposal are complex and technical in nature, all interested persons are encouraged to consult with an independent legal advisor, accountant, financial advisor or any other professional advisor who may be of assistance to interested persons with respect to the contents of this Proposal.
- 1.33 Nothing contained in this Proposal constitutes, on the part of the Board and/or SIHPL, tax, accounting or legal advice to any person or entity.
- 1.34 This Proposal does not constitute a representation, or representations, of any nature whatsoever on the part of the Board and officers of SIHPL and/or SIHPL and/or any member of the Steinhoff Group and their respective directors and officers, save for any representation that is expressly made (and stated as such) in this Proposal.
- 1.35 The Board and/or SIHPL shall not be responsible for any acts taken by (or omissions arising from) any person or entities' reliance on this Proposal, save for a



failure by the Board and/or SIHPL to give effect to any obligation imposed on it in terms of this Proposal.

Margin Lender Claimants settlement

- 1.36 SIHPL is a defendant in respect of a number of Non-Qualifying Claims which are claims asserted as at the Proposal Date and which are not subject to this Proposal, and such Non-Qualifying Claims fall outside of the Classes of Scheme Creditors to whom this Proposal is offered.
- 1.37 Non-Qualifying Claims include any and all claims made by Conservatorium in respect or arising out of, or acquired pursuant to, margin loans extended to, and/or security granted in support of such loans by, Upington in 2016 and 2017 (the "**Conservatorium Claims**"). In this respect:
- 1.37.1 SIHPL, together with SIHNV and SAHPL, has as of 14 February 2021 entered into a conditional settlement agreement with Conservatorium and certain of its related parties (the "**Margin Lender Settlement Agreement**") which agrees a basis on which the Conservatorium Claims will be settled subject to certain conditions including the occurrence of the Settlement Effective Date. In the event that the conditions to which the Margin Lender Settlement Agreement is subject are not all timeously fulfilled, the Margin Lender Settlement Agreement will lapse/fail and the Litigation to which Conservatorium is party will proceed. Other parties to the Margin Lender Settlement Agreement include (i) Titan and certain of its related parties and (ii) certain Financial Creditors who hold minority interests in the margin loans which are the subject of the Conservatorium Claims (together with Conservatorium, the "**Margin Lender Claimants**");
- 1.37.2 specifically, pursuant to the Margin Lender Settlement Agreement, Non-Qualifying Claims against SIHPL arising out of, or said to form part of security granted in respect of, the relevant margin loans, including the Conservatorium Claims and any other related claims of the Margin Lender Claimants, will be settled subject to and upon the occurrence of the Settlement Effective Date in exchange for settlement consideration of €61 million, to be paid 50% in cash and 50% in PPH Shares at a deemed settlement price of R15.00 per share



(subject to SIHPL's right to effect the settlement of the settlement consideration in a greater proportion, or the full amount, in cash) (the "**MLC Settlement Consideration**"). The MLC Settlement Consideration is to be paid within 30 days of the Settlement Effective Date; and

1.37.3 the MLC Settlement Consideration will be effected by a series of transactions undertaken among SIHPL, SIH, SAHPL and Ainsley, the net effect of which will be to reduce the balance of the Intercompany Receivables following the Settlement Effective Date in a ZAR amount equivalent to the MLC Settlement Consideration and, accordingly, reduce the value of SIHPL's assets by that amount.

1.38 The payment of the MLC Settlement Consideration and related transactions will have no effect on the settlement consideration respectively payable pursuant to the Proposal to Contractual Claimants and SIHPL Market Purchase Claimants.

1.39 The projected balance sheet for SIHPL annexed to the Proposal marked Annexure E shows the effect of the Margin Lender Settlement Agreement following the Settlement Effective Date, and its implications for continuing creditors of SIHPL including the Financial Creditors. In this respect:

1.39.1 although the effect of the payment of the MLC Settlement Consideration, subject to the Settlement Effective Date and other conditions referenced below, will be to reduce the Intercompany Receivables by the ZAR equivalent of the MLC Settlement Consideration, it will also ensure that SIHPL will no longer be subject to the Conservatorium Claims or any other claims that may be brought by Margin Lender Claimants;

1.39.2 the Conservatorium Claims include:

1.39.2.1 a Non-Qualifying Claim that it and other Margin Lender Claimants are the true owners of at least 64% of Thibault's claim for damages against SIHPL (under case number 7287/2018 in the High Court of South Africa, Western Cape Division) in an amount of R34,721,300,550.00; and



- 1.39.2.2 further Non-Qualifying Claims for very substantial damages, to the effect that SIHPL is jointly liable with SIHNV for certain losses suffered by Upington and (separately) directly by the margin lenders;¹
- 1.39.3 absent the Margin Lender Settlement Agreement, such Non-Qualifying Claims would, following the Settlement Effective Date, continue to be maintained against SIHPL, and SIHPL would be required to continue to defend them.
- 1.40 The Margin Lender Settlement Agreement is subject to the requisite approvals of the Financial Creditors under the relevant Steinhoff Finance Documents. It is also subject to the approval of the Financial Surveillance Department of the South African Reserve Bank. SIHNV and SIHPL shall use all reasonable endeavours to procure such approvals as soon as reasonably practicable. If such approvals are not obtained by the Settlement Effective Date, the Margin Lender Settlement Agreement will automatically terminate. If such approval is not obtained by the Settlement Effective Date, or the Settlement Effective Date does not occur by 30 September 2021, the Margin Lender Settlement Agreement may terminate. For the avoidance of doubt, the termination of the Margin Lender Settlement Agreement will not otherwise affect this Proposal or its implementation.

Material developments since launch of Proposal

- 1.41 Since the Proposal was first issued, there have been a series of developments announced by SIHNV and SIHPL on 16 July 2021 and on 11 August 2021, available at <https://www.steinhoffinternational.com/sens.php>. These developments and their implications for the Proposal are summarised below.
- 1.42 First, Trevo Capital Limited ("**Trevo**") applied to the High Court challenging the validity of both the guarantee granted by SIHPL in favour of the 2021 convertible bonds in 2014 (the "**2014 Guarantee**") and the SIHPL CPU (entered into in 2019 by way of a restructuring of SIHPL's crystallised liability as guarantor under both the 2014 Guarantee and a subsequent guarantee it granted in favour of the 2022

¹ Including a claim against SIHPL and SIHNV for any costs or damages associated with the margin loan originally provided by the margin lenders to Upington to finance Upington's acquisition of 314,000,000 SIHNV Shares in 2016 seeking damages asserted to amount to approximately EUR993,700,000.00.



convertible bonds (together, the "**Guarantees**")), alleging that they contravened the financial assistance provisions set out in section 45 of the Companies Act (the "**S.45 Application**"):

- 1.42.1 Hamilton entities successfully applied to intervene in the S.45 Application in support of Trevo;
- 1.42.2 SIHPL opposed the S.45 Application on the basis that section 45 did not apply to invalidate the grant of the 2014 Guarantee or the SIHPL CPU either in fact or in law. It also contested the standing of Trevo and Hamilton to bring the S.45 Application. In that context, Hamilton and Trevo contended that the decision of the South Gauteng Division of the High Court of South Africa in *De Bruyn*² was wrongly decided;
- 1.42.3 in its decision on the S.45 Application handed down on 2 July 2021 (the "**S.45 Judgment**"), the High Court confirmed the validity of the 2014 Guarantee, but in relation to the SIHPL CPU, found that section 45 had been breached and held that the resolution of the SIHPL board authorising entry into the SIHPL CPU and the SIHPL CPU itself were void. No ruling was made with respect to the correctness or otherwise of the decision of the South Gauteng Division of the High Court in *De Bruyn*;³
- 1.42.4 SIHPL was notified that certain Financial Creditors had appealed against the S.45 Judgment, primarily on the basis that the South African financial assistance provisions should not have been held to have been contravened in circumstances where SIHPL already owed a crystallised liability under the Guarantees in the amount of the SIHPL CPU. In addition, the appealing Financial Creditors notified SIHPL that, in the event that their appeal of the S.45 Judgment was ultimately unsuccessful, they would be entitled to the benefit of continuing debt claims or restitutionary claims against SIHPL which fall outside the scope of the S.45 Judgment. In general terms, and without limitation, they contended that SIHPL would owe an English law debt to Financial Creditors either under the original Guarantees or on similar terms by

² *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).

³ *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).



way of restitution for unjust enrichment suffered as a result of the loss of the benefit of those Guarantees (and the resulting windfall for SIHPL) in circumstances where both they and SIHPL had intended that SIHPL would remain liable to them under the SIHPL CPU following the Financial Restructuring;

- 1.42.5 SIHPL carefully considered the S.45 Judgment and the assertions made by the Financial Creditors. SIHPL had contested the S.45 application made by Trevo because it believed the assertions made by Trevo were wrong as a matter of fact and law and that the entry into the SIHPL CPU as part of the Financial Restructuring had provided very considerable benefits to SIHPL, including the certainty that the terms of the SIHPL CPU provided. The overall net effect on SIHPL following the S.45 Judgment was that SIHPL now faced more uncertainty and further claims from Financial Creditors and, in the absence of a successful appeal, a long and complicated series of multi-jurisdictional legal disputes. In SIHPL's view, there was a very material likelihood that the result of such disputes would be that it would ultimately be held still to owe substantial liabilities to the Financial Creditors by way of debt and/or in restitution for unjust enrichment;
- 1.42.6 in all the circumstances, SIHPL concluded that it should itself apply for leave to appeal the S.45 Judgment on the basis that it would have reasonable prospects of success in that appeal. Hamilton gave notice that it would also seek leave to appeal the S.45 Judgment on the grounds that it was incorrect on the question of the validity of the 2014 Guarantee; and
- 1.42.7 all applications for leave to appeal are scheduled to be heard on 13 August 2021. Assuming, as SIHPL expects, such applications are granted, it will (subject to the effect of this Proposal if the Settlement Effective Date occurs) be many months before such appeals are heard.
- 1.43 Secondly, Hamilton entities maintained an application in the Western Cape High Court with respect to the question of whether the relative treatment of SIHPL MPC Claimants and SIHPL Contractual Claimants under the Proposal was justified



having regard to the legal characteristics of their respective claims (the "**Class Composition Application**"):

- 1.43.1 Hamilton entities contended, in particular, that it was impermissible for Contractual Claimants and SIHPL Market Purchase Claimants to be placed in separate classes under this Proposal, including on the basis that all such claimants would constitute concurrent creditors in a liquidation of SIHPL. Hamilton further contended that the decision of the South Gauteng Division of the High Court of South Africa in *De Bruyn*⁴ was wrongly decided and therefore not a justifiable basis for differentiating between SIHPL Market Purchase Claimants and Contractual Claimants;
- 1.43.2 Trevo successfully applied to intervene in the Class Composition Application for the purposes of contending that two of the three classes of Scheme Creditors fail to constitute a 'class of creditor' in terms of section 155 of the Companies Act;
- 1.43.3 SIHPL opposed both Hamilton and Trevo's arguments in the Class Composition Application on the basis that they were wrong as a matter of fact and law, and were in any event premature as they were matters for the Court to consider upon an application for Sanction of this Proposal;
- 1.43.4 the Class Composition Application was to be heard by the High Court on 4 – 6 August 2021, however, pursuant to an order granted on 4 August 2021, the matter was postponed until 13 August 2021. SIHPL has received confirmation of Hamilton's in principle support for the Steinhoff Group Settlement based on the increased contribution by SIHPL to the Steinhoff Group Settlement in the form of the SIHPL MPC Gross Settlement Fund. Hamilton's final approval of this Proposal will be subject to the ongoing claim verification process described in clauses 19 and 20 below. On the basis of the aforementioned increased contribution by SIHPL, SIHPL expects that Hamilton will withdraw from the Class Composition Application.

⁴ *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).



- 1.43.5 Trevo's action, instituted in the High Court against SIHPL under case number 4669/2019, arises in the context of a private agreement entered into between Trevo as purchaser and a related corporate entity, Treemo Proprietary Limited ("**Treemo**"), as seller to acquire Steinhoff shares on an off-exchange basis. In light of the fact that the agreement between Trevo and Treemo was entered into prior to the Scheme of Arrangement, Trevo has asserted a claim in that respect against SIHPL. SIHPL has denied all liability in respect of Trevo's claim and does not believe that, if litigated, Trevo's claim will succeed. SIHPL nonetheless recognises that the particular circumstances giving rise to Trevo's claim are arguably distinguishable from claims asserted by any other SIHPL Market Purchase Claimant in that:-
- 1.43.5.1 the shares that Trevo contracted to acquire from Treemo were shares that Treemo had acquired directly from SIHPL; and
- 1.43.5.2 the substantial majority of the consideration that passed from Trevo to Treemo, in exchange for the shares, took the form of preference shares that Trevo issued to Treemo. Only a small part of the consideration was paid by Trevo in cash;
- 1.43.6 in the Class Composition Application, Trevo has asserted, *inter alia*, that the allegedly special characteristics of its claim in the Trevo action are such that it could not be treated as a SIHPL Market Purchase Claimant, and that it should instead be treated as a Contractual Claimant. This is not a tenable proposition: as a result of the fact that Trevo did not contract directly with SIHPL, Trevo's claim does not and cannot meet the definition herein of a 'Contractual Claimant', and thus Trevo is not and cannot be treated as a Contractual Claimant for the purposes of this Proposal;
- 1.43.7 nevertheless, as noted above, SIHPL recognises that the particular circumstances giving rise to Trevo's claim also give rise to a question as to whether Trevo should indeed be treated as a SIHPL Market Purchase Claimant. In the circumstances, SIHPL has concluded that the appropriate course is to amend the previous version of this Proposal by updating the definitions of "SIHPL MPC Relevant Claim" and "Non-Qualifying Claim" so as to exclude Trevo from the ambit of the former definition and to provide that



Trevo's claim against SIHPL should be designated as a Non-Qualifying Claim for the purposes of this Proposal.

1.44 Thirdly, SIHNV and SIHPL announced on 16 July 2021 that the SoP Gross Settlement Fund benefitting SIHNV Contractual Claimants, SIHNV Market Purchase Claimants and SIHPL Market Purchase Claimants would be increased from €370,000,000.00 to €612,620,000.00:

1.44.1 the reasons for that increase were set out in the announcement, available at <https://www.steinhoffinternational.com/sens.php>, and flow from the improvement in value of the Steinhoff Group's underlying assets in the period since the Steinhoff Group Settlement was first announced in July 2020, with associated implications for improved recoveries for SIHNV's claimants, including SIHNV Contractual Claimants and SIHNV Market Purchase Claimants, when compared and contrasted to the likely counterfactual to the proposed settlement (a SIHNV liquidation);

1.44.2 the improvement in the value of the Steinhoff Group's underlying assets did not enhance possible recoveries for SIHPL Market Purchase Claimants in the same way, as the value of SIHPL's intercompany loan and cash assets is not so materially affected by improvements in the value of the Steinhoff Group's underlying assets. SIHNV and SIHPL concluded nevertheless that SIHPL Market Purchase Claimants should participate on a *pro rata* basis in the enhanced offer, and that this Proposal should be amended accordingly;

1.44.3 as also announced by SIHNV, one consequence of SIHPL Market Purchase Claimants participating on a *pro rata* basis in the enhanced recoveries under the SoP Gross Settlement Fund was that the SIHNV Loan would also be increased (from no more than €100,000,000.00 to a sum ultimately determined to be €164,000,000.00), with a corresponding reduction in the assets previously expected to be available following the Settlement Effective Date for application towards the claims of *inter alia* Financial Creditors under the S155 Settlement Note over time; and

1.44.4 by contrast, the position of Contractual Creditors would remain the same.



- 1.45 Fourth and finally, this Proposal now incorporates the SIHPL MPC Gross Settlement Fund announced on 11 August 2021, being a separate fund in the sum of R3,213,580,773.00 to be funded by SIHPL and administered by the SRF for the benefit of SIHPL Market Purchase Claimants only (on a *pro rata* basis):
- 1.45.1 SIHPL had regard in doing so to the continuing opposition of substantial SIHPL Market Purchase Claimants to the terms of this Proposal, including Hamilton's objections (articulated for example in its evidence in the Class Composition Application and the S.45 Application) to the treatment of SIHPL Market Purchase Claimants relative to Contractual Claimants and Financial Creditors;
- 1.45.2 again, the associated material improvement in settlement consideration available to SIHPL Market Purchase Claimants would come substantially at the expense of Financial Creditors and, by contrast, the position of Contractual Creditors would remain the same; and
- 1.45.3 SIHPL has received confirmation of Hamilton's in principle support for the Steinhoff Group Settlement based on the increased contribution by SIHPL to the Steinhoff Group Settlement in the form of the SIHPL MPC Gross Settlement Fund. Hamilton's final approval of this Proposal will be subject to the ongoing claim verification process described in clauses 19 and 20 below.
- 1.46 In summary therefore, and as detailed elsewhere in this Proposal and reflected in the table below, the effects of the amendments to this Proposal include:
- 1.46.1 an amendment to the definitions in this Proposal of "SIHPL MPC Relevant Claim" and "Non-Qualifying Claims" such that Trevo no longer falls within the ambit of the definition of a SIHPL Market Purchase Claimant and instead is a Non-Qualifying Claimant for purposes hereof;
- 1.46.2 a very material increase in the settlement recoveries of SIHPL MPC Claimants under the Proposal;



1.46.3 a corresponding reduction in the assets previously expected to be available following the Settlement Effective Date for application towards the claims of *inter alia* Financial Creditors under the S155 Settlement Note over time; and

1.46.4 other than certain changes applicable to the terms offered to BVI (as set out in clauses 4.37.4.4 and 4.37.4.5, as well as clauses 14.4.3.3 and 14.4.3.4 below), no changes to the terms of the Proposal for Contractual Claimants.

Summary of the cumulative increased offer under the Steinhoff Group Settlement proposal

	Original settlement amount (July 2020)		Revised total settlement amount (inc. 16 July 2021 & 11 August 2021 offers)		Total increase in settlement amount since July 2020		
	EURm	ZARm	EURm	ZARm	EURm	ZARm	% Inc.
SIHNV & SIHPL Market Purchase Claimants	267		442		175		66%
SIHNV Contractual Claimants	103		171		68		66%
Hemisphere CPU	40		66		26		66%
SIHPL Contractual Claimants: Titan		7,904		7,904		-	-
SIHPL Contractual Claimants: Other		1,653		1,653		-	-
SIHPL Market Purchase Claimants (current increase)		-		3,214		3,214	n.m.
EUR Total (of EUR and ZAR amounts)	969		1,426		457		47%

Notes:

(1) The values in this table were calculated for illustrative purposes using an FX rate of 17.0906 and exclude certain cost provisions.

(2) In addition, as announced on 14 February 2021, the settlement terms with Conservatorium include consideration payable by SAHPL (on behalf of SIHPL) in the amount EUR 61m.

(3) The "SIHPL Contractual Claimants: Other" values in this table include the amount reserved in relation to Mayfair's disputed Contractual Claim against SIHPL. This component of the consideration will only be paid to Mayfair if it is successful in its dispute with SIHPL and will otherwise revert to SIHPL.

2 SECTION 155 OF THE COMPANIES ACT AND ITS EFFECT

2.1 This clause 2 of the Proposal is intended to be an explanation of section 155 of the Companies Act and its effect. Once again, interested parties are encouraged to consult with their independent advisors if there is anything in regard to the



application and effect of section 155 of the Companies Act which remains unclear to them after they have considered *inter alia* clause 2 of this Proposal.

- 2.2 In terms of section 155 of the Companies Act, the board of directors of a company may propose an arrangement or a compromise of its financial obligations to all of its creditors, or to all of the members of any class of its creditors, by delivering a copy of a proposal and notice of the meeting to consider the proposal to *inter alia* every member of each relevant class, and to the CIPC.
- 2.3 A proposal as contemplated in section 155 of the Companies Act will have been adopted by the creditors, or the members of a relevant class of creditors, if it is supported by a majority in number representing at least 75% in value of the creditors or class, as the case may be, present and voting in person or by proxy at a meeting called for that purpose.
- 2.4 If a proposal has been adopted as contemplated in section 155 of the Companies Act, the company may apply to Court for an Order approving and sanctioning the compromise ("**Sanction**").
- 2.5 Subject to any other suspensive conditions it may contain, a compromise approved and sanctioned by the Court becomes final and binding on all the company's creditors, or on all of the members of the relevant class or classes of creditors, as the case may be, on the date on which the Court Order is filed with the CIPC (which the company is obliged to do within five Business Days of such Court Order being granted).
- 2.6 Given the final and binding nature of a compromise approved and sanctioned by the Court, the creditors affected by the compromise will (subject to the satisfaction of any other suspensive conditions) no longer be able to pursue their claims against SIHPL, the D&O Beneficiaries, the Audit Firms and the other Deloitte Beneficiaries, and will not, for example, later be able to seek to recover from SIHPL, the D&O Beneficiaries, the Audit Firms or the other Deloitte Beneficiaries the difference between the amount that they receive as a consequence of the compromise approved and sanctioned by the Court, and the value of the claim or claims they assert against SIHPL, the D&O Beneficiaries, the Audit Firms or the other Deloitte Beneficiaries.



2.7 A proposal as contemplated in section 155(2) of the Companies Act must contain all of the information reasonably required to assist the creditors concerned in deciding whether or not to accept or reject the proposal, and must be divided into a Part A, a Part B and a Part C, as set out below.

2.8 Each of these parts is dealt with, in turn, in this Proposal.

3 CHRONOLOGY

The key milestones for the Proposal are –

- 3.1 the date on which notice of the Proposal will be given to potential Scheme Creditors;
- 3.2 the date by which potential Scheme Creditors must be verified and must have submitted evidence supporting their claims with the Claims Administrator;
- 3.3 the date on which the Scheme Meetings will be convened, with notice thereof to be delivered to *inter alia* verified Scheme Creditors;
- 3.4 the date on which the Sanction application will be made, following the adoption of the Proposal by Scheme Creditors; and
- 3.5 the Bar Date (being the final date on which Scheme Creditors will be able to validly lodge claims),

and the relevant dates will continue to be announced on www.SteinhoffSettlement.com.



PART A – BACKGROUND

4 OVERVIEW OF THIS PROPOSAL

Background to the Proposal

- 4.1 As noted above, SIHPL and SIHNV are involved in numerous legal proceedings with respect to the Events. If any of this pending Litigation (or other such Litigation that might yet be brought) were to result in findings of liability on the part of SIHPL, SIHPL would be at material risk of damages assessments and awards.
- 4.2 Whilst the various proceedings brought against SIHPL are at different procedural stages, SIHPL is of the view that there is at least the potential that adverse judgments may be granted against SIHPL in the first half of 2022 and, as such, in order to avoid an insolvent liquidation, an overall solution is needed involving the settlement of a very significant proportion of such proceedings.
- 4.3 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 that have taken place for over a year. Throughout that period, SIHPL (together with SIHNV) has worked intensively to formulate a proposed basis of settlement which seeks to allocate a fair distribution of value across such constituencies in a way that reflects fair and reasoned treatment amongst them, in the context of the prevailing law, in order to achieve the benefits associated with an outcome that avoids a "no settlement" scenario (with the associated risk of insolvent liquidation of SIHPL).
- 4.4 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, SIHPL and SIHNV concluded in mid-2020 that they were in a position publicly to formulate a proposal that, in their view, achieved the key objectives stated above, i.e. the Steinhoff Group Settlement.



4.5 Proposed terms for the Steinhoff Group Settlement, including those applicable to SIHPL, were initially announced on 27 July 2020 (https://www.steinhoffinternational.com/downloads/2020/litigation_claims/Universe_Settlement_Press_Release_2020.pdf). Amended terms were announced on 9 October 2020 (https://www.steinhoffinternational.com/downloads/2020/litigation_claims/A41199551%20Project%20Universe_SIHNV%20and%20SIHPL%20term%20sheets%20October%202020.pdf) and further amended terms on 16 July 2021 (<https://www.steinhoffinternational.com/downloads/2021/Summary%20Amendments%20July%202021.pdf>) and on 11 August 2021 (<https://www.steinhoffinternational.com/sens.php>).

4.6 This Proposal is made for the purpose of implementing the terms of the Steinhoff Group Settlement with regards to SIHPL. For the purposes of section 155 of the Companies Act, it is recorded that:

4.6.1 this Proposal does not include any proposals made formally or informally by any creditor of SIHPL;⁵ and

4.6.2 SIH is the holder of all of SIHPL's issued shares and the implementation of this Proposal will not alter that or otherwise alter the shareholding in SIHPL in any way.⁶

The purposes of this Proposal

4.7 SIHPL is making this Proposal in order to:

4.7.1 obtain and implement a binding compromise with its Financial Creditors of their claims against it by replacing such claims with the rights arising in their favour under this Proposal;

⁵ Section 155(3)(a)(v): informal proposals by SIHPL's creditors.

⁶ Section 155(3)(a)(iv): holders of SIHPL's issued securities.



- 4.7.2 obtain and implement a binding settlement of Litigation claims of Contractual Claimants in consideration of its procuring payments of settlement consideration in the form of cash and/or PPH Shares;
- 4.7.3 obtain and implement a binding settlement of Litigation claims of SIHPL Market Purchase Claimants in consideration of its procuring (as well as SIHNV procuring on its behalf) payments of settlement consideration in the form of cash and/or PPH Shares;
- 4.7.4 permit certain transactions in connection with such arrangements;
- 4.7.5 fulfil a condition precedent to which certain provisions in the SSSA are subject, so as to obtain and implement a binding settlement with the Deloitte Firms, the D&O Insurers and the Settling D&Os, the terms of such settlement being more fully described in clause 23 below; and
- 4.7.6 further stabilise the Steinhoff Group so as to maximise what is available to be distributed in terms of this Proposal, by marshalling cash, preserving the going concern value of the Steinhoff Group's businesses and avoiding further litigation costs,

all for the purpose of enabling SIHPL to avoid the risk of insolvent liquidation and to provide a fair distribution of value to claimants. More broadly, the Steinhoff Group Settlement, of which this Proposal forms part, seeks to ensure the continuity of the Steinhoff Group's operations in order to safeguard the jobs of the thousands of employees of the Steinhoff Group's underlying businesses and, by preserving the value of those underlying businesses, to protect the broader universe of Steinhoff Group stakeholders.

Scope of this Proposal

- 4.8 This Proposal seeks to compromise any and all claims against SIHPL (whether or not legally established and whether or not admitted or disputed by SIHPL) of the Financial Creditors, the Contractual Claimants and the SIHPL Market Purchase Claimants as defined and to extinguish all such claims and replace them with the rights arising under the terms of this Proposal. The Financial Creditors, Contractual



Claimants and SIHPL Market Purchase Claimants are defined in Annexure A to this Proposal (i) collectively as the Scheme Creditors and (ii) respectively as the Classes of Scheme Creditors.

4.9 In summary:

4.9.1 Financial Creditors are those who have asserted or may assert claims against SIHPL arising under, out of or in connection with their interests as beneficiaries or alleged beneficiaries under the SIHPL CPU, a debt instrument. SIHPL's liability to the Financial Creditors under the SIHPL CPU is the subject matter of a South African High Court judgment (the S.45 Judgment, as defined in clause 1.42.3) which is itself subject to applications for leave to appeal. The fact and nature of SIHPL's liability to Financial Creditors may also turn on questions of English law which are outside the scope of the S.45 Judgment or any appeal thereof. For the reasons set out in clauses 4.25 to 4.30 below, SIHPL accepts that the claims of Financial Creditors give rise to a material risk of substantial liability owed by SIHPL to the Financial Creditors;

4.9.2 a Contractual Claimant is a Litigation claimant which instituted claims against SIHPL prior to 5 December 2020, in respect of arms-length negotiated contractual arrangements under which shares in other enterprises were sold or transferred by such claimants or their related parties to SIHPL, and received consideration directly from SIHPL by way of issuance, or transfer, of SIHPL Shares. The fact and amount of SIHPL's liability in respect of such claims are uncertain but, for the reasons described in this Proposal, SIHPL is of the view that there is a potential that adverse judgments may be granted against SIHPL by a court of first instance; and

4.9.3 a SIHPL Market Purchase Claimant is an actual or potential Litigation claimant who otherwise 'purchased' (within the meaning ascribed to the term in the Steinhoff Allocation Plan) SIHPL Shares on the JSE prior to close of business on 6 December 2015 and continued to hold SIHNV Shares it then received in exchange for such SIHPL Shares pursuant to the Scheme of Arrangement at close of business on 5 December 2017. The fact and amount of SIHPL's liability in respect of such claims are also uncertain but, for the reasons



described in this Proposal, SIHPL considers that they give rise to a less material risk of liability for SIHPL.

- 4.10 This Proposal is made **only** to the Classes of Scheme Creditors. In light of the differences set out above, SIHPL has formulated a Proposal entailing differing settlement and compromise terms for each of its Classes of Scheme Creditors. Such differences are explained in further detail in this Proposal: see in particular clause 6.
- 4.11 This Proposal is not made to any person (including those who have already instituted Litigation proceedings against SIHPL) who does not qualify as a Scheme Creditor (i.e. a Financial Creditor, a Contractual Claimant or a SIHPL Market Purchase Claimant, as defined in Annexure A to this Proposal). Any person who does not meet the definitional requirements of one of the Classes of Scheme Creditors is classified as a Non-Qualifying Claimant and is not subject or bound to the provisions of this Proposal, or to the Adoption or Sanction thereof.

Statutory creditors

- 4.12 For the purposes of this Proposal, the Classes of Scheme Creditors are as set out above.
- 4.13 For the broader purpose of identifying creditors of SIHPL that (whether or not they are Scheme Creditors) fall within the terms of section 155(3)(a)(ii) of the Companies Act, details of such creditors, and their respective status, are provided below.
- 4.14 SIHPL admits the claims of:
- 4.14.1 the Intercompany Loan Creditors and creditors under related-party loans as set out in Annexure C, none of which will be payable on or immediately after the Settlement Effective Date;
 - 4.14.2 SARS; and



4.14.3 persons or entities with trade and other payable claims as set out in Annexure C,

collectively, "**Recorded Creditors**".

4.15 SIHPL's liability to Recorded Creditors will remain unaffected by this Proposal.

4.16 As foreshadowed above, and for the reasons set out in clauses 4.25 to 4.30 below, SIHPL accepts that the claims of Financial Creditors give rise to a material risk of substantial liability to the Financial Creditors.

4.17 SIHPL denies liability in respect of the claims of -

4.17.1 the Contractual Claimants;

4.17.2 the SIHPL Market Purchase Claimants; and

4.17.3 the Non-Qualifying Claimants.

4.18 Only for the purposes of this Proposal, but without any admission of liability or any other concession on its part, the Contractual Claimants and the SIHPL Market Purchase Claimants are (together with Financial Creditors) regarded as Scheme Creditors.⁷

4.19 Non-Qualifying Claimants are not Scheme Creditors – this Proposal is not made to them; they are not entitled to participate in this Proposal and any alleged claims that they may ultimately be proven to have will not be compromised by this Proposal.

4.20 Every person or entity contemplated in clauses 4.14 to 4.17 of this Proposal would, to the extent their claims are proved in a liquidation scenario, be concurrent creditors of SIHPL, save for SARS, which would be a preferent creditor in terms of the laws of insolvency.

⁷ Section 155(3)(a)(ii): List of creditors and the nature thereof.



Summary of the terms of this Proposal

- 4.21 The material assets owned by SIHPL, as at the date of this Proposal, are set out in Annexure B (the "**SIHPL Assets**"). At the date of this Proposal, none of SIHPL's creditors hold any security over SIHPL Assets with respect to their claims or alleged claims.⁸
- 4.22 SIHPL will procure that (in each case as summarised further below):
- 4.22.1 assets worth approximately R8.756 billion⁹ are made available for the purpose of paying the settlement consideration under this Proposal for the benefit of Contractual Claimants, save for BVI and Cronje et al;
- 4.22.2 61 million PPH Shares are made available for the purpose of the settlement of the Contractual Claims of BVI and Cronje et al, as summarised in more detail below; and
- 4.22.3 assets worth approximately R3.214 billion are made available for the purpose of paying the settlement consideration under this Proposal for the benefit of SIHPL Market Purchase Claimants, and that SIHNV will, in addition to the aforementioned amounts and PPH Shares, make available certain of its (rather than SIHPL's) assets (approximately R7.546 billion worth) for the purpose of paying, among other things, further settlement consideration under this Proposal to SIHPL Market Purchase Claimants.
- 4.23 Following the occurrence of the Settlement Effective Date, and as described further below, the residual assets of SIHPL will be subject to first, second and third ranking security, granted respectively and primarily for the benefit of Newco 2A, SIHNV and Financial Creditors/Non-Qualifying Claimants. Such security will, however, have no effect on the afore-mentioned assets of SIHPL and SIHNV out of which payments to Contractual Claimants and SIHPL Market Purchase Claimants will be made should this Proposal become effective.

⁸ Section 155(3)(a)(i): List of material assets and security.

⁹ Subject to the outcome of the Mayfair Claim.



Financial Creditors

- 4.24 Financial Creditors are encouraged to review the detailed terms of the Proposal with respect to the Financial Creditors, as set out below in *Part B1 – Financial Creditors* on page 49.

The S.45 Judgment

- 4.25 Trevo and Hamilton applied to the High Court challenging both the 2014 Guarantee and the SIHPL CPU entered into by SIHPL in 2019 by way of restructuring its crystallised liability as guarantor (under both the Guarantees) on the basis that they contravened South African statutory financial assistance provisions. In its decision handed down on 2 July 2021 (the S.45 Judgment), the Court of first instance confirmed the validity of the 2014 Guarantee, but in relation to the SIHPL CPU, found that financial assistance provisions in section 45 of the Companies Act had been breached, and held that the resolution of the SIHPL board authorising entry into the SIHPL CPU and the SIHPL CPU itself were void.
- 4.26 Certain Financial Creditors have taken steps to appeal the S.45 Judgment, primarily on the basis that the South African financial assistance provisions in section 45 of the Companies Act should not have been held to have been contravened in circumstances where SIHPL already owed a crystallised liability under the Guarantees in the amount of the SIHPL CPU.
- 4.27 In addition, the appealing Financial Creditors notified SIHPL that, in the event that their appeal of the S.45 Judgment proved to be unsuccessful, they would be entitled to the benefit of continuing debt claims or restitutionary claims against SIHPL which fall outside the scope of the S.45 Judgment. In general terms, and without limitation, they contend that SIHPL will owe an English law debt to the Financial Creditors either under the original Guarantees or on similar terms by way of restitution for unjust enrichment suffered as a result of the loss of the benefit of those Guarantees (and the resulting windfall for SIHPL) in circumstances where both they and SIHPL had intended that SIHPL would remain liable to them under the SIHPL CPU following the Financial Restructuring.



- 4.28 SIHPL carefully considered the S.45 Judgment and the assertions made by the Financial Creditors. SIHPL contested the application because it believed the assertions made by Trevo and Hamilton were wrong as a matter of law and that the entry into the SIHPL CPU as part of the Financial Restructuring had provided very considerable benefits to SIHPL, including the certainty that the terms of the SIHPL CPU provided. The overall net effect on SIHPL following the S.45 Judgment is that SIHPL now faces more uncertainty and potentially further claims and, in the absence of a successful appeal, a long and complicated series of multi-jurisdictional legal disputes. In all the circumstances, SIHPL concluded that it, too, should apply for leave to appeal the S.45 Judgment and believes that it has reasonable prospects of success in that appeal.
- 4.29 Hamilton gave notice that it would also seek leave to appeal the S.45 Judgment on the grounds that it was incorrect on the question of the validity of the 2014 Guarantee. The applications for leave to appeal are scheduled to be heard on 13 August 2021.
- 4.30 Assuming leave to appeal is granted, it is not certain how long the appeal proceedings with respect to the S.45 Judgment will take to be finalised, but it is expected to take at least several months. If the S.45 Judgment were to be upheld on appeal on the subject of financial assistance, it is expected that years of litigation would follow with respect to the alternative claims asserted by or on behalf of Financial Creditors. Such timelines fall well outside the timetable for implementation of the Steinhoff Global Settlement. In the circumstances, SIHPL is of the view that it is necessary to seek to compromise all claims of the Financial Creditors arising under, out of, or in connection with the SIHPL CPU pursuant to this Proposal.
- 4.31 In summary, conditional upon the Settlement Effective Date, any and all claims and actions of the Financial Creditors against SIHPL (whether asserted or unasserted, and whether the subject of pending proceedings and appeals or otherwise) arising under, out of or in connection with the SIHPL CPU, the convertible bonds guaranteed by SIHPL, the Guarantees or any other related matter (and whether such actions, claims or disputes lie in contract, tort, restitution, equitable subrogation, statute or otherwise and whether under English law, South African law



or otherwise) ("**SIHPL Financial Creditor Liabilities**") will be fully and finally compromised by way of their waiver and release on the following terms:

- 4.31.1 no cash consideration will be payable to the Financial Creditors on the Settlement Effective Date;
- 4.31.2 SIHPL will issue a loan note in favour of the Financial Creditors in the amount and on the terms set out in Annexure J ("**S155 Settlement Note**");
- 4.31.3 Financial Creditors, in terms of the S155 Settlement Note, will have limited recourse in relation to claims under the S155 Settlement Note and solvent burial terms to permit SIHPL to be wound up on a solvent basis;
- 4.31.4 claims under the S155 Settlement Note will rank behind the Newco 2A Loan and the SIHNV Loan, and *pari passu* with all non-preferent Non-Qualifying Claims; and
- 4.31.5 the limited recourse claims of the Financial Creditors under the S155 Settlement Note (and the claims of the Intercompany Loan Creditors) will be subject to third ranking security granted by SIHPL (behind the first ranking Newco 2A Loan and the second ranking SIHNV Loan) with provisions to:
 - 4.31.5.1 allow SIHPL to pay in full (if and when it becomes obliged to do so) the Disputed Contractual Claim Reserve;
 - 4.31.5.2 require SIHPL to reserve for Non-Qualifying Claims so as to ensure that SIHPL will be able to make payments in respect of any finally determined Non-Qualifying Claims on a *pari passu* basis alongside the claims of the Financial Creditors under the S155 Settlement Note; and
 - 4.31.5.3 permit SIHPL also to make compromise payments (subject to a limit, which may be increased with the consent of 50% of the Financial Creditors) in respect of any unadjudicated Non-Qualifying Claims.
- 4.32 The terms of the S155 Settlement Note are more fully described in Annexure J.



- 4.33 In addition, the terms of this Proposal provide for:
- 4.33.1 the acquisition by SIHPL from Newco 2A of a further asset, namely the receivable resulting from Titan's obligation to pay Newco 2A, which will be released on the Settlement Effective Date. A new payment obligation will be issued by Titan in favour of SIHPL on the Settlement Effective Date and on the terms set out in clause 15.5 below (the "**Titan Receivable**");
- 4.33.2 the issuance by SIHPL of:
- 4.33.2.1 the Newco 2A Loan, being consideration SIHPL has agreed to owe to Newco 2A for the sale of the Titan Receivable; and
- 4.33.2.2 the SIHNV Loan, being consideration SIHPL has agreed to owe to SIHNV for its funding part of the settlement of the SIHPL Market Purchase Claimants pursuant to this Proposal;
- 4.33.3 as aforesaid, the grant of third-ranking security by SIHPL over its residual assets for the benefit of its Financial Creditors (ranking *pari passu* with Intercompany Loan Creditors and the finally determined claims of Non-Qualifying Claimants and behind the respective claims of Newco 2A and SIHNV in respect of the liabilities referenced above); and
- 4.33.4 the implementation of a quarterly cash sweep by SIHPL with effect from 31 March 2022 (subject to reserving requirements set out in clause 9 below) for the benefit of its residual secured creditors, including the Financial Creditors and subject to the provisions described in Annexure J.
- 4.34 It is important to note that the amendments to this Proposal made following SIHNV and SIHPL's announcements of 16 July 2021 and 11 August 2021 reflect a very material increase in the settlement recoveries of SIHPL MPC Claimants under the Proposal and a corresponding reduction in the assets previously expected to be available following the Settlement Effective Date for application towards the claims of *inter alia* Financial Creditors under the S155 Settlement Note over time.



4.35 The Steinhoff Group Settlement announced on 27 July 2020 obtained financial creditor approval in February 2021 with respect to the terms then applicable. Substantial majority approval had been obtained as early as October 2020, with the last outstanding approvals obtained pursuant to the UK scheme of arrangement undertaken by SIHNV in late 2020 and early 2021. A further financial creditor approval is now required for the revised offer dated 16 July 2021 and 11 August 2021. The necessary consent request has been prepared and will be launched shortly following the issue of this revised Proposal with responses expected prior to the Meeting.

Contractual Claimants:

4.36 The Contractual Claimants are encouraged to review the detailed terms of the Proposal with respect to the Contractual Claimants, as set out below in *Part B2 – Contractual Claimants* on page 54.

4.37 In summary, the terms of this Proposal with respect to the Contractual Claimants entail that:

4.37.1 their Contractual Claims (other than the Contractual Claims of Thibault and Wiesfam) will be settled for a total nominal amount of approximately R1.653 billion;

4.37.2 the Contractual Claims of Thibault and Wiesfam will be settled for a total nominal amount of approximately R7.904 billion (representing a proportionally lower recovery rate relative to other Contractual Claims);

4.37.3 subject as follows, the settlement consideration will be paid 50% in cash and 50% in shares of PPH at a deemed settlement price of R15.00 per share (subject to SIHPL's right, in its absolute discretion, to settle any of the settlement consideration in a greater proportion, or the full amount, in cash), and Contractual Claimants will be required to agree to lock up PPH Shares allocated to them for 180 days from the Settlement Effective Date; and



- 4.37.4 in respect of the Contractual Claims of BVI:
- 4.37.4.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.00 per share;
- 4.37.4.2 the PPH Shares concerned shall be subject to a lock up restriction on the sale of those PPH Shares from the date of receipt of the PPH Shares concerned (the "**Receipt Date**", also for purposes of the provisions which follow below in respect of Cronje et al);
- 4.37.4.3 under the lock up restriction BVI shall be entitled, in respect of such PPH Shares, to sell –
- 4.37.4.3.1 after the date which is 30 days following the Receipt Date, up to 50% of the PPH Shares;
- 4.37.4.3.2 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
- 4.37.4.4 SAPHL will acquire from Pepkor Trading Proprietary Limited an amount equivalent to €10 million of BVI's c. R560 million indebtedness owing to Pepkor Trading Proprietary Limited (using the ZAR/EUR FX rate applicable on the date of such acquisition) and thereafter waive any recovery in respect of such sum from BVI; and
- 4.37.4.5 subject to and as soon as reasonably practicable following the Settlement Effective Date, Steinhoff At Work Proprietary Limited ("**SAW**") will purchase all of FI Operations Proprietary Limited's shares in BVI held as at the Settlement Effective Date and will, as soon as practicable thereafter, sell these, together with any other shares held by SAW in BVI, to BVI for for R1.00;



- 4.37.5 in respect of the Contractual Claims of Cronje et al:
- 4.37.5.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.50 per share;
- 4.37.5.2 in respect of Leon Marius Lourens, Johan Daniël Wasserfall, Charl André Cronje and Johan Samuel van Rooyen (members of Cronje et al, hereafter referred to as "**Current Managers**") the PPH Shares concerned shall be subject to a lock up restriction on the sale of those PPH Shares from the Receipt Date as follows -
- 4.37.5.2.1 under the lock up restriction the Current Managers shall be entitled, in respect of such PPH Shares, to sell –
- 4.37.5.2.1.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;
- 4.37.5.2.1.2 after the first anniversary of the Receipt Date and up to and including the third anniversary of the Receipt Date, up to 50% of the PPH Shares (including any PPH Shares sold under clause 4.37.5.2.1.1); and
- 4.37.5.2.1.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
- 4.37.5.3 the lock up restrictions contemplated in clause 4.37.5 will cease to apply in respect of any Current Manager with effect from the date on which he goes on active retirement or leaves the employ of PPH and will be replaced by a 30 day lock up period with effect from the date on which he ceases to be employed by PPH;
- 4.37.5.4 in respect of Cronje et al claimants other than the Current Managers, the lock up restriction will only apply for 30 days following the Receipt Date.



SIHPL Market Purchase Claimants:

- 4.38 SIHPL Market Purchase Claimants are encouraged to review the detailed terms of the Proposal with respect to the SIHPL Market Purchase Claimants, as set out below in *Part B3 – SIHPL Market Purchase Claimants* on page 61. It should be noted in this respect that, pursuant to the Steinhoff Group Settlement, the settlement of MPC Relevant Claims, whether they be SIHPL Market Purchase Claims under this Proposal or SIHNV Market Purchase Claims under the SIHNV Composition Plan, is proposed on the basis that the calculation of all such claims should be determined according to the same methodology, regardless of whether such claims derive from purchases of SIHPL Shares or SIHNV Shares. That approach brings the advantages of (i) consistency and (ii) relevant simplicity and manageability, relative to any attempt to construct different claims calculation methodologies for SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants. SIHPL and SIHNV also consider that the approach is fair as between SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants, for the reasons set out in detail in clause 26 of this Proposal.
- 4.39 The sources, and therefore quantum, of recoveries for SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants will however differ. As further described below, all Market Purchase Claimants will be entitled to recoveries from the SoP Settlement Fund, but only SIHPL Market Purchase Claimants will additionally be entitled to recoveries from the SIHPL MPC Settlement Fund.
- 4.40 Analysis Group has assisted SIHPL and SIHNV in assessing the likely range of outcomes for SIHPL Market Purchase Claimants under this Proposal. In summary, using claim values estimated by Analysis Group based on available data, the baseline estimated settlement recovery for SIHPL Market Purchase Claimants is 15.1 cents in the Rand, calculated as at 31 August 2021 and depending on variations in Claim Values, Analysis Group conclude that settlement recovery for SIHPL Market Purchase Claimants should in any event fall between 15.1 and 23.7 cents in the Rand.¹⁰

¹⁰ The settlement recovery for SIHNV MPC Relevant Claims of SIHNV Market Purchase Claimants is 8.6 cents in the Euro, calculated as at 31 August 2021, and depending on variations in Claim Values, Analysis Group conclude that settlement recovery for SIHNV MPC Relevant Claims should in any event fall between 7.2 and 11.6 cents in the Euro.



4.41 In summary:

4.41.1 pursuant to the SIHNV Composition Plan and an agreement to be concluded between SIHNV and the SRF, SIHNV shall make available settlement consideration in the amount of the SoP Gross Settlement Fund (i.e. €612,620,000.00). The SoP Gross Settlement Fund less certain costs and expenses (i.e. the SoP Settlement Fund) shall represent settlement consideration available to both SIHPL Market Purchase Claimants (on behalf of SIHPL for the purposes of this Proposal) and SIHNV Market Purchase Claimants (for the purposes of the SIHNV Composition Plan), as well as the SIHNV Contractual Claimants under the SIHNV Composition Plan;

4.41.2 in addition, pursuant to this Proposal and an agreement to be concluded between SIHPL and the SRF, SIHPL shall make available further settlement consideration in the amount of the "**SIHPL MPC Gross Settlement Fund**", i.e. R3,213,580,773.00. The SIHPL MPC Gross Settlement Fund less certain costs and expenses (i.e. the "**SIHPL MPC Settlement Fund**") shall represent additional settlement consideration available solely to SIHPL Market Purchase Claimants;

4.41.3 the settlement consideration available under the Settlement Funds will be paid 50% in cash and 50% in PPH Shares at a deemed settlement price of R15.00 per share as at the Settlement Effective Date, subject to the right of SIHNV and SIHPL (as applicable), at their option, to settle any settlement consideration in a greater proportion, or the full amount, in cash.¹¹ SIHNV and SIHPL (as applicable) in their sole discretion shall also have the option to settle any settlement consideration in a greater proportion of cash for the benefit of Qualifying Ineligible Claimants. Any and all risks in connection with such an arrangement are for the account of the relevant Qualifying Ineligible Claimants, including risks relating to the price and execution of such

¹¹ Please note that the quoted value at the JSE of the PPH Shares as at the Settlement Effective Date may be less than or greater than ZAR 15 per share and that, both before and after the Settlement Effective Date, the trading value of the PPH Shares can be expected to fluctuate. No representation is made as to what the value of the PPH Shares will be at the Settlement Effective Date, at the time any PPH Shares are distributed for the benefit of the Scheme Creditors or at any other time.



arrangement. No restriction on future sales applies in respect of PPH Shares transferred to Market Purchase Claimants, including SIHPL Market Purchase Claimants;

- 4.41.4 allocation of the settlement consideration among Market Purchase Claimants, including the treatment of any unclaimed amounts, will be determined in accordance with the valuation and allocation methodologies set out in *Part B3 - SIHPL Market Purchase Claimants* below; and
- 4.41.5 in addition, SAHPL will make a contribution of up to €30 million towards the fees of the Claimant Representatives as compensation for (i) the costs related to and associated with the efforts by those Claimant Representatives and their key role in the engagement with the Steinhoff Group with regard to participating in an initial mediation in July 2019, the negotiating, drafting and finalising of the Steinhoff Group Settlement and the engagement with their constituents, (ii) the assistance in the processing of claims under the Steinhoff Group Settlement and (iii) the costs related to and associated with the administrative support by the Claimant Representatives in the implementation of the Steinhoff Group Settlement.

Suspensive Conditions and Interconditionality with the SIHNV Composition Plan

- 4.42 It is important to note that this Proposal is subject to Suspensive Conditions (as set out in clause 28). One of these reflects the fact that the Proposal is being made in conjunction with, and is dependent on the success of, a proposal by SIHNV for the settlement and compromise of its litigation and financial liabilities in accordance with the terms of the SIHNV Composition Plan. As noted above, the SIHNV Composition Plan and this Proposal together comprise the Steinhoff Group Settlement and are inter-conditional and, as such, each must be approved and sanctioned/confirmed (as applicable) before either comes into effect.
- 4.43 The SIHNV Composition Plan, in summary, is the composition plan ("*ontwerpakkoord*") containing the compromise arrangement and scheme plan to be proposed by SIHNV to its creditors in accordance with the Dutch Bankruptcy



Act, which can be accessed at www.SteinhoffSettlement.com. It can also be inspected free of charge at the court registry of the District Court of Amsterdam.

- 4.44 The distribution of the Settlement Funds is subject to the provisions of this Proposal and the SIHNV Composition Plan, with this Proposal governing distribution entitlements for SIHPL Market Purchase Claimants and the SIHNV Composition Plan governing distribution entitlements for SIHNV Market Purchase Claimants and SIHNV Contractual Claimants. In each case such distributions will be made on a consistent basis in accordance with the Steinhoff Allocation Plan.
- 4.45 The availability of the SoP Settlement Fund for distribution to (*inter alia*) Market Purchase Claimants (i.e. comprising both SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants) does not allow SIHPL Market Purchase Claimants to claim against SIHNV and/or to participate by voting or otherwise in the SIHNV Composition Plan, unless and to the extent that such SIHPL Market Purchase Claimants also have separate claims that constitute MPC Relevant Claims against SIHNV.
- 4.46 In short, although the two processes are inter-conditional, the SIHNV Composition Plan entails a process that is separate to the process contemplated in this Proposal, and voting or other participation by a Scheme Creditor in respect of this Proposal shall not constitute a vote or participation in respect of the SIHNV Composition Plan, and *vice versa*.

Liquidation Comparators: Probable Dividends in the Event of Liquidation

- 4.47 The failure of the Steinhoff Group Settlement would mean that SIHPL and SIHNV would remain subject to the numerous and material Litigation claims that they are currently defending. Successful outcomes for SIHPL and/or SIHNV in such Litigation can in no way be assured and, whilst no liability is admitted, there is a potential that adverse judgments in Litigation proceedings may be granted against SIHPL and/or SIHNV by a court of first instance from the first half of 2022. As a result, SIHPL and SIHNV could be faced with obligations to pay amounts substantially exceeding the value of their assets with no realistic prospect of satisfying or restructuring such liabilities. Moreover, the effect of the pending appeal process in respect of the S.45 Judgment may be that the finding in the S.45



Judgment is technically suspended, giving rise to a question as to whether SIHPL retains financial indebtedness (in the form of the SIHPL CPU) that matures at the end of this year. In any event, a successful appeal of the S.45 Judgment would confirm the existence of that debt unequivocally in circumstances where it can be expected to have matured without having been paid. Such circumstances would require SIHPL's directors to reassess the going concern scenario and would be likely to cause them to conclude that they should file for the liquidation of SIHPL. In this respect:

- 4.47.1 as outlined further in clause 24, filing for liquidation would inevitably trigger a forced realisation of SIHPL investments in its affiliates in circumstances where distributions to creditors would be very materially delayed by, among other things, the need to resolve the Litigation, which is likely to take years to be finally resolved due to the complex nature of the claims and the risk of appeal proceedings in that respect; and
- 4.47.2 in any event, the value or potential value of claims in respect of financial debt and potential value of contingent Litigation claims (whether or not they are taken at claimed value, or estimated on the basis of methodology of SIHPL and its advisers as described in clause 16) exceed the value of the assets of SIHPL (please refer to the Liquidation Comparators prepared by the Analysis Group attached at Annexure D (*Liquidation Comparators*)).
- 4.48 Two primary Liquidation Comparators have been prepared, namely the "**Universal Comparator**", and the "**Limited Comparator**", each of which has two variants. Based on these two Liquidation Comparators, the probable dividend for admitted concurrent creditors in the event of a liquidation of SIHPL is between 19.6 and 35.1 cents in the Rand depending on, amongst other things, the success or otherwise of the Litigation claims of the SIHPL Market Purchase Claimants.¹² Further details on the Liquidation Comparators, the relevant assumptions and a greater explanation of the scenarios resulting in the range of probable dividends in the event of a liquidation are set out in clause 24 below.

¹² Section 155(3)(a)(iii): Probable dividend in the event of SIHPL's liquidation.



4.49 A third set of Liquidation Comparators (namely, the "**Alternate Comparators**") has also been prepared following the S.45 Judgment. The Alternate Comparators reflect the returns that might be received in both variants of the Universal Comparators and the Limited Comparators (as defined in clause 24), should the Financial Creditors' claims be removed from the calculations. The Alternate Comparators are provided only for the sake of completeness. This is because, for the reasons set out in clauses 4.25 to 4.30 of this Proposal, SIHPL does not believe that the Alternate Comparators are at all likely to reflect the reality of SIHPL's position, in light of the pending appeals of the S.45 Judgment and the various claims that the Financial Creditors could assert against SIHPL even if those appeals were to fail.

Benefits of this Proposal

4.50 The Liquidation Comparators at Annexure D show the anticipated returns that Scheme Creditors might receive should this Proposal fail and should SIHPL enter liquidation proceedings. However, if this Proposal is successfully implemented, it will provide the following benefits:

4.50.1 for all Scheme Creditors, greater certainty as compared to pursuing Litigation against SIHPL and/or seeking to prove claims against SIHPL in a liquidation, including avoiding significant legal costs;

4.50.2 for Financial Creditors, greater certainty as to SIHPL's financial position as a result of the settlement by payment of Contractual Claims and claims of SIHPL Market Purchase Claimants, and in respect of their own claims;

4.50.3 for all Scheme Creditors, the receipt of value on a timescale likely to be materially shorter than would be the case if SIHPL were to be placed in liquidation; and

4.50.4 for all Scheme Creditors, the ability for SIHPL to avoid liquidation costs and, therefore, increase the monetary sum that is available for distribution to Scheme Creditors.



4.51 The benefits of this Proposal for all Scheme Creditors, as well as the benefits to each Class of Scheme Creditors, are set out in greater detail in clause 26 below.



PART B – PROPOSALS

5 ASSETS AVAILABLE FOR THIS PROPOSAL

- 5.1 Assets worth approximately R13.210 billion will be made available in order to settle the claims of Contractual Claimants and SIHPL Market Purchase Claimants under the terms of this Proposal.¹³ A list of the relevant assets is set out in Annexure B but, in summary, such assets will be comprised of¹⁴:
- 5.1.1 assets valued at approximately R8.756 billion¹⁵ which will be made available by SIHPL for the purposes of the settlement of the Contractual Claimants (excluding BVI and Cronje et al), each of whose Contractual Claims will be Settled by way of payment and/or transfer to them of such value in the form of cash and PPH Shares (as recorded in the relevant parts of Annexure F);
- 5.1.2 approximately 61 million PPH Shares which will be made available by SIHPL for the purposes of the settlement of the Contractual Claims of BVI and Cronje et al; and
- 5.1.3 assets valued at approximately R3.214 billion which will be made available by SIHPL for the purposes of the settlement of the SIHPL Market Purchase Claims, each of which will be Settled by way of payment and/or transfer to them of their portion of the SIHPL MPC Settlement Fund.
- 5.2 In addition, assets valued at approximately R7.546 billion will be made available by SIHNV for the purposes of the settlement of MPC Relevant Claims, including those of SIHPL Market Purchase Claimants, each of which will be Settled by way of payment and/or transfer to them of their portion of the SoP Settlement Fund.
- 5.3 SIHPL will be obliged to satisfy its settlement obligations owing to the Financial Creditors on and in accordance with the terms of this Proposal. Subject to (i) the Disputed Contractual Claim Reserve, (ii) prior-ranking claims created by the settlement in favour of Newco 2A and SIHNV, and (iii) equal-ranking claims in

¹³ Section 155(3)(b)(iv): SIHPL's property that is proposed to be available in terms of this Proposal.

¹⁴ Based on EUR/ZAR FX rate of 17.0906 and PPH spot price of ZAR 20.28 (14-Jan-2021 close).

¹⁵ Subject to the outcome of the Mayfair Claim.



respect of Intercompany Loan Claims and any Non-Qualifying Claims that are established, the Financial Creditors will have recourse to SIHPL's residual assets over time on a limited recourse basis (as set out in more detail below).

- 5.4 SIHPL shall remain obliged to satisfy its obligations to the Intercompany Loan Creditors in respect of the Intercompany Loan Claims, which as noted above will rank *pari passu* with the secured claims of Financial Creditors and any Non-Qualifying Claims that are established.
- 5.5 Fees for advisors, and fees for directors, will not be deducted from the assets and property made available for distribution to Contractual Claimants and SIHPL Market Purchase Claimants, but such amounts will be payable by SIHPL following the Settlement Effective Date out of its assets ahead of any payments to Financial Creditors or in respect of Non-Qualifying Claims.
- 5.6 There is no preference in the order of which the Contractual Claimants or the SIHPL Market Purchase Claimants will receive their settlement consideration and, in any event and as described above, separate pools of assets are made available as settlement consideration for each of these Classes of Scheme Creditors. As a result, however, of the claim verification process required in respect of MPC Relevant Claims, it is envisaged that distributions to SIHPL Market Purchase Claimants will occur later in time than distributions to Contractual Claimants.¹⁶

6 TREATMENT OF CLASSES

- 6.1 As outlined in clause 4.8 above, this Proposal offers differing terms for Financial Creditors, Contractual Claimants and SIHPL Market Purchase Claimants due to differences in the legal characteristics, nature and quality of their respective claims against SIHPL. Specifically, this Proposal seeks to compromise:
 - 6.1.1 any and all liabilities owed by SIHPL to the Financial Creditors (including any such liabilities arising under, out of or in connection with the SIHPL CPU and/or the Guarantees), in accordance with the terms set out in *Part B1 – Financial Creditors* below; and

¹⁶ Section 155(3)(b)(iii): the order of preference of settlement.



- 6.1.2 the disputed and not legally established obligations alleged to be owed respectively by SIHPL to the Contractual Claimants and the SIHPL Market Purchase Claimants. As set out in *Part B2 – Contractual Claimants* and *Part B3 – SIHPL Market Purchase Claimants* below, the Proposal treats these two different classes separately and distinctly due to important differences between them, as discussed in detail below.
- 6.2 Contractual Claimants have a special factual relationship with SIHPL, established as a result of having contracted with SIHPL on an arms-length negotiated basis in respect of contractual arrangements under which shares in other enterprises were sold or transferred by such claimants or their related parties to SIHPL. In contrast, SIHPL Market Purchase Claimants do not have any such special factual relationship with SIHPL.
- 6.3 Due to the lack of any such special factual relationship, and as iterated in the recent judgment of the South Gauteng Division of the High Court of South Africa in *De Bruyn*¹⁷ (as discussed in further detail below), the claims of the SIHPL Market Purchase Claimants have additional legal difficulties to overcome relative to those of Contractual Claimants.
- 6.4 On that basis, this Proposal offers SIHPL Market Purchase Claimants consideration which reflects a fair and equitable compromise between the possible scenarios that could ensue if SIHPL were to be liquidated, namely:
- 6.4.1 a scenario (considered to be likely by SIHPL) in which SIHPL Market Purchase Claimants' claims are held to be wholly inadmissible, in which case they would receive no dividend at all (and therefore fare materially worse than under this Proposal); or
- 6.4.2 a scenario (considered by SIHPL to be contrary to *De Bruyn*¹⁸) in which SIHPL Market Purchase Claimants' claims are held to be admissible, in which case,

¹⁷ *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).

¹⁸ *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).



and subject to proof of their quantum in each case, they may or may not fare better than under this Proposal.

- 6.5 Details of the Liquidation Comparators, showing the different relative treatments of the Classes of Scheme Creditors and the scenarios resulting in the range of probable dividends, in the event of a liquidation, are set out in *Part B5 – Liquidation Comparators and Benefits of this Proposal* commencing on page 102 below.
- 6.6 At clause 26 are explanations of the benefits of this Proposal to all Scheme Creditors generally, as well as the benefits to each of the Classes of Scheme Creditors relative to the likely counterfactual of liquidation.



PART B1 – FINANCIAL CREDITORS

This section describes the terms of this Proposal as they relate to the Financial Creditors and how the Proposal will impact their recoveries in the event it becomes effective.

7 DISTRIBUTIONS

7.1 The Financial Creditors will not be eligible to receive any immediate distribution under this Proposal in respect of the SIHPL Financial Creditor Liabilities but, instead, will have certain rights against SIHPL pursuant to the terms and conditions recorded herein (including pursuant to the S155 Settlement Note), which shall become effective on the Settlement Effective Date.

7.2 This Proposal provides that the recourse of Financial Creditors in respect of their claims arising under, out of or in connection with the SIHPL Financial Creditor Liabilities will be limited to the available assets of SIHPL over which they (together with certain other creditors) are to receive the benefit of security.¹⁹

7.3 The attention of Financial Creditors is drawn to:

7.3.1 the fact that the amendments to this Proposal made following SIHNV and SIHPL's announcements of 16 July 2021 and 11 August 2021 reflect a very material increase in the settlement recoveries of SIHPL MPC Claimants under the Proposal and a corresponding reduction in the assets previously expected to be available following the Settlement Effective Date for application towards the claims of *inter alia* Financial Creditors under the S155 Settlement Note over time;

7.3.2 the fact that the Financial Creditors' recovery under this Proposal bears the risk to the extent that the Mayfair Claim and/or any of the Non-Qualifying Claims are successful; and

7.3.3 the addition of the disputed Trevo claim to the Non-Qualifying Claims category.

¹⁹ Section 155(3)(b)(ii): release of SIHPL from the payment of debts.



8 TERMS OF SETTLEMENT OF CLAIMS OF FINANCIAL CREDITORS

8.1 The rights granted to the Financial Creditors by way of compromise of their claims in respect of the SIHPL Financial Creditor Liabilities, and the terms on which security is to be granted in respect of such rights, are part of the package of amendments, waivers and releases which will be sought by the Group from its creditors pursuant to a consent request to facilitate implementation of the Steinhoff Group Settlement (as further described in clause 4.35 above).

8.2 The proposed terms of settlement of the claims of the Financial Creditors arising under, out of or in connection with the SIHPL CPU provide that on the Settlement Effective Date, the S155 Settlement Note shall be issued to Financial Creditors, the terms of which are set out in Annexure J and include:

8.2.1 zero coupon;

8.2.2 a final maturity 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), upon and subject to the Settlement Effective Date; and

8.2.3 that the debt will be secured but also limited recourse.

9 RESERVES AND QUARTERLY CASH SWEEP

9.1 Subject to the Settlement Effective Date, and without any impact on the settlement consideration to be paid in respect of Contractual Claims and SIHPL Market Purchase Claims, SIHPL will, from 31 March 2022, be subject to a conditional cash sweep regime. The surplus cash is measured by reference to available cash at SIH and the South African Sub-Group.

9.2 Such cash sweep is subject to retaining a South African Sub-Group aggregate balance of at least €50million, plus a reserve for SIH preference dividends to be paid to the SIH preference shareholders. The proceeds of the cash sweep will be applied for the benefit of SIHPL and its residual creditors, including the Financial



Creditors and the Intercompany Loan Creditors, in accordance with their ranking following the Settlement Effective Date, subject to (i) SIHPL retaining a balance of at least €5million at all times out of which ongoing fees and expenses may be paid and (ii) SIHPL setting aside the Disputed Contractual Claim Reserve and making reserve for Non-Qualifying Claims.

- 9.3 For further details in this regard, see the terms of the S155 Settlement Note contained in Annexure J.

10 ADDITIONAL ASSET

- 10.1 As part of the arrangements put in place with the Titan Claimants, SIHPL shall acquire the Titan Receivable from Newco 2A (as further described in clause 15.5) for deferred consideration in the form of the Newco 2A Loan, as described below.

11 OTHER NEW LIABILITIES IN THE FORM OF LOAN NOTES

Newco 2A Loan

- 11.1 This is a loan agreement to be entered into between SIHPL and Newco 2A, which sets out the terms and conditions pertaining to the payment by SIHPL of the deferred consideration payable by it for the acquisition from Newco 2A of the Titan Receivable.
- 11.2 The repayment terms of the Newco 2A Loan include a zero coupon, a repayment date being the final maturity date of 6 months after the Titan Receivable final maturity date, quarterly cash sweeps at SIHPL (as described above) and limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL.

SIHNV Loan

- 11.3 This is a loan agreement to be entered into between SIHPL and SIHNV, which sets out the terms and conditions pertaining to the payment by SIHPL of the consideration payable by it to SIHNV for the settlement by SIHNV of the SIHPL Market Purchase Claimants' claims on SIHPL's behalf. The principal amount under such agreement will be €164,000,000.00.



- 11.4 The repayment terms of the SIHNV Loan include a zero coupon, a repayment date being the final maturity date of 6 months after the Titan Receivable final maturity date, quarterly cash sweeps at SIHPL (as described above) and limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL.

12 SECURITY

- 12.1 SIHPL will grant the benefit of security over its assets to its creditors, reflecting the following priority (after accounting for the Disputed Contractual Claim Reserve): (i) the NewCo 2A Loan; (ii) the SIHNV Loan; and (iii) on a *pari passu* basis the claims of the Financial Creditors, Intercompany Loan Claims and Non-Qualifying Claims. The "**Security Assets**" are those set out in Annexure J.

- 12.2 As security for its obligations:

12.2.1 under the Newco 2A Loan, SIHPL will cede (*in securitatem debiti*), on a **first-ranking basis**, all of its rights, title and interest in and to the Security Assets subject to arrangements in respect of any preferent Non-Qualifying Claims that are finally determined to be due by a court of competent jurisdiction or alternative dispute resolution procedure or agreed by SIHPL;

12.2.2 under the SIHNV Loan, SIHPL will cede (*in securitatem debiti*), on a **second-ranking basis** (having regard the security granted by SIHPL for the Newco 2A Loan), all of its rights, title and interest in and to the Security Assets, again subject to arrangements in respect of any preferent Non-Qualifying Claims that are finally determined to be due by a court of competent jurisdiction or alternative dispute resolution procedure or agreed by SIHPL; and

12.2.3 on a *pari passu* basis, owing to the Financial Creditors under the S155 Settlement Note and non-preferent Non-Qualifying Claimants that are finally determined to be due by a court of competent jurisdiction or alternative dispute resolution procedure or agreed by SIHPL, SIHPL will cede (*in securitatem debiti*), on a **third-ranking basis** (having regard the security granted by SIHPL for the Newco 2A Loan and SIHNV Loan), all of its rights, title and interest in



and to the Security Assets, subject to arrangements in respect of Intercompany Loan Claims.



PART B2 – CONTRACTUAL CLAIMANTS

This section describes the terms of this Proposal as they relate to the Contractual Claimants in the event this Proposal becomes effective.

13 CONTRACTUAL CLAIMS VALUATION METHODOLOGY

13.1 For the purposes of the Proposal, each of the Contractual Claimants' claims is valued according to a methodology which takes into account both the precise nature of the relevant claim and a set of universal factors common to such claims (the "**Contractual Claims Valuation Methodology**"), including, *inter alia*:

13.1.1 when SIHPL Shares were acquired and when such shares (or SIHNV Shares received in exchange for them pursuant to the Scheme of Arrangement) were sold; and

13.1.2 the price attributed to those shares and the benefits received in respect of those shares, including an estimate of the residual value of such SIHNV Shares as remained held by the Contractual Claimants at close of business on 5 December 2017.

13.2 The precise methodology applied to Contractual Claimants depends on whether they assert:

13.2.1 "Rescissionary Contractual Claims", i.e. they seek, as primary relief, rescissionary relief in respect of the relevant contract; or

13.2.2 "Damages Contractual Claims", i.e. they seek, as primary relief, delictual damages,

with the resulting computations of the values of each Contractual Claimant being set out in separate annexures hereto (marked Part I. to Part VI. of Annexure F), it being recorded for the avoidance of doubt that both methodologies would ultimately provide the same valuation regardless of the primary relief sought.



14 SETTLEMENT TERMS FOR CONTRACTUAL CLAIMANTS

- 14.1 Verified Contractual Claims (other than claims by Thibault and Wiesfam) will be settled for a total nominal amount of, at least, approximately R1.491 billion, allocated in accordance with their respective claim amounts determined under the Contractual Claims Valuation Methodology and reflecting a recovery rate of 28.7% on such claim amounts.
- 14.2 Contractual Claims of Thibault and Wiesfam will, as described further below, be settled for a total nominal amount of approximately R7.904 billion, representing a proportionally lower recovery rate (relative to other Contractual Claims) of 18.3% on their collective claim amounts determined under the Contractual Claims Valuation Methodology.
- 14.3 Subject as follows, the settlement consideration will be paid 50% in cash and 50% in PPH Shares at a deemed settlement price of R15.00 per share (subject to SIHPL's right, in its absolute discretion, to settle any settlement consideration in a greater proportion, or the full amount, in cash) and Contractual Claimants will be required to agree to lock up PPH Shares allocated to them for 180 days from the Settlement Effective Date.
- 14.4 In respect of the Contractual Claims of BVI:
- 14.4.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.00 per share;
- 14.4.2 the PPH Shares concerned shall be subject to a lock up restriction on the sale of those PPH Shares from the Receipt Date;
- 14.4.3 under the lock up restriction BVI shall be entitled, in respect such PPH Shares, to sell –
- 14.4.3.1 after the date which is 30 days following the Receipt Date, up to 50% of the PPH Shares;



- 14.4.3.2 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
 - 14.4.3.3 SAPHL will acquire from Pepkor Trading Proprietary Limited an amount equivalent to €10 million of BVI's c. R560 million indebtedness owing to Pepkor Trading Proprietary Limited (using the ZAR/EUR FX rate applicable on the date of such acquisition) and thereafter waive any recovery in respect of such sum from BVI; and
 - 14.4.3.4 subject to and as soon as reasonably practicable following the Settlement Effective Date, SAW will purchase all of FI Operations Proprietary Limited's shares in BVI held as at the Settlement Effective Date and will, as soon as practicable thereafter, sell these, together with any other shares held by SAW in BVI, to BVI for R1.00.
- 14.5 In respect of the Contractual Claims of Cronje et al:
- 14.5.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.50 per share;
 - 14.5.2 in respect of Leon Marius Lourens, Johan Daniël Wasserfall, Charl André Cronje and Johan Samuel van Rooyen (members of Cronje et al, hereafter referred to as "**Current Managers**") the PPH Shares concerned shall be subject to a lock up restriction on the sale of those PPH Shares from the Receipt Date as follows –
 - 14.5.2.1 under the lock up restriction the Current Managers shall be entitled, in respect of such PPH Shares, to sell –
 - 14.5.2.1.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;
 - 14.5.2.1.2 after the first anniversary of the Receipt Date and up to and including the third anniversary of the Receipt Date, up to 50% of the PPH Shares (including any PPH Shares sold under clause 14.5.2.1.1); and



- 14.5.2.1.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
- 14.5.3 the lock up restrictions contemplated in clause 14.5.2 will cease to apply in respect of any Current Manager with effect from the date on which he goes on active retirement or leaves the employ of PPH and will be replaced by a 30 day lock up period with effect from the date on which he ceases to be employed by PPH;
- 14.5.4 in respect of Cronje et al claimants other than the Current Managers, the lock up restriction will only apply for 30 days following the Receipt Date.
- 14.6 As soon as practicable after the Settlement Effective Date:
 - 14.6.1 SIHPL shall pay the cash portions payable to each Contractual Claimant and Titan as set out in clause 14; and
 - 14.6.2 where applicable, Ainsley will transfer PPH Shares directly to the Contractual Claimants and Titan in their pro rata shares, pursuant to SIHPL's obligation to deliver such PPH Shares to such Contractual Claimants and Titan under this Proposal.
- 14.7 Upon the Settlement Effective Date, any and all claims of the Contractual Claimants of whatsoever nature, and however and whenever arising, whether related to or based upon the Events or otherwise, and whether held/asserted now, or in the future, against SIHPL will be treated as having been fully and finally settled in consideration for the payments of cash and/or transfers of PPH Shares to be effected in accordance with this Proposal.



Disputed Contractual Claim

Mayfair

- 14.8 Mayfair's particulars of claim filed under the Mayfair Claim allege that –
- 14.8.1 Mr Jooste, as the chief executive officer of SIHPL, caused SIHPL to conclude the share swap transaction with Mayfair;
- 14.8.2 Mr Jooste, as a director of Mayfair, voted in favour of, or alternatively agreed to, the conclusion of the share swap transaction by Mayfair in the circumstances pleaded in the Mayfair Claim;
- 14.8.3 Mr Potgieter, as a director of Mayfair, was induced to vote in favour of, alternatively agree to, the conclusion of the share swap transaction by Mayfair, by representations made to Mayfair –
- 14.8.3.1 by Mr Jooste that the share swap transaction was in the best interests of Mayfair;
- 14.8.3.2 by Mr Jooste and SIHPL regarding *inter alia* the fact that SIHPL's financial statements were an accurate and fair reflection of SIHPL's financial affairs.
- 14.9 Accordingly, with regard to the fact that Mr Jooste represented both parties to the share swap transaction and to the allegations set out in clause 14.8, as well as taking into account the role that Mr Jooste played in relation to the Events, the Mayfair Claim, which constitutes a Contractual Claim and accordingly means that Mayfair is a Contractual Claimant under this Proposal, is disputed.
- 14.10 In this regard –
- 14.10.1 Mayfair is a contingent Scheme Creditor;
- 14.10.2 Mayfair will be entitled to participate in the Meeting and vote in respect of its disputed Contractual Claim;



- 14.10.3 in the event that this Proposal is Adopted, SIHPL shall reserve an amount to be paid to Mayfair, on the basis of and calculated in accordance with the Contractual Claims Valuation Methodology, in the event that Mayfair is ultimately successful with the Mayfair Claim (the Disputed Contractual Claim Reserve);²⁰
- 14.10.4 if Mayfair is successful with the Mayfair Claim in a court of last instance (i.e. judgment is final in effect and not subject to any further appeal, review, etc.), SIHPL shall make payment to Mayfair of the Disputed Contractual Claim Reserve, regardless of any order made in respect of the Mayfair Claim; and
- 14.10.5 if Mayfair is unsuccessful with the Mayfair Claim and provided judgment in that matter is final in effect and not subject to any further appeal, review, etc., Mayfair shall not be entitled to receive any payments from SIHPL, notwithstanding that it is a Contractual Claimant under this Proposal.

15 ADDITIONAL TERMS WITH RESPECT TO THE TITAN CLAIMANTS' CLAIMS

- 15.1 The value of the Titan Claimants' claims as calculated in accordance with, as applicable, the Contractual Claims Valuation Methodology (as set out in clause 13) and the MPC Valuation Methodology (as set out in clause 16, below) is as follows:²¹
- 15.1.1 R42,663 million (approximately €2,496 million) in respect of the Thibault Claims which are Contractual Claims and R95 million (approximately €5.5 million) in respect of the Thibault Claims which are MPC Relevant Claims;
- 15.1.2 R532 million (approximately €31 million) in respect of the Wiesfam Claims which are Contractual Claims and R137 million (approximately €8 million) in respect of the Wiesfam Claims which are MPC Relevant Claims; and

²⁰ Based on the information currently available to it, SIHPL estimates that such reserve should not exceed R162.2 million (being 28.7% of R565.8 million, the estimated claim value as of 31 August 2021 calculated by Analysis Group).

²¹ For purposes of the remainder of clause 15.1 and clause 15.2, all amounts are based on an estimated forward EUR/ZAR FX rate of 17.0906 for 31 August 2021 as of 30 June 2020.



- 15.1.3 R98 million (approximately €6 million) in respect of the Titan MPC Claims.
- 15.2 The nominal value of the settlement offered to the Titan Claimants in full and final settlement of the Titan Claimants' Claims is an aggregate amount of the R7.904 billion (approximately €462 million). When applied solely to the Titan Claimants' Contractual Claims this reflects a recovery rate of 18.3%, which is a lesser rate of recovery than the 28.7% rate of recovery offered to the Contractual Claimants in respect of other Contractual Claims.
- 15.3 Furthermore, any Titan Claims constituting an MPC Relevant Claim shall be waived by the Titan Claimants for no additional consideration (i.e. there will be no consideration paid to the Titan Claimants in respect of any Titan Claims constituting an MPC Relevant Claim), reflecting less than the estimated range of rate of recovery offered to SIHPL Market Purchase Claimants in respect of the MPC Relevant Claims.
- 15.4 In this respect it is recorded that the Titan Claimants agree, by voting in favour of this Proposal at the Meeting, to such lesser rate of recovery as compared to that offered to the other Scheme Creditors.
- 15.5 In addition, Titan originally owed (although this is disputed by Titan) an amount of €200,000,000.00 to SFH, which was assigned to Newco 2A as part of the Financial Restructuring. As part of the settlement arrangements with the Titan Claimants:
- 15.5.1 the amount owing by Titan to Newco 2A will be acquired by SIHPL for consideration constituting the NewCo 2A Loan;
- 15.5.2 the amount owing by Titan to Newco 2A will be released and the Titan Receivable will be issued such that it carries a coupon of 5.04% PIK per annum and has a repayment date of 5 years from the Settlement Effective Date; and
- 15.5.3 Titan will grant a security package to SIHPL in support of the Titan Receivable as so amended.



PART B3 – SIHPL MARKET PURCHASE CLAIMANTS

16 MPC VALUATION METHODOLOGY

- 16.1 The alleged claims of each of the SIHPL Market Purchase Claimants have been ascribed values solely for purposes of settlement under and in terms of this Proposal, in accordance with a methodology developed for the estimation of all MPC Relevant Claims (the "**MPC Valuation Methodology**"), as more fully described in the Steinhoff Allocation Plan.
- 16.2 SIHPL and SIHNV have formulated the MPC Valuation Methodology with the assistance of Analysis Group, an internationally respected, reputable and experienced economic, financial and strategy consulting firm with offices in Europe, North America and Asia, operating from its London branch. The MPC Valuation Methodology has been formulated in accordance with international standard market practice and with regard to principles of South African law.
- 16.3 The universal application across MPC Relevant Claims of the MPC Valuation Methodology will:
- 16.3.1 secure an equal standard pursuant to which the claims of MPC Relevant Claims (including those of SIHPL Market Purchase Claimants) are valued and on which basis payments can be claimed under this Proposal;
 - 16.3.2 provide an efficient resolution of the very large number of MPC Relevant Claims that have been or may be asserted, including by SIHPL Market Purchase Claimants; and
 - 16.3.3 minimise the time and costs associated with resolving all disputed MPC Relevant Claims, including those of SIHPL Market Purchase Claimants.
- 16.4 The effect of the universal application of the MPC Valuation Methodology is that:
- 16.4.1 with respect to the SIHPL Market Purchase Claimants, the value of each MPC Relevant Claim will be calculated using a methodology based on the extent to which the relevant SIHPL Shares (and, following their exchange pursuant to



the Scheme of Arrangement, the relevant SIHNV Shares) were inflated in price in the "relevant period" from open of business on 2 March 2009 to close of business on 6 December 2017, calculated by reference to the share price decline as a result of announcements made in the first week of December 2017. Specifically, such valuation reflects:

- 16.4.1.1 the total amount of each SIHPL Market Purchase Claimant's overpayments during the relevant period due to inflation in the price of the SIHPL Shares on the date of each purchase thereof; **less**
- 16.4.1.2 the total amount of each SIHPL Market Purchase Claimant's overcompensation during the relevant period due to inflation in the price of the SIHPL Shares (or SIHNV Shares received in exchange for SIHPL Shares) on the date of any and each sale thereof.
- 16.4.2 The MPC Valuation Methodology is set out more fully in the Steinhoff Allocation Plan.

17 SETTLEMENT TERMS FOR SIHPL MARKET PURCHASE CLAIMANTS

- 17.1 As noted above, all Market Purchase Claimants will be entitled to recoveries from the SoP Settlement Fund, whilst SIHPL Market Purchase Claimants will additionally be entitled to recoveries from the SIHPL MPC Settlement Fund.
- 17.2 Analysis Group has assisted SIHPL in assessing the likely range of outcomes for SIHPL Market Purchase Claimants under this Proposal. In summary, using claim values estimated by Analysis Group based on available data at the date of this Proposal and taking into account estimated recoveries from both the SoP Settlement Fund and the SIHPL MPC Settlement Fund, the baseline estimated settlement recovery for SIHPL MPC Relevant Claims of SIHPL Market Purchase Claimants is 15.1 cents in the Rand, calculated as at 31 August 2021,²² and depending on variations in Claim Values, Analysis Group conclude that settlement recovery for SIHPL MPC Relevant Claims should in any event fall between 15.1 and 23.7 cents in the Rand.



SoP Settlement Fund

- 17.3 Pursuant to the SIHNV Composition Plan and an agreement to be concluded between SIHNV and the SRF, and subject to the occurrence of the Settlement Effective Date, SIHNV shall procure payment of settlement consideration of a nominal amount equivalent to €612,620,000.00 (the "**SoP Gross Settlement Fund**"), less (A) any amounts deductible pursuant to clauses 4.4 and 4.5 of the SRF and Claims Administration Conditions and (B) any amounts deductible from the SoP Gross Settlement Fund pursuant to clause 10.3 of the SIHNV Composition Plan (together, the "**SoP Settlement Fund**"), on a *pari passu* pro rata basis to:
- 17.3.1 SIHPL Market Purchase Claimants;
- 17.3.2 SIHNV Market Purchase Claimants; and
- 17.3.3 SIHNV Contractual Claimants.
- 17.4 SIHNV shall make the SoP Gross Settlement Fund available 50% in cash and 50% in PPH Shares and at a deemed settlement price of R15.00 per PPH Share as at the Settlement Effective Date, subject to SIHNV's option, in consultation with SIHPL, to elect in its sole and absolute discretion to make the SoP Gross Settlement Fund available in a greater proportion, or entirely, in cash. SIHNV in its sole discretion shall also have the option to settle the settlement consideration in a greater proportion of cash for the benefit of Qualifying Ineligible Claimants. Any and all risks in connection with such an arrangement are for the account of the relevant Qualifying Ineligible Claimants, including risks relating to the price and execution of such arrangement.
- 17.5 Each SIHPL Market Purchase Claimant whose claim is accepted under the terms of this Proposal will be entitled to a distribution of settlement consideration from the SoP Settlement Fund calculated according to the following formula:

A/(B+C) x D where:

A = the Claim Value of a SIHPL Market Purchase Claimant;



B = the total Claim Value of all claims of all SIHPL Market Purchase Claimants, SIHNV Market Purchase Claimants and SIHNV Contractual Claimants that are:

- (i) filed pursuant to the SIHNV Composition Plan and/or this Proposal (as applicable) and in accordance with the SRF and Claims Administration Conditions; and
- (ii) accepted pursuant to the SIHNV Composition Plan and/or this Proposal (as applicable);

C = the total Claim Value of all the Disputed Claims, which for each Disputed Claim will be the amount as asserted in accordance with the Inflation Methodology (as defined in the Steinhoff Allocation Plan); and

D = the SoP Settlement Fund.

SIHPL MPC Settlement Fund

17.6 In addition, pursuant to this Proposal and subject to the occurrence of the Settlement Effective Date, SIHPL shall procure payment of settlement consideration of R3,213,580,773.00 (the "**SIHPL Gross MPC Settlement Fund**") less (A) any amounts deductible pursuant to clauses 4.4 and 4.5 of the SRF and Claims Administration Conditions and (B) any amounts deductible from the SIHPL Gross MPC Settlement Fund pursuant to clause 17.7 (together, the "**SIHPL MPC Settlement Fund**"), on a *pari passu* pro rata basis to SIHPL Market Purchase Claimants.

17.7 To the extent that, prior to the final distribution (and/or repayments pursuant to clause 19.11 below) of the SIHPL MPC Settlement Fund by SRF to the SIHPL Market Purchase Claimants, the SRF Costs Allocation is insufficient to cover the total of all actual and anticipated SRF Costs (including costs of SRF to be incurred or expected to be incurred after the final distribution (and/or repayments pursuant to clause 19.11 below) of the SIHPL MPC Settlement Fund), a *pro rata* share, relative to the contribution of SIHNV to the SRF Costs Allocation, in such amount



of actual and anticipated SRF Costs that overrun the SRF Costs Allocation, will be deducted from the Gross Settlement Fund, in accordance with clause 4.1.3 of the SRF and Claims Administration Conditions.

17.8 SIHPL shall make the SIHPL MPC Gross Settlement Fund available 50% in cash and 50% in PPH Shares and at a deemed settlement price of R15.00 per PPH Share as at the Settlement Effective Date, subject to SIHPL's option to elect in its sole and absolute discretion to make any part of the SIHPL MPC Gross Settlement Fund available in a greater proportion, or entirely, in cash. SIHPL in its sole discretion shall also have the option to settle any settlement consideration in a greater proportion of cash for the benefit of Qualifying Ineligible Claimants. Any and all risks in connection with such an arrangement are for the account of the relevant Qualifying Ineligible Claimants, including risks relating to the price and execution of such arrangement.

17.9 Each SIHPL Market Purchase Claimant whose claim is accepted under the terms of this Proposal will be entitled to a distribution of settlement consideration from the SIHPL MPC Settlement Fund calculated according to the following formula:

$A/(B+C) \times D$ where:

A = the Claim Value of a SIHPL Market Purchase Claimant;

B = the total Claim Value of all claims of all SIHPL Market Purchase Claimants that are:

- (iii) filed pursuant to this Proposal and in accordance with the SRF and Claims Administration Conditions; and
- (iv) accepted pursuant to this Proposal;

C = the total Claim Value of all the Disputed Claims in respect of SIHPL Market Purchase Claims, which for each such Disputed Claim will be the amount as asserted in accordance with the Inflation Methodology (as defined in the Steinhoff Allocation Plan); and



D = the SIHPL MPC Settlement Fund.

17.10 Subject to the SRF and Claims Administration Conditions, the SRF shall determine the acceptance (or rejection) of a claim and the amount and currency to be allocated to a SIHPL Market Purchase Claimant in respect of such claim as described in clause 20 and effect the payment to each such SIHPL Market Purchase Claimant at the time described in clause 19.15.

17.11 The portions of the Gross Settlement Funds consisting of cash are referred to as the "**Gross Cash Settlement Funds**" and the portions of the Gross Settlement Funds consisting of PPH Shares are referred to as the "**Gross Share Settlement Funds**". In this respect, SIHNV and SIHPL (as applicable) shall procure:

17.11.1 the deposit of the Gross Cash Settlement Funds into:

17.11.1.1 a ZAR escrow account controlled by the SRF with respect to the SIHPL Gross Cash Settlement Fund;

17.11.1.2 a ZAR escrow account controlled by the SRF with respect to the ZAR portion of the cash component of the SoP Gross Settlement Fund; and

17.11.1.3 an EUR bank account with a leading bank controlled by, maintained by or held in the name of the SRF with respect to the EUR portion of the cash component of the SoP Gross Settlement Fund,

each in accordance with the SRF and Claims Administration Conditions; and

17.11.2 that Ainsley makes available any share portion of the Gross Share Settlement Funds for the benefit of holders of MPC Relevant Claims, including SIHPL Market Purchase Claimants, and SIHNV Contractual Claims by way of the establishment of a security arrangement under South African law under the terms of an agreement with Ainsley and SBG Securities Proprietary Limited, so as to enable the SRF to effectively deal with the relevant portion of the PPH Shares in question in accordance with the provisions of this Proposal.



- 17.12 SIHNV and SIHPL (as applicable) shall procure that the deposit of, and establishment of the security arrangement in respect of (as applicable) the Gross Cash Settlement Funds and the Gross Share Settlement Funds referred to in clauses 17.11.1 and 17.11.2 to the SRF occurs on or about the Settlement Effective Date.
- 17.13 Upon receipt by the SRF of the Gross Cash Settlement Funds and establishment of the security arrangement in respect of the Gross Share Settlement Funds (if applicable) for the benefit of the holders of the MPC Relevant Claims and the SIHNV Contractual Claims, SIHPL will be fully released from its obligations to the SIHPL Market Purchase Claimants pursuant to this Proposal. This release will occur automatically upon the completion of such steps and without any further formalities. The SRF shall, as its own independent and several obligation, perform any and all of the obligations pursuant to this Proposal that are expressed to be owed by the SRF.
- 17.14 Any amount payable to a SIHPL Market Purchase Claimant in cash is calculated and paid in accordance with the Steinhoff Allocation Plan and the SRF and Claims Administration Conditions. If a currency conversion from EUR to ZAR is required in connection with any such payment, the conversion will be made at the official EUR/ZAR exchange rate published by the European Central Bank for the transfer of ZAR or EUR quoted at close of business on the day which is two Business Days prior to the Meeting.
- 17.15 After the Bar Date, and in respect of the cash portion of the SoP Gross Settlement Fund, the SRF may, depending on the size of the groups of the SIHPL Market Purchase Claimants, the SIHNV Market Purchase Claimants and the SIHNV Contractual Claimants that are entitled to cash payments in EUR or ZAR in accordance with this Proposal, Part V of the Steinhoff Allocation Plan and the SIHNV Composition Plan:
- 17.15.1 procure the payment of cash from a ZAR escrow account controlled by it to a EUR bank account controlled, maintained or held by it in order for the SRF to pay cash settlement consideration to the SIHPL Market Purchase Claimants, the SIHNV Market Purchase Claimants and the SIHNV Contractual Claimants that are entitled to cash payments in EUR; and



- 17.15.2 procure the payment of cash from a EUR bank account controlled, maintained or held by it to a ZAR escrow account controlled by it in order for the SRF to pay cash settlement consideration to the SIHPL Market Purchase Claimants, the SIHNV Market Purchase Claimants and the SIHNV Contractual Claimants that are entitled to cash payments in ZAR.
- 17.16 The SRF will not make distributions that are deemed to be *de minimis* (negligible) pursuant to Part V of the Steinhoff Allocation Plan and clause 4 of the SRF and Claims Administration Conditions. Any amounts or shares that are not distributed on that ground shall be dealt with in accordance with Part V of the Steinhoff Allocation Plan and clause 4 of the SRF and Claims Administration Conditions.

18 THE ROLE OF THE SRF IN RESPECT OF SIHPL MARKET PURCHASE CLAIMANTS

- 18.1 A foundation (a Dutch *stichting* entity named the Stichting Steinhoff Recovery Foundation, referred to in this Proposal as the "**SRF**") will be established, which also has certain related infrastructure in South Africa for the distribution of the portion of the Gross Settlement Funds to SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants and SIHNV Contractual Claimants that are entitled to receive payment in PPH Shares and in ZAR. SRF is necessary for the purposes of the SIHNV Composition Plan in the Netherlands, to satisfy the District Court of Amsterdam (*Rechtbank Amsterdam*) that the obligations assumed by SIHNV under the SIHNV Composition Plan and this Proposal will be properly and independently performed and discharged by the SRF.
- 18.2 The SRF will be the claims administration and distribution vehicle for the purpose of MPC Relevant Claims, set up as an independent entity governed by a board of newly-appointed directors, with two directors being entirely independent of the Steinhoff Group. The chairperson will be independent and will have a casting vote in case of a tie in decision-making. The SRF will become bound to this Proposal as of the Settlement Effective Date by countersigning this Proposal forthwith upon its establishment. For the avoidance of doubt, it will have no role in relation to the claims of Financial Creditors or Contractual Claimants or the consideration to which they are entitled under this Proposal. The SRF will also be entitled to become a party to settlement agreements with third parties in relation to the Events and/or



Allegations and accordingly collect proceeds from third parties which may be made available for distribution under the terms of the SRF and Claims Administration Conditions. The governance of the SRF is set out in clause 2 (*Purpose and governance of the Stichting Steinhoff Recovery Foundation*) of the SRF and Claim Administration Conditions and in the SRF Articles of Association.

- 18.3 The SRF shall (i) determine the acceptance (or rejection) of a claim and the amount and currency to be allocated to a SIHPL Market Purchase Claimant in respect of such claim in accordance with the Steinhoff Allocation Plan and (ii) effect payment of such settlement sums to each such SIHPL Market Purchase Claimant, subject to the SRF and Claims Administration Conditions.
- 18.4 The SRF shall, upon its establishment, irrevocably and unconditionally submit to the non-exclusive jurisdiction of the High Court of South Africa in respect of any matters arising in respect of the SIHPL Market Purchase Claimants under this Proposal, without detracting from the jurisdiction of the Dispute Committee pursuant to clause 21.
- 18.5 Pursuant to the SIHNV Composition Plan and clause 3.1.17 of the SRF and Claims Administration Conditions, SIHNV has undertaken to procure that SAHPL (or another Steinhoff Group Company) will pay the SRF Costs Payment to the SRF (as defined in the SIHNV Composition Plan), deposited in a separate EUR account of SRF with a leading bank.
- 18.6 To the extent that, after the final distribution (and/or repayments pursuant to clause 19.8) of the Settlement Funds by the SRF to the Market Purchase Claimants and the SIHNV Contractual Claimants, the total SRF Costs (including costs of the SRF to be incurred after the final distribution or repayment of the Settlement Funds) are lower than the SRF Costs Allocation, the SRF will transfer any remaining amount of the SRF Costs Allocation to the parties that have paid such amounts to the SRF, pro rata to the contribution of each such party compared to the total amounts received by the SRF by way of contribution for the SRF Costs, in accordance with clause 4.1.2 of the SRF and Claims Administration Conditions.
- 18.7 To the extent that prior to the final distribution (and/or repayments pursuant to clause 19.8) of the Settlement Funds by the SRF to the Market Purchase Claimants



and the SIHNV Contractual Claimants, the SRF Costs Allocation is insufficient to cover the total of all actual and anticipated SRF Costs (including costs of the SRF to be incurred or expected to be incurred after the final distribution (and/or repayments pursuant to clause 19.8) of the Settlement Funds), a pro rata share, relative to the contribution of SIHNV to the SRF Costs Allocation, in such amount of actual and anticipated SRF Costs that overrun the SRF Costs Allocation, will be deducted from the Gross Settlement Funds, in accordance with clause 4.1.3 of the SRF and Claims Administration Conditions.

18.8 This Proposal constitutes the acceptance and acknowledgement by all SIHPL Market Purchase Claimants of the SRF and Claims Administration Conditions.

19 SIHPL MARKET PURCHASE CLAIMANTS' CLAIMS VERIFICATION PROCESS

19.1 In accordance with the Court Order granted under case number 16377/2020, delivery notices of the availability of this Proposal, and the Meeting, constitute delivery of notice of the Meeting and delivery of a copy of the Proposal. Publication and delivery in terms of that Court Order constituted delivery to every Scheme Creditor. In addition, notice of the availability of this Proposal was, *inter alia*, published on SIHNV's website, on the JSE's Stock Exchange News Service and the equivalent service of the FSE, and in terms of the provisions of the aforesaid Court Order. Given SIHPL does not possess current information on the identity of all actual SIHPL Market Purchase Claimants:

19.1.1 not all SIHPL Market Purchase Claimants will personally receive a copy of this Proposal; and

19.1.2 this Proposal may be delivered to persons who are not SIHPL Market Purchase Claimants.

19.2 The delivery to any person of a copy of this Proposal does not constitute such person as being a SIHPL Market Purchase Claimant.



- 19.3 As a condition to receiving any payment in accordance with clauses 17.5 and 17.9 (if any), each SIHPL Market Purchase Claimant must, on or before the Bar Date, submit to the Claims Administrator in accordance with clauses 19.4 and 19.5 -
- 19.3.1 in the case of each party purporting to represent multiple SIHPL Market Purchase Claimants and/or purporting to have acquired multiple MPC Relevant Claims against SIHPL, a valid and complete Master Claim Form; and
- 19.3.2 in the case of each (other) SIHPL Market Purchase Claimant, a valid and complete Online Claim Form,
- subject to clause 20.
- 19.4 Each Claim Form, all (supporting) documentation referred to therein, and any follow-up correspondence in that respect shall be submitted to the Claims Administrator in electronic format and each SIHPL Market Purchase Claimant agrees that its email address as provided in the Claim Form can be used for such correspondence. However, the Claims Administrator may accept postal submissions from a SIHPL Market Purchase Claimant that is a retail investor (being non-professional market participants who generally invest smaller amounts than larger institutional investors). In the event of a postal submission (and any follow-up correspondence in that respect), the postmark date (if indicated on the correspondence) will be assumed to be the date of receipt of the correspondence for the purposes of this clause 19. Any SIHPL Market Purchase Claimant that submits a Claim Form by postal services bears any risk related thereto (including, but not limited to, the risk that the submission is received after the respective submission deadlines).
- 19.5 Each Claimant Representative or other party filing an MPC Relevant Claim in a representative capacity shall submit all required evidence of its authority to file an MPC Relevant Claim on behalf of a SIHPL Market Purchase Claimant, as detailed in Schedule 2 (*Required Claim Information*) to the SRF and Claims Administration Conditions. Each claim filed by or on behalf of a SIHPL Market Purchase Claimant shall be accompanied with the evidentiary documentation as set out in Schedule 2 (*Required Claim Information*) to the SRF and Claims Administration Conditions.



- 19.6 Prior to making any distributions from the SoP Settlement Fund, the SRF will withhold from the SoP Settlement Fund a nominal amount (the "**Disputed Claims Amount**") equal to the amount that would be distributable in accordance with clause 7.2 of the SIHNV Composition Plan or clause 17.5 of this Proposal (as applicable) in respect of Disputed Claims.
- 19.7 The SRF will reserve the amount specified in clause 19.6 based on the Claim Value in the amount asserted pursuant to the Inflation Methodology (as defined in the Steinhoff Allocation Plan) with respect to the SIHPL Market Purchase Claimants, taking into account the claim details as asserted by the Scheme Creditor.
- 19.8 The positive balance (if any) of the Disputed Claims Amount will, once all Disputed Claims are finally and bindingly determined or resolved and the payments in accordance with clause 19.16 have occurred, be distributed amongst all Market Purchase Claimants and SIHNV Contractual Claimants (unless such claimants have waived receipt of such payment) on a pro rata basis in proportion to their Claim Value, unless the SRF determines that the balance of the Disputed Claims Amount is insufficient to make such distribution economical, in which case the SRF shall pay such balance to SIHNV. Any costs, expenses or fees in relation to such redistribution of the balance of the Disputed Claims Amount to the Market Purchase Claimants and the SIHNV Contractual Claimants will be first deducted from that balance before the pro rata redistribution amounts will be determined to be sufficient to make such distribution economical.
- 19.9 Prior to making any distributions from the SIHPL MPC Settlement Fund, the SRF will withhold from the SIHPL MPC Settlement Fund a nominal amount (the "**Disputed SIHPL Claims Amount**") equal to the amount that would be distributable in accordance with clause 17.9 in respect of Disputed Claims of SIHPL Market Purchase Claimants.
- 19.10 The SRF will reserve the amounts specified in clause 19.9 based on the Claim Value in the amount asserted pursuant to the Inflation Methodology (as defined in the Steinhoff Allocation Plan) with respect to the SIHPL Market Purchase Claimants, taking into account the claim details as asserted by the Scheme Creditor.



- 19.11 The positive balance (if any) of the Disputed SIHPL Claims Amount will, once all Disputed Claims in respect of SIHPL MPC Relevant Claims are finally and bindingly determined or resolved and the payments in accordance with clause 19.6 have occurred, be distributed amongst all SIHPL Market Purchase Claimants (unless a SIHPL Market Purchase Claimant has waived receipt of such payment) on a *pro rata* basis in proportion to their Claim Value, unless the SRF determines that the balance of the Disputed SIHPL Claims Amount is insufficient to make such distribution economical, in which case the SRF shall pay such amount to SIHPL. Any costs, expenses or fees in relation to such redistribution of the balance of the Disputed SIHPL Claims Amount to the SIHPL Market Purchase Claimants will be first deducted from that balance before the *pro rata* redistribution amounts will be determined.
- 19.12 Following the verification of the claims of a SIHPL Market Purchase Claimant the person concerned shall be entitled to vote at the Meeting provided such verification occurs prior to the date of the Meeting and, if the Proposal is Adopted and Sanctioned and the Settlement Effective Date occurs, shall qualify for a portion of the Settlement Funds.
- 19.13 The Claims Administrator will also receive and verify any claims filed by persons who believe they have an MPC Relevant Claim after the Meeting but prior to the Bar Date, for purposes of determining if such claim qualifies for a portion of the Settlement Funds.
- 19.14 Clause 21 of this Proposal to be read in conjunction with clause 6 of the SRF and Claims Administration Conditions provides for a resolution mechanism in the event that:
- 19.14.1 the determination of the SRF is disputed by any person claiming to be a SIHPL Market Purchase Claimant (i.e. where the SRF rejects a claim on the basis that it does not constitute an MPC Relevant Claim and the relevant claimant disputes such rejection); and/or
 - 19.14.2 a SIHPL Market Purchase Claimant or SIHPL disputes the amount which the SRF has determined is payable to such SIHPL Market Purchase Claimant.



- 19.15 Subject to the SRF and Claims Administration Conditions, the SRF will distribute to each SIHPL Market Purchase Claimant, or its respective duly authorised designated agents or trustee, its respective share of the Settlement Funds in respect of a claim that is not a Disputed Claim as soon as reasonably practicable after the Bar Date and once all Market Purchase Claimants and SIHNV Contractual Claimants have been notified of their Claim Determination and the Claim Determinations have become final, subject to the SRF and Claims Administration Conditions.
- 19.16 Subject to the SRF and Claims Administration Conditions, the SRF will distribute to each SIHPL Market Purchase Claimant, or its respective duly authorised designated agents or trustee, its respective share of the Settlement Funds in respect of a Disputed Claim (if any) as soon as reasonably practicable after the later of payment having occurred pursuant to clause 19.15 and the Claims Administrator having received proof that the Claim Value of their Disputed Claim is:
- 19.16.1 determined as being valid on a binding basis in a final decision by the Dispute Committee; or
- 19.16.2 otherwise agreed in a settlement agreement between the relevant parties.
- 19.17 Any SIHPL Market Purchase Claimant that is in principle entitled to receive a payment pursuant to this Proposal will receive such payment in a single instalment.
- 19.18 Subject to clause 19.19, each SIHPL Market Purchase Claimant shall be paid its share of the Settlement Funds in cash and in PPH Shares (at a deemed settlement price of R15.00 per PPH Share) in approximately the same proportion (i.e. 50:50) or, if SIHNV or SIHPL (as applicable) has made available the Gross Settlement Funds in a higher proportion of cash, in approximately the same proportion as the settlement cash and PPH Shares bear to the Gross Settlement Funds, with rounding to occur as follows:
- 19.18.1 no fractional PPH Shares will be transferred. The calculation of the number of PPH Shares to be distributed will be rounded up or down to the nearest whole PPH Share. No adjustment will be made in any cash distribution for any



fractional PPH Shares lost as a result of rounding down or obtained as a result of rounding up;

- 19.18.2 any amount payable to a SIHPL Market Purchase Claimant pursuant to this Proposal in cash will be rounded down to one euro cent (€0.01) or one South African rand cent (R0.01) (as applicable).
- 19.19 To the extent a SIHPL Market Purchase Claimant (or their nominee) is a Qualifying Ineligible Claimant, such SIHPL Market Purchase Claimant shall authorise the SRF to sell the PPH Shares (in consultation with SIHPL) it would be entitled to receive and shall accept without any recourse the costs, price and execution risks of such sale.
- 19.20 The further mechanism of payments will be determined by the SRF and the Claims Administrator acting jointly and will, among other things, take into account speed of payment and related cost. Such determination will bind each SIHPL Market Purchase Claimant.

20 SPECIFICS OF CLAIMS DETERMINATION PROCESS

PART A – IN RESPECT OF CLAIMS SUBMITTED TO THE CLAIMS ADMINISTRATOR PRIOR TO THE VOTING DEADLINE DATE

- 20.1 For each claim filed prior to the Voting Deadline Date, or such later date as SIHPL may permit in its absolute discretion, by an (alleged) SIHPL Market Purchase Claimant pursuant to the terms of this Proposal, the Claims Administrator, acting as reviewer in accordance with the terms of the SRF and Claims Administration Conditions, will initially determine whether the Claim filed constitutes an MPC Relevant Claim and can be accepted and, if so, the Claim Value of that claim (the "**Initial Claim Value**").
- 20.2 The Claims Administrator shall, after receipt and review of a claim filed in accordance with this Proposal, notify the (alleged) SIHPL Market Purchase Claimant if there are any initial deficiencies in the filed claim and/or items in respect of which the Claims Administrator requires additional information and/or documentation (including originals) as the Claims Administrator deems necessary



and/or appropriate for the purposes of verifying that each claim filed constitutes a valid claim (a "**Deficiency Notification**"). In such Deficiency Notification, the Claims Administrator shall advise the (alleged) SIHPL Market Purchase Claimant of the fact that the (alleged) SIHPL Market Purchase Claimant will not be eligible to participate in and/or vote at the Meeting despite submitting a claim prior to the Voting Deadline Date, or such later date as permitted by SIHPL in its absolute discretion, on the basis of the deficiency, but may still be eligible to receive a distribution from the Settlement Funds in the event that any deficiencies are cured (including any further deficiencies that are notified to the (alleged) SIHPL Market Purchase Claimant following the Deficiency Notification) in accordance with the provisions of this Proposal. Part B of this clause 20 sets out the process to be followed upon receipt of a Deficiency Notification.

20.3 The Claims Administrator shall, to the extent it did not send a Deficiency Notification pursuant to clause 20.2 above and after receipt and review of a claim filed prior to the Voting Deadline Date, or such later date as permitted by SIHPL in its absolute discretion, and in accordance with this Proposal, send a written notification to the relevant SIHPL Market Purchase Claimant (or its authorised representative) informing it of its Initial Claim Value and providing the (alleged) SIHPL Market Purchase Claimant with the underlying claim calculation, no later than 12 Business Days prior to the Meeting.

20.4 To the extent that a SIHPL Market Purchase Claimant disagrees with any Deficiency Notification or the Initial Claim Value notified to them by the Claims Administrator –

20.4.1 the SIHPL Market Purchase Claimant in question must notify the Validation Committee of such disagreement on or before the deadline stipulated therefor in the Initial Claim Value or Deficiency Notification (as applicable) (or any longer period as deemed reasonable by the Validation Committee at its sole discretion) of receipt of the Initial Claim Value or Deficiency Notification from the Claims Administrator (the "**Disagreement Notice**");

20.4.2 in a Disagreement Notice, the SIHPL Market Purchase Claimant must set out:
(i) the claimant's name; (ii) the claimant's unique claim number; and (iii) the



basis on which it disagrees with the Initial Claim Value or Deficiency Notification;

- 20.4.3 the Validation Committee, working in conjunction with the Claims Administrator (who will provide the claim information, relevant underlying documentation and claim calculations to the Validation Committee), will review the Initial Claim Value or Deficiency Notification and underlying claim calculation and documentation to determine whether the value calculated or deficiency(ies) identified by the Claims Administrator contains any manifest error or misapplication of the Steinhoff Allocation Plan (the "**Validation Process**");
- 20.4.4 the Validation Committee shall notify the (alleged) SIHPL Market Purchase Claimant in question and SIHPL of the results of the Validation Process. The results of the Validation Process shall be final and binding and not subject to any further appeal and shall constitute the final Initial Claim Value allocated to that SIHPL Market Purchase for purposes of voting at the Meeting; and
- 20.4.5 prior to the Meeting, the Claims Administrator and SIHPL will provide a report to the Chair confirming the value of the claims of each SIHPL Market Purchase Claimant eligible to attend and vote at the Meeting.
- 20.5 For purposes hereof, the Validation Committee's contact details and any other pertinent information, including important dates, will be made available on www.SteinhoffSettlement.com in due course.
- 20.6 For the avoidance of doubt, the Initial Claim Value ascribed to an (alleged) SIHPL Market Purchase Claimant's claim (including those that have been confirmed by the Validation Process) is not conclusive for the purposes of distribution. Prior to a distribution being made, the Claims Administrator may re-verify the claim (to the extent the Claims Administrator or the SRF deems it necessary to do so). All (alleged) SIHPL Market Purchase Claimants, including those who filed their claims prior to the Voting Deadline Date, will be entitled to cure any deficiencies and may avail themselves of the full Dispute Committee process for distribution purposes as set out in Part B of this clause 20 and elsewhere in this Proposal.



20.7 No SIHPL Market Purchase Claimant can challenge or hold the Validation Committee liable for the acceptance and/or rejection of any Disagreement Notice of any SIHPL Market Purchase Claimant or any other aspect of the Validation Process. For the avoidance of doubt, this clause 20.7 contains an irrevocable third-party stipulation in favour of the Validation Committee.

PART B – IN RESPECT OF CLAIMS SUBMITTED TO THE CLAIMS ADMINISTRATOR AFTER THE VOTING DEADLINE DATE

20.8 For the avoidance of doubt it is recorded that the provisions of this Part B of clause 20 shall also apply to (alleged) SIHPL Market Purchase Claimants who file their claims with the Claims Administrator prior to the Voting Deadline Date, or such later date as permitted by SIHPL in its absolute discretion, but who receive a Deficiency Notification in accordance with clause 20.2.

20.9 Subject to clause 21, the decision regarding the acceptance or rejection of a claim filed by a SIHPL Market Purchase Claimant and the Claim Value to be allocated in respect of an accepted MPC Relevant Claim for purposes of payment of distributions to SIHPL Market Purchase Claimants (the "**Claim Determination**") will ultimately be made by the SRF upon the (non-binding) advice of the Claims Administrator and in accordance with this Proposal and the SRF and Claims Administration Conditions. The Claims Administrator shall provide the SRF with (a copy of) any documents and/or information requested by it for the purposes of the SRF making the Claim Determination.

20.10 For each claim filed by an (alleged) SIHPL Market Purchase Claimant pursuant to the terms of this Proposal, the Claims Administrator, acting as reviewer in accordance with the terms of the SRF and Claims Administration Conditions, will initially determine whether the claim filed by an (alleged) SIHPL Market Purchase Claimant can be accepted and, if so, the Claim Value of that claim. The Claims Administrator shall advise the SRF accordingly for the purpose of making the Claim Determination pursuant to clause 20.9.

20.11 The SRF and the Claims Administrator are not bound by the Initial Claim Value and/or outcome of the Validation Process for the purposes of making the Claim Determination. The SRF and the Claims Administrator are not prevented from



exercising any of their rights pursuant to this clause 20 in respect of a SIHPL Market Purchase Claimant with a claim that is ascribed an Initial Claim Value.

- 20.12 The Claims Administrator shall, as soon as practicable after receipt and review of a claim filed in accordance with this Proposal notify the (alleged) SIHPL Market Purchase Claimant via a Deficiency Notification if there are any deficiencies in the filed claim and/or items in respect of which the Claims Administrator requires additional information and/or documentation (including originals) as the Claims Administrator deems necessary and/or appropriate for the purposes of verifying that each filed claim constitutes a valid claim .
- 20.13 Each (alleged) SIHPL Market Purchase Claimant must file any information and/or documentation requested under clause 20.12 within 30 days after the date of the Deficiency Notification (or any longer period as deemed reasonable by the Claims Administrator at its sole discretion, notwithstanding the ability of the SRF to direct the Claims Administrator).
- 20.14 The Claims Administrator will notify the (alleged) SIHPL Market Purchase Claimant with regard to the applicable deadline in the Deficiency Notification, but is under no obligation to remind an (alleged) SIHPL Market Purchase Claimant of this deadline. If the deficiencies are not fully cured, or the required information not fully filed within that period, the Claims Administrator will make a recommendation to the SRF as to whether to reject the claim. If the Bar Date lapses during such period to cure deficiencies or has lapsed before the Claims Administrator was able to process and review the respective claim and send the Deficiency Notification, this will not affect the rights of the (alleged) SIHPL Market Purchase Claimant to receive a payment in respect of its claim if all deficiencies are fully cured within the period mentioned in clause 20.13 and such claim is subsequently accepted by the SRF.
- 20.15 If requested by the Claims Administrator or at its own initiative, the SRF may provide guidance to the Claims Administrator in respect of the necessary evidentiary documentation.
- 20.16 Subject to clause 20.17, a claim filed by an (alleged) SIHPL Market Purchase Claimant: (i) may be rejected in full without providing the (alleged) SIHPL Market Purchase Claimant with the option to cure any deficiencies if the claim is filed after



the Bar Date or without any evidentiary documentation or, evidently, with the sole purpose to circumvent the cut-off date for filing claims pursuant to the Bar Date; or (ii) may be rejected in full or in part, if the (alleged) SIHPL Market Purchase Claimant files its claim with insufficient supporting information and documentary evidence and the relevant (alleged) SIHPL Market Purchase Claimant, after having received a Deficiency Notice, does not timeously remedy such defect(s) in accordance with clauses 20.13 and 20.14 in the time period(s) contemplated therein. Criteria for the required information and documentary evidence to be filed with the claim are provided in Schedule 2 (*Required Claim Information*) to the SRF and Claims Administration Conditions.

20.17 Notwithstanding the foregoing provisions of this clause 20, each SIHPL Market Purchase Claimant agrees and acknowledges that the SRF may decide at any time in its sole reasonable discretion, having regard to the specific facts or circumstances relating to a relevant SIHPL Market Purchase Claimant and/or the interests of the Market Purchase Claimants and SIHNV Contractual Claimants as a whole, to accept a claim filed pursuant to this Proposal and/or determine the Claim Value of such claim. No SIHPL Market Purchase Claimant can challenge (subject to clause 21), derive any rights from, or hold the SRF and/or its (current or former) board members liable for, any exercise or non-exercise by the SRF of such discretion, the acceptance and/or rejection of any claim of any other SIHPL Market Purchase Claimant and/or the determination of any Claim Value of any other SIHPL Market Purchase Claimant. For the avoidance of doubt, this clause 20.17 contains an irrevocable third-party stipulation in favour of the SRF.

20.18 In accordance with the SRF and Claims Administration Conditions, and as soon as reasonably practicable after review of a claim filed in accordance with this Proposal, the Claims Administrator will send a written notification to the relevant SIHPL Market Purchase Claimant (or its authorised representative) informing it of the Claim Determination in accordance with clauses 20.10 to 20.19 of this Proposal and clause 6.5 (Claim Determination notification) of the SRF and Claims Administration Conditions. The Claims Administrator shall send such notification on behalf of the SRF in copy to the relevant Claimant Representative organisation (if applicable) and to SIHPL. SIHPL may request the SRF to receive the underlying documentation submitted by the SIHPL Market Purchase Claimant on which the Claim Determination is based.



20.19 SIHPL Market Purchase Claimants who hold multiple accounts shall not file separate claims for each account and must aggregate their claims as one in a Claim Form. To the extent it is apparent that claims are not filed in accordance with these provisions, the Claims Administrator will notify the SIHPL Market Purchase Claimant (or its representative(s)) that the claims should have been aggregated and will provide it the opportunity to refile its claims accordingly, in which case clauses 20.12 through 20.14 shall apply mutatis mutandis. Subject to clause 20.17, the SRF may reject such claims that are not properly aggregated.

21 DISPUTES REGARDING CLAIM DETERMINATION

21.1 Clause 19 of this Proposal and the Steinhoff Allocation Plan provide for a reservation of a portion of the Settlement Funds for MPC Relevant Claims in respect of which disputes are pending with the Dispute Committee or otherwise competent court. The SRF will distribute to each SIHPL Market Purchase Claimant its respective share of the Settlement Funds (if any) as soon as reasonably practicable after the later of (a) payment having occurred to SIHPL Market Purchase Claimants that are not subject to dispute and (b) the Claims Administrator having received proof that the Claim Value of their claim is:

21.1.1 determined on a binding basis in a final decision by the Dispute Committee;
or

21.1.2 otherwise agreed in a settlement agreement between the relevant parties.

21.2 It is hereby recorded that the Dispute Committee shall –

21.2.1 be established pursuant to this Proposal and the SIHNV Composition Plan;

21.2.2 have exclusive jurisdiction to decide on all matters and disputes between the SRF, a SIHPL Market Purchase Claimant and/or SIHPL, in relation to the question whether and to what extent a SIHPL Market Purchase Claimant is entitled to compensation from the Settlement Funds pursuant to this Proposal (including the relevant Claim Determination) by way of binding advice



(*bindend advies*) under Section 7:900 *et seq.* of the Dutch Civil Code in accordance with the Dispute Committee Rules; and

21.2.3 consist of:

21.2.3.1 (to start with) 9 (nine) independent persons;

21.2.3.2 at least three (3) members of the Dispute Committee are Dutch law qualified with substantial experience (either practicing or retired);

21.2.3.3 at least two (2) members of the Dispute Committee are (also) accountants; and

21.2.3.4 at least two (2) members of the Dispute Committee are South African law qualified with substantial experience (either practicing or retired).

21.3 The initial members of the Dispute Committee as appointed pursuant to clause 21.2.3 of this Proposal are:

21.3.1 A. (Fred) Hammerstein, who will act as the chairperson of the Dispute Committee;

21.3.2 F. (Erik) W.H. van den Emster, who will act as the deputy chairperson of the Dispute Committee;

21.3.3 P. (Peter) Ingelse;

21.3.4 Prof. Dr. P. (Peter) A.M. Diekman RA;

21.3.5 Mr Justice F. (Fritz) D.J. Brand;

21.3.6 H. (Herman) Wessels CA;

21.3.7 Prof. M. (Matthias) Haentjens;

21.3.8 Dr. K. (Kathy) Idensohn; and



21.3.9 T. (Theresa) Visser CA.

21.4 The chairperson of the Dispute Committee shall be a Dutch law qualified lawyer (jurist) with substantial experience (either practicing or retired).

21.5 The members of the Dispute Committee, any secretary, supporting staff or any other person involved by the Dispute Committee (such as experts) shall not be liable either by contract or otherwise for any damage caused by their own or any other person's acts or omissions in or in connection with the binding advice proceedings, unless and insofar as mandatory Dutch law precludes exoneration. This clause contains an irrevocable third-party stipulation in respect of those mentioned in this clause.

21.6 SIHNV, the SRF and the SIHPL Market Purchase Claimants hereby consent to the appointment of the Dispute Committee.

21.7 Subject to clause 21.8:

21.7.1 SIHPL may declare a dispute in respect of any Claim Determination; and

21.7.2 any SIHPL Market Purchase Claimant (or its authorised representative) may declare a dispute in respect of a Claim Determination made with regard to that SIHPL Market Purchase Claimant only.

Such dispute will be notified to the SRF and, if not resolved between the SRF and the disputing party in a timely manner, ultimately be submitted to and finally resolved by the Dispute Committee, in each case in accordance with the Dispute Committee Rules. For this purpose, references in the Dispute Committee Rules to a "Settlement Creditor" are to be construed as references to the relevant SIHPL Market Purchase Claimant.

21.8 The Claim Determination will be final and binding on the SRF, SIHPL and the respective SIHPL Market Purchase Claimant and no further recourse or access to the binding advice procedure of the Dispute Committee shall exist in the event that,



for instance, the SRF or the Dispute Committee, as applicable, have not been timely notified of a dispute in accordance with the Dispute Committee Rules.

- 21.9 Further rules and mechanisms regarding the resolution of disputes by and the composition of the Dispute Committee are set out in the Dispute Committee Rules.
- 21.10 In the event and to the extent two or more Claimant Representatives file a duplicate claim on behalf of the same SIHPL Market Purchase Claimant, the Claims Administrator will:
 - 21.10.1 accept for purposes of review of the relevant claim (or part of the claim) filed by the Claimant Representative that, on the basis of the date of the power of attorney granted to the Claimant Representative (as received by the Claims Administrator from the Claimant Representatives with the submission of the claims), such Claimant Representative can be concluded to have been the first Claimant Representative in time to have been authorised by the SIHPL Market Purchase Claimant to file its claim; and
 - 21.10.2 reject the relevant claim (or part of the claim) filed by the other Claimant Representative(s), unless the SIHPL Market Purchase Claimant informs the Claims Administrator otherwise in writing within 30 Business Days from the date of the notification of the rejection of the relevant claim (or part of the claim).
- 21.11 In the event and to the extent a duplicate claim is filed by a Claimant Representative and a third party filer, then (i) the relevant claim (or part of the claim) filed by the Claimant Representative will be reviewed by the Claims Administrator, provided that the Claimant Representative proves that it is validly authorised to file such claim (or part of such claim) on behalf of the SIHPL Market Purchase Claimant, and (ii) the claim (or part of the claim) filed by the third party filer will be rejected, unless the SIHPL Market Purchase Claimant informs the Claims Administrator otherwise in writing within 30 Business Days of the date of the notification of the rejection of the relevant claim (or part of the claim).
- 21.12 In the event and to the extent a duplicate claim is filed by a SIHPL Market Purchase Claimant itself as well as one (or more) Claimant Representative(s), the duplicate



claim (or part of the claim) filed by the SIHPL Market Purchase Claimant will be rejected, provided that (one of) the Claimant Representative proves that it is validly authorised to file such claim (or part of such claim) on behalf of the SIHPL Market Purchase Claimant, unless the SIHPL Market Purchase Claimant informs the Claims Administrator otherwise in writing within 30 Business Days from the date of the notification of the rejection of the relevant claim (or part of the claim).

- 21.13 In the event a claim is filed by a SIHPL Market Purchase Claimant itself, then to the extent any duplicate claim (or part of a claim) is filed by a third party (other than a Claimant Representative, in which case clause 21.12 applies), such duplicate claim (or part of such claim) will be rejected.
- 21.14 In any other instances where two or more parties file a duplicate claim (or part of a claim), the following applies:
 - 21.14.1 the Claims Administrator will review the claim filed first in time; or
 - 21.14.2 in the event that the (wholly or partially) duplicate claims are filed at the same time, the Claims Administrator will verify the most complete claim submission with the least deficiencies;
 - 21.14.3 to the extent the process in clauses 21.14.1 and 21.14.2 does not lead to a solution, the Claims Administrator will notify the SRF. The SRF will inform the parties who filed the (remaining) (wholly or partially) duplicate claims in order to come to an amicable solution. If such solution cannot be reached within 20 Business Days after the SRF has informed the relevant parties, the SRF will file the dispute for final and binding resolution to the Dispute Committee in accordance with the Dispute Committee Rules. For this purpose, references to a "Settlement Creditor" are to be construed as references to the relevant SIHPL Market Purchase Claimant. Each of the parties that have filed such duplicate claim will become a party to the dispute before the Dispute Committee.
- 21.15 The duplicate claims that are not verified by the Claims Administrator in accordance with clause 21.14 will be rejected by the SRF.



21.16 The SRF and/or its (individual) (current and former) board members cannot be held liable in respect of any actual or alleged (wholly or partially) duplicate claims, for any acceptance or rejection of a (wholly or partially) duplicate claim, or for any (whole or partial) payment or non-payment in respect of (the extent of) such duplicate claim.



PART B4 – COMMON TERMS

22 GENERAL TERMS

Moratorium²³

22.1 Regarding the three Classes of Scheme Creditors forming the subject matter of the Proposal and who are therefore subject to the moratorium:

22.1.1 no legal proceedings of any nature, including but not limited to enforcement actions, can be instituted against SIHPL, or proceeded with, as the case may be, from the date on which this Proposal is Adopted; and

22.1.2 after the expiration of ten days after the final payment is made in terms of this Proposal, any Scheme Creditors who have instituted legal proceedings against SIHPL (whether in South Africa, or in any other jurisdiction) shall be obliged to take all steps necessary to formally withdraw such legal proceedings against SIHPL without seeking any cost order against SIHPL.

22.2 Regarding all other creditors: the moratorium does not apply to any persons or entities who are not Scheme Creditors.

Debt for equity²⁴

22.3 No debt will be converted to equity.

SIHPL's ongoing role and the treatment of contracts²⁵

22.4 It is contemplated that SIHPL will remain in business after discharging its obligations in terms of this Proposal.

²³ Section 155(3)(b)(i): Nature and duration of moratorium.

²⁴ Section 155(3)(b)(ii): Debt to equity conversion.

²⁵ Section 155(3)(b)(iii): SIHPL's ongoing role and the treatment of contracts.



22.5 Should this Proposal be Adopted:

22.5.1 the SIHNV Loan, the S155 Settlement Note and Newco 2A Loan will be entered into, the benefit of the Titan Receivable will be obtained and the security package will be granted;

22.5.2 all agreements, of whatsoever nature, giving rise to obligations on the part of SIHPL in relation to the Intercompany Loan Creditors shall continue to remain of full force and effect; and

22.5.3 save where expressly set out in this Proposal, any other valid agreements, of whatsoever nature, in force as at the Proposal Date, giving rise to obligations on the part of SIHPL, shall continue to remain of full force and effect.

Treatment of Intercompany Loan Creditors

22.6 For the avoidance of doubt, it is recorded that the Intercompany Loan Creditors have contractual claims against SIHPL under the terms of the Intercompany Loans, which claims are not sought to be compromised pursuant to this Proposal. The Intercompany Loan Claims came into existence in the ordinary course of SIHPL's business. The Intercompany Loan Creditors shall retain certain contractual rights against SIHPL under the terms and conditions of the Intercompany Loans and will rank *pari passu* with the secured claims of the Financial Creditors and Non-Qualifying Claimants.

23 **WAIVERS AND RELEASES**

SRF and Claims Administrator: waiver and releases

23.1 The SRF will be established and appointed as a special entity to receive, supervise, monitor, hold, administer and execute the distribution (and/or repayments pursuant to clause 19.8) of the Gross Settlement Funds and the application of certain fees and costs in relation to the SRF Costs, in accordance with this Proposal, the SIHNV Composition Plan, the SRF Articles of Association and the SRF and Claims Administration Conditions.



- 23.2 SIHPL will ensure that the SRF, upon its establishment, signs a signature page to be annexed to this Proposal evidencing that it will be bound by the provisions in this Proposal as if it were a party hereto and will acknowledge and accept its duties and obligations following from and in connection with the execution and implementation of this Proposal and the SIHNV Composition Plan. The obligations of the SRF under this Proposal are subject to receipt of the Gross Settlement Funds by the SRF.
- 23.3 The SRF shall perform such duties and obligations also in accordance with the SRF Articles of Association, the SRF and Claims Administration Conditions and Dutch law.
- 23.4 The SRF shall appoint Computershare as the initial Claims Administrator in accordance with clause 5 (*The Claims Administrator*) of the SRF and Claims Administration Conditions, to act independently from the Steinhoff Group and the Scheme Creditors (as well as the SIHNV Creditors under the SIHNV Composition Plan) and to assist on that basis with the implementation of the Steinhoff Group Settlement, including the verification of the MPC Relevant Claims in accordance with the SRF and Claims Administration Conditions and this Proposal.
- 23.5 Each Scheme Creditor hereby unconditionally and irrevocably waives and releases any claims which may arise against any current and/or former Steinhoff Group Company, the SRF (as well as its individual (current and former) board members and support staff), and the Claims Administrator:
- 23.5.1 arising from distributions (and/or repayments pursuant to clause 19.8 or 19.11) made out of the Settlement Funds;
- 23.5.2 in relation to the performance by the Claims Administrator of its role in connection with the SRF Settlement Documents; and
- 23.5.3 in relation to the performance by the SRF of its role in connection with the SRF Settlement Documents, other than enforcing the rights of such Scheme Creditor vis-à-vis the SRF to receive a payment in accordance with clause 17, taking into account the Claim Determination and, if applicable, binding advice of the Dispute Committee in respect of the relevant claim,



save, in each case, in the case of fraud or gross negligence.

- 23.6 Each Scheme Creditor agrees and acknowledges that the SRF, as well as its individual (current and former) board members and supporting staff cannot (save in the case of fraud or gross negligence) be held liable whatsoever including (without limitation) for:
- 23.6.1 the maintenance or distribution (and/or repayments pursuant to clause 19.8 or 19.11) of the Settlement Funds;
 - 23.6.2 the sale of relevant PPH Shares for the purpose of making relevant distributions, including (without limitation) for any price risk or execution risk in connection with such sale;
 - 23.6.3 the determination, administration, calculation or payment of any claim (including the treatment of duplicate claims) or any other distribution (and/or repayments pursuant to clause 19.8 or 19.11) of the Settlement Funds and any delay in claim assessment and claim determination by the Claims Administrator, and/or any delay in respect of any distribution of (a relevant part of) the Settlement Funds;
 - 23.6.4 the payment or non-payment of any claim;
 - 23.6.5 the event that a SIHPL Market Purchase Claimant does not receive its share of the Settlement Funds as a result of an attachment, seizure, or any analogous proceedings, insolvency or any (other) reason that may lead to the revocation (by operation of law) of any relevant power of attorney provided by that SIHPL Market Purchase Claimant to another party in respect of the receipt of its share of the Settlement Funds;
 - 23.6.6 any delay and/or (whole or partial) impossibility to distribute the Settlement Funds to the SIHPL Market Purchase Claimants, the postponement of such distribution or any distribution (and/or repayments pursuant to clause 19.8 or 19.11) in deviation from the applicable terms under this Proposal, including (without limitation) in each case as a result of currency exchange controls;



- 23.6.7 the performance or non-performance of the Claims Administrator;
- 23.6.8 the initiation, non-initiation of proceedings or defence in proceedings before the Dispute Committee and/or any court, arbitral tribunal and/or any other regulatory, administrative, tax or other legal proceedings;
- 23.6.9 any decrease of the value of the Settlement Funds received by the SRF (be it either deposited in the third-party accounts, escrow accounts, securities account, or otherwise), including, but not limited to, due to negative interest rates, any fluctuation of currency exchange rates or debtor counterparty risk for the payment or withholding of taxes owed on the payment of the Settlement Funds or the operation of the SRF (which tax expenses are chargeable to the Gross Settlement Funds and the SRF Costs Allocation respectively);
- 23.6.10 any tax liability that a Scheme Creditor may incur as a result of the implementation of the SRF and Claims Administration Conditions and/or this Proposal or as a result of any action taken pursuant to the SRF and Claims Administration Conditions and/or this Proposal or for any losses incurred by any person in connection therewith; and
- 23.6.11 any costs, damages, losses or expenses, whether direct or indirect, and whether actual or contingent or future, incurred or to be incurred by a person in connection with any of the foregoing, it being understood, for the avoidance of doubt, that all costs that are SRF Costs are for the account of the SRF, subject to clause 18.7.
- 23.7 The SRF shall not be obligated to make any investments with or manage the Gross Settlement Funds, the funds referred to in the Deloitte Market Purchase Claimants Offer, the Deloitte Steinhoff Additional Support Offer, the D&O Insurers Market Purchase Claimants Offer, the D&O Steinhoff Additional Support Offer or any contributions made by the Deloitte Firms or the D&O Insurers in order to optimise the return or maintain the amount of such funds as deposited.
- 23.8 Subject to the payment by the SRF to a SIHPL Market Purchase Claimant of its respective share in the Settlement Funds, that SIHPL Market Purchase Claimant



fully, finally and irrevocably releases and waives any and all claims it may have against the SRF.

- 23.9 For the avoidance of doubt it is recorded that clauses 23.5 and 23.6 contain irrevocable third-party stipulations in respect of any current and former Steinhoff Group Company, the SRF and the individual (current and former) members of the SRF's management board, the supporting staff of the SRF and the Claims Administrator (as applicable), as the case may be, which will be capable of acceptance by these entities and individuals at any time following the Settlement Effective Date, without the need to communicate such acceptance to any Scheme Creditor.

Full, final and irrevocable discharge and waiver by the Scheme Creditors

- 23.10 SIHPL, together with SIHNV, has entered into the SSSA with the Deloitte Firms, the D&O Insurers and the Settling D&Os to achieve a global and final resolution and closure of all present and potential future Litigation between them and to assist in bringing about global peace to the greatest extent possible.

- 23.11 Under the terms of the SSSA, subject to the fulfilment of certain conditions and in exchange for releases as referred to in clause 23.12:

- 23.11.1 the Deloitte Firms, the D&O Insurers and the Settling D&Os have agreed to support the Steinhoff Group Settlement to compensate for losses suffered by SIHPL, SIHNV, other Steinhoff Group Companies, Market Purchase Claimants, some Contractual Claimants and some SIHNV Contractual Claimants in relation to the Allegations and the Events by, among other things, the Deloitte Firms offering an aggregate amount of up to EUR 55.34 million and the D&O Insurers and the Settling D&Os offering an aggregate amount of up to EUR 55.5 million, each for incremental distribution by the SRF to the Market Purchase Claimants pursuant to the terms of the Deloitte Market Purchase Claimants Offer and the D&O Insurers Market Purchase Claimants Offer and an aggregate amount of EUR 15 million each (EUR 30 million in total) for distribution by the SRF to certain Contractual Claimants and certain SIHNV Contractual Claimants as the Deloitte Steinhoff Additional Support



Offer and the D&O Steinhoff Additional Support Offer in accordance with the terms of the SSSA and the SRF and Claims Administration Conditions; and

23.11.2 the Deloitte Firms, the D&O Insurers and the Settling D&Os have further agreed to provide additional support to the Steinhoff Group Settlement by, among other things, (i) releasing any claims, including potential recourse claims, each of them might have against the other of them in relation to the Allegations and/or the Events, as well as against SIHPL and SIHNV and other Steinhoff Group Companies, on the terms set out in the SSSA; and (ii) making a contribution in connection with the costs of the SRF,

together the "**Joint Steinhoff Settlement Support**".

23.12 The Deloitte Firms, the D&O Insurers and the Settling D&Os are only willing to provide the Joint Steinhoff Settlement Support in exchange for releases in respect of claims in respect of all matters relating (directly or indirectly) to the Events and/or the Allegations – all as set out in detail in and under the terms of the SSSA and (to the extent applicable) in other agreements as referred to in clause 23.25 from SIHPL, SIHNV, certain other Steinhoff Group Companies, the Scheme Creditors and each other.

23.13 SIHPL and SIHNV, having considered the Joint Steinhoff Settlement Support and the alternative options available to SIHPL, SIHNV, other Steinhoff Group Companies and the Scheme Creditors including, amongst others, instituting or pursuing claims against the Steinhoff D&O Beneficiaries or Audit Firms or other Deloitte Beneficiaries in relation to the Events and/or Allegations and having concluded that the Joint Steinhoff Settlement Support (i) constitutes a sufficient contribution to the Steinhoff Group Settlement and an incremental contribution to the Market Purchase Claimants, to the Contractual Claimants and to the SIHNV Contractual Claimants and (ii) is in the best interests of SIHPL, SIHNV, other Steinhoff Group Companies and the Scheme Creditors believe that the release of the Steinhoff D&O Beneficiaries and the Audit Firms and other Deloitte Beneficiaries from their respective claims from SIHPL, SIHNV, other Steinhoff Group Companies, the Scheme Creditors and each other in respect of all matters relating (directly or indirectly) to the Events and the Allegations – all as set out in detail in and under the terms of the SSSA and (to the extent applicable) in other



agreements as referred to in clause 23.25 – in exchange for the Joint Steinhoff Settlement Support is beneficial to SIHPL, SIHNV, other Steinhoff Group Companies and the Scheme Creditors.

23.14 The waivers and releases set out herein are subject to the occurrence of the Settlement Effective Date.

23.15 Without prejudice to the requirement that there be performance by SIHPL and the SRF of their obligations hereunder, this Proposal constitutes the full, final and irrevocable discharge of any claim of any nature whatsoever of the Contractual Claimants and the SIHPL Market Purchase Claimants against SIHPL regardless of whether such Contractual Claimant or SIHPL Market Purchase Claimant has filed, either on its own behalf or by means of third party duly authorised to act on its behalf, its claim for inclusion in this Proposal or has voted against or in favour of this Proposal, or has abstained from voting.

23.16 All Scheme Creditors fully, finally and irrevocably release on a several basis and waive any and all of their rights in connection with:

23.16.1 subject to clause 23.14 and the receipt by the SRF, alternatively by the SRF taking control, of the Gross Settlement Funds, any and all actual and/or potential direct and/or indirect tort/delictual and other contractual and non-contractual (including statutory) claims they may have against SIHNV, SIHPL and any other current or former Steinhoff Group Company, regardless of whether relating to the acquisition of shares, bonds or other securities or debt instruments issued by any current and/or former Steinhoff Group Company at any time, in respect of all matters relating (directly or indirectly) to the Events and/or the Allegations, such releases to be effective as of the Settlement Effective Date;

23.16.2 subject to the occurrence of the Settlement Effective Date and the receipt by the SRF of the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer any and all actual and/or potential direct and/or indirect, contractual and non-contractual (including statutory) claims against the D&O Beneficiaries:



- 23.16.2.1 in relation to any matters, facts and circumstances, directly or indirectly, whether known or unknown, that have occurred since 5 December 2017, save for fraud and gross misconduct;
- 23.16.2.2 in respect of all matters relating (directly or indirectly) to the Events and/or the Allegations;
- such releases to be effective as of the Settlement Effective Date;
- 23.16.3 subject to the occurrence of the Settlement Effective Date and the receipt by the SRF of the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer, any and all actual and/or potential direct and/or indirect, contractual and non-contractual (including statutory) claims against any Audit Firm and/or any other Deloitte Beneficiaries in respect of any matters, whether known or unknown, (directly or indirectly) related to or in connection with the Events and/or the Allegations, such releases to be effective as of the Settlement Effective Date; and
- 23.16.4 subject to clause 23.14 and the receipt by the SRF, alternatively by the SRF taking control, of the Gross Settlement Funds, any and all actual and/or potential direct and/or indirect, contractual and non-contractual (including statutory) claims against advisers retained by any current or former Steinhoff Group Company, including those set out in Schedule 8 (*Overview advisers Steinhoff Group Companies*) to the SIHNV Composition Plan and their personnel, officers, partners and directors in relation to any matters, facts and circumstances that occurred after 5 December 2017, save for fraud and gross misconduct, such releases to be effective as of the Settlement Effective Date.
- 23.17 Each Intercompany Loan Creditor, subject to and upon the Settlement Effective Date, pursuant to collateral agreements, fully, finally and irrevocably releases any and all non-contractual and/or delictual claims it has against any current or former Steinhoff Group Company in whatever capacity and waives any and all of its rights in connection thereto.



- 23.18 Each Scheme Creditor:
- 23.18.1 by providing the waivers and releases set out in clauses 23.16.1, 23.16.2 and 23.16.4 above:
- 23.18.1.1 acknowledges that the boards of SIHNV and SIHPL have determined that the terms of this Proposal are in the best interests of SIHNV and SIHPL and other members of the Steinhoff Group;
- 23.18.1.2 confirms that it does not and shall not dispute such determination; and
- 23.18.1.3 confirms that the terms of this Proposal adequately compensate the Scheme Creditors for their respective claims;
- 23.18.2 to the extent it is entitled to payment from the Deloitte Market Purchase Claimants Offer or the Deloitte Steinhoff Additional Support Offer under the terms of the SSSA or any other agreement as referred to in clause 23.25 and by providing the releases set out in clause 23.16.3 above, confirms that the Deloitte Market Purchase Claimants Offer or the Deloitte Steinhoff Additional Support Offer adequately compensate it for its respective claims, as the case may be; and
- 23.18.3 to the extent it is entitled to payment from the D&O Insurers Market Purchase Claimants Offer or the D&O Steinhoff Additional Support Offer under the terms of the SSSA or any other agreement as referred to in clause 23.25 and by providing the releases set out in clause 23.16.4 above, confirms that the D&O Insurers Market Purchase Claimants Offer or the D&O Steinhoff Additional Support Offer adequately compensate it for its respective claims, as the case may be.

Full, final and irrevocable discharge and waiver by SIHPL

- 23.19 Subject to occurrence of the Settlement Effective Date, SIHPL has agreed to fully, finally and irrevocably release on a several basis and waive:



- 23.19.1 subject to the receipt by SRF of funds referred to in the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer, any and all of its rights against the Audit Firms and the other Deloitte Beneficiaries for any liability stemming from any known or unknown alleged non-performance of and/or failure to perform by the Audit Firms and the other Deloitte Beneficiaries of any contractual, non-contractual, common law, equitable and statutory obligations and in respect of any tortious or negligent act or omission related to or in connection with, whether directly or indirectly, the Events and/or the Allegations. For the avoidance of doubt, the release and waiver in this clause 23.19.1 does not apply to any (audit) work performed by the Audit Firms and the other Deloitte Beneficiaries for any current or former Steinhoff Group Company after 5 December 2017, with such releases and waivers to be effective as of the Settlement Effective Date;
- 23.19.2 subject to the receipt by SRF of the funds referred to in the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer, any and all of its rights against the Steinhoff D&O Beneficiaries for any liability stemming from any known or unknown alleged non-performance of and/or failure to perform by the Steinhoff D&O Beneficiaries of any contractual, non-contractual, common law, equitable and statutory obligations and in respect of any tortious or negligent act or omission related to or in connection with, whether directly or indirectly, the Events and/or the Allegations, with such releases and waivers to be effective as of the Settlement Effective Date, while such releases and waivers to any Other D&O are subject to the condition that in the event that such Other D&O initiates any claim or claims against SIHNV, SIHPL or any other Steinhoff Group Company, such release and waiver to that Other D&O ceases to be effective to the limited extent that it is required for SIHNV, SIHPL or any other Steinhoff Group Company to defend such claim as that Other D&O has initiated, except for the costs of defence which may be recovered in full, to the extent such costs are recoverable under the applicable procedural laws and rules.
- 23.20 Subject to the occurrence of the Settlement Effective Date and the receipt by SRF of the D&O Insurers Market Purchase Claimants Offer, the D&O Steinhoff Additional Support Offer and the D&O Insurers' contribution to the costs of SRF under the SSSA, all Steinhoff Group Companies insured under the D&O Policies



have agreed to a commutation of the D&O Policies in accordance with the provisions in Annex M of the SSSA.

23.21 Protection from counterclaims

23.21.1 Each Scheme Creditor shall indemnify and hold harmless each and any of the Steinhoff Group Companies in respect of any and all Ricochet Liabilities and Ricochet Costs arising out of its assertion or pursuit (whether by legal proceedings or otherwise) of any Potential Recourse Claim.

23.21.2 Each Scheme Creditor shall release any Potential Recourse Claim it has against a third party to the extent that this would release each and any of the Steinhoff Group Companies from any current or future alleged Ricochet Liabilities.

23.21.3 Each Scheme Creditor undertakes that:

23.21.3.1 prior to bringing a claim against a third party in respect of the Events and/or the Allegations, it will give written notice in accordance with clause 15.5 of the SIHNV Composition Plan to SIHPL of its intention to pursue such a claim;

23.21.3.2 it will use its best endeavours to assess and minimise any loss to the Steinhoff Group arising out of or in connection with such claim (including any such claim already commenced as at the Settlement Effective Date), including (upon request) providing them with copies of all documents exchanged, filed or served in connection with such claim (either in or outside the legal process) and any information they otherwise reasonably request, as well as agreeing not to contest any attempt by any of them to join as party to such legal process, to the extent that there may be a legal basis to do so, for the purposes of determining whether any Ricochet Liability may arise as a consequence of the relevant Potential Recourse Claim; and

23.21.3.3 it will co-operate in all respects to allow the Steinhoff Group to minimise any losses or costs arising out of or in connection with such claim



(including any such Claim already commenced as at the Settlement Effective Date).

- 23.21.4 In the event that any Scheme Creditor enters into any form of consensual resolution in respect of a Potential Recourse Claim, such Scheme Creditor shall:
- 23.21.4.1 immediately notify SIHNV and SIHPL of such consensual resolution and provide them with copies of any settlement agreement or other documentation comprising or evidencing the terms of such consensual resolution;
 - 23.21.4.2 procure that the terms of such consensual resolution include a prohibition, directly enforceable by any of the Steinhoff Group Companies, upon any other party to such consensual resolution pursuing (including, without limitation, by enforcement of any judgment or award) any claim against any Steinhoff Group Company or any Potential Recourse Claim against any other party, in respect of, or in reliance upon, the consideration given by such party for such consensual resolution of the relevant Potential Recourse Claim; and
 - 23.21.4.3 procure that the terms of such consensual resolution include a release of any Potential Recourse Claim it has against a third party to the extent that this would release each and any of the Steinhoff Group Companies from any current or future alleged Ricochet Liabilities.
- 23.21.5 Notwithstanding any other provision of this Proposal, the terms of this Proposal may be relied upon by any Steinhoff Group Company in defence to, or reduction of, any alleged Ricochet Liability.

Arrangements in respect of indemnities granted under the SSSA

- 23.22 Subject to (a) the occurrence of the Settlement Effective Date; and (b) receipt by the SRF of the D&O Steinhoff Additional Support Offer and the D&O Insurers Market Purchase Claimants Offer, SIHPL will (along with other Steinhoff Group



parties) be bound by the "Steinhoff Indemnities" summarised in Annexure I to this Proposal.

- 23.23 In this respect, SIH (which is also party to the Steinhoff Indemnities) will –
- 23.23.1 as a co-grantee, undertake in favour of SIHPL that SIH will, in its capacity as a signatory to the SSSA, discharge any such liability by way of indemnification in full; and
- 23.23.2 agree terms with SIHPL and SIHNV that SIH will not seek contribution or other recovery from SIHPL and SIHNV as co-sureties in respect of the indemnification referred to in clause 23.23.1 above.

Third party stipulation in respect of Released Parties:

- 23.24 This clause 23 contains irrevocable third-party stipulations in respect of the Released Parties. To the extent acceptance of such third-party stipulations for the benefit of the Released Parties is required, the receipt by the SRF of (and, if applicable, the SRF assuming control over) the Gross Settlement Funds shall be deemed to constitute such acceptance by the Released Parties. To the extent acceptance of such third-party stipulations is required for the benefit of the Audit Firms and the other Deloitte Beneficiaries, the receipt by the SRF of the funds referred to in the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer shall be deemed to constitute such acceptance by the Audit Firms and the other Deloitte Beneficiaries. To the extent acceptance of such third-party stipulations is required for the benefit of any of the D&O Beneficiaries, the receipt by the SRF of the funds referred to in the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer shall be deemed to constitute such acceptance by the D&O Beneficiaries.

No impairment

- 23.25 For the avoidance of doubt, the provisions of this Proposal (more in particular clause 23.14 through 23.17 inclusive) do not in any way impair or diminish any of the rights of any of the D&O Beneficiaries, the Audit Firms and other Deloitte Beneficiaries or Steinhoff Group Companies under the SSSA or any of the rights



under any other separate agreements between the Steinhoff Group, any Scheme Creditor, the Released Parties and/or the Deloitte Firms.



PART B5 – LIQUIDATION COMPARATORS AND BENEFITS OF THIS PROPOSAL

24 LIQUIDATION COMPARATORS

- 24.1 SIHPL has commissioned global financial experts, Analysis Group, to produce "**Liquidation Comparators**" that reflect assessments of the dividend that *inter alia* each member of each of the three Classes of Scheme Creditors could expect to receive, in the event that SIHPL were to be wound up, following a failure of the Steinhoff Group Settlement.
- 24.2 In the event of SIHPL's liquidation, every person or entity which alleges that it is a creditor of SIHPL would be entitled to seek to prove their respective alleged claims against SIHPL's estate, regardless of:
- 24.2.1 whether or not this Proposal applies to them; and/or
- 24.2.2 the nature of their claims (and the prospects of successfully proving their claims against SIHPL).
- 24.3 In this respect *inter alia*:
- 24.3.1 Financial Creditors assert contractual and other claims against SIHPL in respect of the SIHPL Financial Creditor Liabilities;
- 24.3.2 Contractual Claimants (including Mayfair) have disputed Litigation claims instituted against SIHPL prior to 5 December 2020 in accordance with the terms of arms-length negotiated contractual arrangements under which shares in other enterprises were sold or transferred by such claimants or their related parties to SIHPL for which such claimants received consideration directly from SIHPL by way of issuance, or transfer, of SIHPL Shares. The fact and amount of SIHPL's liability in respect of such claims are uncertain, but SIHPL considers that they give rise to a material risk of liability for it; and
- 24.3.3 SIHPL Market Purchase Claimants have disputed claims against SIHPL in respect of acquiring SIHPL Shares on the JSE prior to close of business on 6 December 2015 (such SIHPL Shares being subsequently converted to SIHNV



Shares pursuant to the Scheme of Arrangement) and continuing to hold such SIHNV Shares (following the conversion) at close of business on 5 December 2017. In addition, certain Non-Qualifying Claimants have disputed Litigation claims against SIHPL that concern the value of SIHPL Shares, whether or not they held them. The fact and amount of SIHPL's liability in respect of such claims are also uncertain, but SIHPL considers that they give rise to a much less material risk of liability for it.

24.4 For reasons outlined further below, any attempt by a SIHPL Market Purchase Claimant or a Non-Qualifying Claimant to prove their claim, is likely to be met with opposition on the basis that its claim was wholly disputed and would not be successfully proved against SIHPL's estate, thus disentitling those persons or entities from sharing in the distribution of SIHPL's assets.

24.5 In this light, for the purposes of this Proposal, SIHPL has prepared two primary Liquidation Comparators (being, as aforesaid, the "**Universal Comparator**" and the "**Limited Comparator**"), each of which has two variants. Scheme Creditors should note that the Liquidation Comparators do not take account of the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer and the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer on the basis that, in a liquidation scenario, the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer, the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer -

24.5.1 will not be available to Scheme Creditors; and

24.5.2 these amounts will not in any event form part of SIHPL's estate.

24.6 In addition to the aforementioned two Liquidation Comparators, a third set of Liquidation Comparators (namely, the "**Alternate Comparators**") has also been prepared following the S.45 Judgment. The Alternate Comparators reflect the returns that might be received in both variants of the Universal Comparators and the Limited Comparators (as defined in clause 24), should the Financial Creditors' claims be removed from the calculations. The Alternate Comparators are provided only for the sake of completeness given that, for the reasons set out in



clauses 4.25 to 4.30 of this Proposal, SIHPL does not believe that the Alternate Comparators are at all likely to reflect the reality of SIHPL's position, in light of the pending appeal of the S.45 Judgment and the various claims that the Financial Creditors could assert against SIHPL even if those appeals were to fail.

The Universal Comparator

- 24.7 The first comparator (of which there are two variants) is the "**Universal Comparator**" (annexed marked Part I. of Annexure D), which records all claims that, to the best of SIHPL's knowledge, have been or may reasonably be made against SIHPL (whether in the form of litigation that has already been instituted or otherwise), by all known or reasonably potential or alleged creditors of SIHPL (i.e. not only those which fall into the three Classes of Scheme Creditors). For this purpose:
- 24.7.1 the values of the claims of the Financial Creditors reflect the amount of the liability which SIHPL believes there is a material likelihood it will owe the Financial Creditors in both variations, namely the amount for which SIHPL was liable to them under the Guarantees at the time of the Financial Restructuring;
- 24.7.2 the values of the claims of the Contractual Claimants are those ascribed –
- 24.7.2.1 in the first variation (the "**estimated claims**"), to the claims by Analysis Group (in accordance with the Contractual Claims Valuation Methodology set out in clause 13); and
- 24.7.2.2 in the second variation (the "**plead claims**"), with reference to the actual amounts claimed by the Contractual Claimants in instituted litigation proceedings (and which SIHPL disputes);
- 24.7.3 the values of the claims of the SIHPL Market Purchase Claimants are those ascribed to the claims by Analysis Group (in accordance with the MPC Valuation Methodology set out in clause 16) in both variations. In this respect, SIHPL acknowledges that certain SIHPL Market Purchase Claimants have alleged that the MPC Valuation Methodology undervalues their claims, and that such claims should be valued instead strictly in accordance with delictual

loss principles. However, for reasons referenced in paragraphs 266 to 269 and 275 to 285 of the judgment in *De Bruyn*,²⁶ SIHPL does not believe that all SIHPL Market Purchase Claims could realistically be established on the basis alleged by such claimants;

24.7.4 the values of the claims of the Non-Qualifying Claimants are the values as alleged in their respective legal proceedings in both variations, save for the value of Trevo's alleged claim in the 'estimate variant' of the Universal Comparator, which is valued in accordance with a methodology which takes into account *inter alia* the precise nature of the relevant claim and a specific set of factors including when SIHPL Shares were acquired and when such shares (or SIHNV Shares received in exchange for them pursuant to the Scheme of Arrangement) were sold and the price attributed to those shares (as well as the benefits received in respect of those shares, including an estimate of the residual value of such SIHNV Shares as remained held at close of business on 5 December 2017). In respect of those Non-Qualifying Claimants who have not instituted legal proceedings or have not quantified the value of their claims, SIHPL has employed a best estimate of the probable alleged value of their claims. The alleged (and disputed) potential claim that might arise with respect to the Competition Commission, is not easily capable of estimation, and no value has been attributed to it on the basis that SIHPL denies that there is any basis for, and that there are any reasonable prospects of, any liability or claim arising, whilst the alleged claim of Conservatorium in respect of the Thibault Claims constitutes an 'overlap' with claims asserted by certain of the Titan Claimants, and thus neither alleged claim is contained in the Universal Comparators. Nevertheless, if such claims were to be included in the Universal Comparator, the recovery rate of SIHPL's creditors would materially decrease. Moreover, if interest on any claim that the Financial Creditors may assert were to be included in the Universal Comparator, the recovery rate of Scheme Creditors other than the Financial Creditors would materially decrease;

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



- 24.7.5 in addition, and whilst it is possible that certain financial creditors may seek to assert tortious claims against SIHPL in the event of a liquidation of SIHPL, to date, no such claims (which are in any event denied by SIHPL) have been instigated, and are thus not included in the Universal Comparator. Nonetheless, the possibility, albeit remote, of such claims and quantum of such claims, if they were successfully asserted, would materially decrease the recovery rate of SIHPL's creditors. A material decrease in the Scheme Creditors' recovery rate would also arise if the alleged claims of some of the SIHPL Market Purchase Claimants, who have asserted a full delictual recovery, are successful. For the reasons set out in clause 25 below, the claims of the Recorded Creditors are also excluded from the Liquidation Comparators, on the grounds of relative scale and uncertainty. Any allowance for such claims in the Liquidation Comparators would also decrease the recovery rates of SIHPL's creditors in all three sets of Liquidation Comparators;
- 24.7.6 as all of these known or potential or alleged creditors would be concurrent creditors in terms of the laws of insolvency, all are treated equally, all are ranked *pari passu*, and all are forecast to receive an equal *pro rata* liquidation dividend from the anticipated and (realistically) recoverable SIHPL assets, once the estimated administration costs are deducted; and
- 24.7.7 in light of the fact that SIHPL has defended every claim that has been instituted against it by way of formal legal proceedings, and given that SIHPL persists in its defences and in its contention that it will ultimately be successful in defending those claims, the Universal Comparator includes the costs associated with the continuation of all legal proceedings.

The Limited Comparator

- 24.8 The second comparator (of which there are two variants) is the "**Limited Comparator**" (annexed marked Part II. of Annexure D), which omits / 'zero-rates' the alleged claims of the SIHPL Market Purchase Claimants and the Non-Qualifying Claimants, and includes only the Financial Creditors, and Contractual Claimants at the valuations as described above (i.e. on the estimated claims and the plead claims variants). In this respect:



- 24.8.1 the SIHPL Market Purchase Claimants are omitted on the basis that the claims asserted by the SIHPL Market Purchase Claimants have poor prospects of success as a matter of law, and in any event will be substantially more difficult to prove. Specifically, this Proposal takes cognisance of the following matters:
- 24.8.1.1 as a matter of law, the only class action instituted in South Africa against *inter alia* SIHPL and SIHNV (*De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020)), where shareholders sought certification to allow them to proceed to institute a claim for damages as shareholders, failed on the basis that the South Gauteng Division of the High Court of South Africa found that no such claims exist under South African law; and
- 24.8.1.2 together with the additional difficulties that the SIHPL Market Purchase Claimants will face in prosecuting and successfully proving their claims, those representing large groups of SIHPL Market Purchase Claimants will need to rely upon the testimony of hundreds, if not thousands, of individuals on whose behalf they seek redress, or from whom they have acquired their alleged claims. The trials in those matters may take years to be finalised in the High Court, and will almost inevitably be followed by appeals which will further delay the final determination of these claims;
- 24.8.2 the Non-Qualifying Claimants are also omitted from the Limited Comparator on the basis that these alleged claims will be substantially more difficult to prove and/or advance because they are claims which are too legally remote, and, in any event, are considered by SIHPL to be bad in law;
- 24.8.3 the values of the claims of the Financial Creditors reflect the amount of the liability which SIHPL believes there is a material likelihood it will owe the Financial Creditors in both variations, namely the amount for which SIHPL was liable to them under the Guarantees at the time of the Financial Restructuring;



- 24.8.4 the values of the claims of the Contractual Claimants are those ascribed –
- 24.8.4.1 in the first variation (the "**estimated claims**"), to the claims by Analysis Group (in accordance with the Contractual Claims Valuation Methodology set out in clause 13); and
- 24.8.4.2 in the second variation (the "**plead claims**"), with reference to the actual amounts claimed by the Contractual Claimants in instituted litigation proceedings (and which SIHPL disputes);
- 24.8.5 the Limited Comparator thus forecasts the probable liquidation dividend only in respect of the Financial Creditors and Contractual Claimants. As Financial Creditors and Contractual Claimants would be concurrent creditors in terms of the laws of insolvency, all are treated equally, all are ranked *pari passu*, and all are forecast to receive an equal *pro rata* liquidation dividend from the anticipated, realistically recoverable SIHPL assets, once the estimated administration costs are deducted; and
- 24.8.6 in light of the fact that SIHPL has defended every claim that has been instituted against it by way of formal legal proceedings, and given that SIHPL persists in its defences and in its contention that it will ultimately be successful in defending those claims, the Limited Comparator includes the costs associated with the continuation of all legal proceedings.
- 24.9 The Universal Comparator has been prepared and included in this Proposal in order to illustrate the potential implications for Scheme Creditors if, contrary to SIHPL's reasonable expectations, the claims of SIHPL Market Purchase Claimants and Non-Qualifying Claims were to succeed. For the reasons set out above, SIHPL does not believe it reflects a likely outcome in the event that SIHPL were to go into liquidation. Specifically, the Universal Comparator takes into account any and all claims that might reasonably be asserted or attempted to be proved in a liquidation, and accordingly is premised on ignoring the aforementioned legal and evidential difficulties SIHPL Market Purchase Claimants and Non-Qualifying Claimants will face in the event that they attempted to lodge claims in a liquidation.



- 24.10 It follows that, for the same reasons, SIHPL regards the Limited Comparator (with a rate of recovery between 31.4% and 35.1%) as likely to be a more realistic scenario (although it does not admit liability in respect of Contractual Claims or accept that, if they were established, they would necessarily succeed in their pleaded amounts).
- 24.11 SIHPL however accepts, and premises its Proposal on the basis, that the risk of the claims of SIHPL Market Purchase Claimants and Non-Qualifying Claims being successfully proven cannot be discounted, and the Universal Comparator (with a recovery rate of between 19.6% and 21.5%) is included in this Proposal, in order to take this into consideration. Moreover, this Proposal seeks to compromise SIHPL Market Purchase Claimants as Scheme Creditors (at a level which takes into account the aforementioned legal and evidential difficulties faced by them).
- 24.12 In summary, the Universal Comparator and Limited Comparator serve to illustrate the more realistic 'bookends' of a spectrum of liquidation outcomes that could ensue for Scheme Creditors depending on the extent to which the claims comprising the Litigation are successful, and to enable Scheme Creditors to compare those results against the terms of settlement and compromise offered to them under this Proposal.

The Alternate Comparators

- 24.13 As aforesaid, a third set of Liquidation Comparators (namely, the "**Alternate Comparators**") has also been prepared, following the S.45 Judgment.
- 24.14 The Alternate Comparators reflect the returns that might be received in both variants of the Universal Comparators and the Limited Comparators (and ascribes the aforesaid valuations), should the Financial Creditors' claims be removed from the calculations.
- 24.15 The Alternate Comparators are provided only for the sake of completeness. SIHPL does not believe that the Alternate Comparators reflect a realistic eventuality for the reasons set out in clauses 4.25 to 4.30 of this Proposal. Specifically, SIHPL does not believe that the Alternate Comparators are at all likely to reflect the reality of SIHPL's financial position, in light of the pending appeals of the S.45 Judgment and



the various claims that the Financial Creditors could assert against SIHPL, even if those appeals were to fail.

- 24.16 The recoveries under the two variations of both the Universal Comparator and the Limited Comparator, as well as under the Alternate Comparators, are set out in Annexure D.
- 24.17 SIHPL believes that there will be wider benefits to the three Classes of Scheme Creditors should this Proposal be Adopted than would be the case should SIHPL be placed in liquidation, as set out in clause 26.

25 LIQUIDATION COMPARATOR ASSUMPTIONS

25.1 The liquidation analysis is based on the following assumptions:

- 25.1.1 **Liquidation commencement:** a hypothetical liquidation of SIHPL would commence on 31 August 2021, being an estimated date as to when it might become clear, following exploration of all other potential options, that the Steinhoff Group Settlement had failed and the directors of SIHPL as a result initiate liquidation proceedings;
- 25.1.2 **Liquidation process:** the liquidation will occur starting with the realisation of the underlying assets, with value (if any) flowing upwards and through the Steinhoff structure to satisfy intercompany loans. It is assumed that assets indirectly owned by SIHPL 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 realised on 31 August 2022, one year after the start of the liquidation;
- 25.1.3 **Cash flow and liability payment:** SAHPL is expected to settle the balance of its liability to SIHPL during August 2021, whilst SIH is assumed to pay on its 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 the assumed liquidation processes with respect to *inter alia* SAHPL;

- 25.1.4 **Interest rates and foreign exchange rates:** cash and liquidation proceeds in ZAR will grow at the ZAR risk-free rate of 5%;
- 25.1.5 **Tax:** a provision for the payment by SIHPL of tax on any income received on assets that have been realised is not included in the Liquidation Comparators, given the question of whether there would be any net tax liability for SIHPL is uncertain. However, any net tax liability would reduce the recovery under all variants of each of the Liquidation Comparators;
- 25.1.6 **Fees and other expenses:** the liquidation would give rise to legal, professional, and liquidator fees and costs, both at SIHPL 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 SIHPL's creditors. The assumed fees and bond of security costs have been estimated on the basis of advice from legal and professional advisers;
- 25.1.7 **Recorded Creditors:** with respect to all of the Liquidation Comparators, the Recorded Creditors' claims that could be asserted against SIHPL in a liquidation scenario are not reflected in the Liquidation Comparators. The claims that could be asserted against SIHPL by Recorded Creditors are excluded from the Liquidation Comparators as they are highly likely to change over the course of a liquidation, in an unknown direction, and are generally relatively small amounts. However, the inclusion of Recorded Creditors' claims is likely to marginally reduce the recovery under all variants of each of the Liquidation Comparators;
- 25.1.8 **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 SIHPL; however, it is assumed that any litigation that needs to be resolved (including appeals thereof) will be resolved within the time period for distribution assumed by the Liquidation Comparators;



- 25.1.9 **SIHPL litigation claims:** the full extent of litigation claims that might ultimately be made against SIHPL is unknown, but (all in cases without admitting liability) potential litigation claims against SIHPL are estimated on the basis of the information currently available;
- 25.1.10 **SIHPL assets:** SIHPL's assets include cash, intercompany loans with SAHPL (which is expected to be paid in full in August 2021), SIH, and Newco 1 (SFH), that are repaid on the basis of liquidation recoveries at those entities;
- 25.1.11 **Steinhoff Group 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.
- 25.1.12 With respect to the South African companies and assets:
- 25.1.12.1 PPH is valued by projecting its share price as of the start of liquidation, based on the current share price, and applying applicable liquidation discounts over an 18-month realisation process;
- 25.1.12.2 South African properties are valued based on pending or projected transaction proceeds; and
- 25.1.12.3 the stake in the IEP Group is valued based on the latest carrying value projected to the start of liquidation.
- 25.1.13 The liquidation value for the Steinhoff Group Companies' 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.
- 25.2 **Liquidation Distribution:** proceeds from the liquidation of assets in each relevant Steinhoff Group holding company are assumed to first satisfy each such company's



liabilities, claims, and / or costs of liquidation before any surplus proceeds are distributed.

26 BENEFITS OF THIS PROPOSAL

26.1 The benefits of adopting this Proposal compared to the liquidation of SIHPL are set out below.²⁷ In this context, it is important to reiterate that the success of the Steinhoff Group Settlement is dependent on both this Proposal and the SIHNV Composition Plan becoming effective, so that there is a resolution of all or substantially all of the Litigation and potential recourse claims in both estates. It is important for key stakeholders with interests in both estates, including Financial Creditors and those who hold MPC Relevant Claims deriving from purchases of both SIHPL Shares and SIHNV Shares, that there is an overall compromise in respect of all of their claims. Moreover, from the Steinhoff Group's perspective, a resolution in one estate only (leaving aside the question of whether that would be supported by key stakeholders) would not achieve key objectives sought by the Steinhoff Group, including the removal of the overhang of the Litigation and potential recourse claims from the Steinhoff Group's operating businesses and putting an end to the ongoing costs and substantial diversion of management time associated with the Litigation.

Benefits to all three Classes of Scheme Creditors

26.2 This Proposal provides a level of certainty to the Scheme Creditors that would not necessarily be available to them if they continue with their respective legal proceedings, and/or if SIHPL is liquidated. In this regard, Scheme Creditors are referred to the Liquidation Comparators set out in clause 24.

26.3 If this Proposal is Adopted and becomes effective, there will be a moratorium on and, ultimately, a withdrawal of, all legal proceedings that have been instituted against SIHPL by the Scheme Creditors. The suspension of such legal proceedings will be to the significant benefit of the Scheme Creditors, as the incurrance of significant legal fees will be avoided.

²⁷ Section 155(3)(b)(vi): Benefits of the Proposal as compared to liquidation.



- 26.4 SIHPL has calculated the value of the assets to be distributed to the Scheme Creditors under this Proposal on the basis that the estimated liquidator's fees and charges, as well as legal fees which will be incurred should the litigation against Scheme Creditors continue, will accordingly not be incurred, which allows SIHPL, in terms of this Proposal, to increase the monetary sum that is available for distribution to Scheme Creditors.
- 26.5 This Proposal provides for the settlement of Scheme Creditors over a period of time that is likely to be materially shorter than would be the case if SIHPL is liquidated and/or the legal proceedings of the Scheme Creditors against SIHPL continue, and in this regard -
- 26.5.1 the fees and costs associated with giving effect to this Proposal will be significantly lower than the liquidation costs that will be incurred if SIHPL is liquidated;
- 26.5.2 in the event of a liquidation of SIHPL, the liquidator will be entitled to charge reasonable remuneration for the discharge of his or her functions and duties as liquidator. In addition, there are significant administration fees and costs that will be incurred in a liquidation, which will be borne by SIHPL, and, indirectly, by the Scheme Creditors; and
- 26.5.3 these fees and costs will be avoided in the event that SIHPL is not liquidated and if a settlement is concluded on the terms proposed in this Proposal, which would be to the benefit of the Scheme Creditors.
- 26.6 Avoiding the continuation of legal proceedings brought by Scheme Creditors, in turn permits those relevant Scheme Creditors to avoid the significant costs, time and uncertainty associated with those proceedings. Coupled with this is the fact that the process envisaged by this Proposal will be more certain and is likely to be implemented more speedily than will be the case if SIHPL is liquidated.
- 26.7 In short, SIHPL believes this Proposal is likely to offer better or at least comparable returns to Scheme Creditors, and over a shorter period, than the returns which are likely to be available to them should SIHPL be liquidated.



Benefits to the Financial Creditors

- 26.8 The Financial Creditors will receive the benefit of the certainty that will come from the fact that the Contractual Claimants and the SIHPL Market Purchase Claimants will be settled and their claims against SIHPL will be extinguished.
- 26.9 The Financial Creditors will, subject to the prior-ranking claims created by the settlement and pari-ranking claims, have recourse to SIHPL's residual assets over time once the Contractual Claimants and the SIHPL Market Purchase Claimants are settled, in accordance with the terms of this Proposal (in particular pursuant to the S155 Settlement Note).

Benefits to the Contractual Claimants

- 26.10 The Contractual Claimants will be able to avoid the costs, time and uncertainty associated with pursuing their litigation against SIHPL, as well as the uncertainties inherent in any litigation (and the lengthy appeals process that may follow any judgment handed down in the High Court), in exchange for the benefits of a sum which is certain.
- 26.11 As appears from the Universal Comparator, the Contractual Claimants are expected to receive a higher or comparable return in terms of this Proposal, than they would in the event of the liquidation of SIHPL, where all creditors (i.e. not only those who are part of the three Classes of Scheme Creditors to whom this Proposal is addressed) could seek to prove their claims against SIHPL, and share in the distribution of SIHPL's assets.
- 26.12 Even if the Contractual Claimants take the view that they are more likely to receive a better dividend on liquidation (if, for instance, the Contractual Claimants take the view that a liquidation is more likely to be conducted on the basis of the Limited Comparator), there is no guarantee that this will in fact be the case. The Contractual Claimants will first be required to finally prove their claims (likely to involve appeals) and SIHPL, even in liquidation, is likely to defend those claims. Moreover, in a liquidation scenario, a significant number of SIHPL Market Purchase Claimants and Non-Qualifying Claimants will likely seek to prove their claims against SIHPL's estate. Moreover, such claimants may seek to do so at values which exceed the



values put on them by SIHPL for the purposes of the Universal Comparator. If such attempts are opposed by the liquidators or Contractual Claimants, this will likely result in costly, time-consuming and unpredictable litigation, thereby delaying the conclusion of the winding-up of SIHPL's estate.

- 26.13 The Contractual Claimants will also appreciate that there are significant dangers and risks associated with any attempt to exclude the SIHPL Market Purchase Claimants from this Proposal. The Contractual Claimants will appreciate that a number of the SIHPL Market Purchase Claimants who have instituted legal proceedings have asserted that their claims fall outside of existing High Court judgments which may be a bar to the success of those claims. The most recent judgments in this regard may be overturned by a higher court, or a contrary judgment may be given, and in such a case there is a risk that if all of SIHPL's assets are utilised only for the benefit of Financial Creditors and Contractual Claimants, those settlement distributions could be at risk of being attacked by the SIHPL Market Purchase Claimants should they be excluded from this Proposal.

Benefits to the SIHPL Market Purchase Claimants

- 26.14 Pursuant to the Steinhoff Group Settlement, the settlement of MPC Relevant Claims, whether they be of SIHPL Market Purchase Claimants under this Proposal or of SIHNV Market Purchase Claimants under the SIHNV Composition Plan, is proposed on the basis that the compensation for all such claims should be determined according to the same claims determination and valuation methodology, regardless of whether such claims derive from purchases of SIHPL Shares or SIHNV Shares and, therefore, regardless of which of the estates carries a contingent liability in respect of any given claim. That approach brings the advantages of (i) consistency and (ii) relevant simplicity and manageability, relative to any attempt to construct different claims determination and valuation methodologies for SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants.
- 26.15 In SIHPL and SIHNV's view, any attempt to construct such different methodologies would face serious substantive and procedural challenges. In particular, there would inevitably be debate in any given case as to whether a MPC Relevant Claim should properly be classified as that of a SIHPL Market Purchase Claimant or a



SIHNV Market Purchase Claimant. In this respect, a number of claimants have asserted claims against SIHNV in respect of purchases of SIHPL Shares prior to the Scheme of Arrangement, alleged either on a “successor” basis or on the basis that SIHNV was party to the proposal materials with respect to the Scheme of Arrangement. Although the legal validity of such allegations is denied by SIHNV and was doubted in the *De Bruyn* judgment, they may nonetheless be pursued. Conversely, other claimants have asserted liability for SIHPL in respect of SIHNV Shares purchased following the Scheme of Arrangement, on the alleged basis that SIHPL remained responsible for some period of time for its historical financial statements that remained in the public domain. SIHPL denies such allegations but, again, they may nonetheless be pursued. Any such controversy would be complicated further by the question of whether the relevant claim or claims was governed by Dutch law, South African law or German law (or any combination of the same).

- 26.16 The effect of the Proposal, in combination with the SIHNV Composition Plan and the SSSA, is to render such arguments irrelevant by ensuring that all claimants in respect of MPC Relevant Claims receive settlement consideration (at all times subject to its applicable terms) calculated according to the same claims determination and valuation methodology (the Steinhoff Allocation Plan) and administered by the same entity (the SRF). Such an approach facilitates very considerable efficiencies with respect to claim submission, verification and payment, which are highly desirable in the context of a complex settlement such as this.
- 26.17 SIHPL notes in this respect that it is very difficult to make definitive judgements about the relative merits of the claims of a SIHPL Market Purchase Claimant or a SIHNV Market Purchase Claimant, or the relative merits of MPC Relevant Claims asserted under, or properly governed by, South African, Dutch or German law. Under each system of law, complex questions arise as to matters of liability, causation, remoteness and loss, and such matters are inevitably affected in each case by the particular facts relevant to a given claim. The effect of this Proposal and the SIHNV Composition Plan will be that Market Purchase Claimants will not have to undergo costly and lengthy legal proceedings to fully determine the applicable law, validity and quantum of their claims.



- 26.18 As noted above, the sources, and therefore likely quantum, of recoveries for SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants will however differ. All Market Purchase Claimants will be entitled to recoveries from the SoP Settlement Fund, whilst SIHPL Market Purchase Claimants will additionally be entitled to recoveries from the SIHPL MPC Settlement Fund.
- 26.19 Two further important considerations have been weighed when making this Proposal:
- 26.19.1 the first is that, if the claims of SIHPL Market Purchase Claimants were to be successfully litigated (contrary to SIHPL's denials in that respect), the Universal Comparator shows that they would be likely to receive a greater percentage recovery in a liquidation of SIHPL than a successful SIHNV Market Purchase Claim would be likely to receive in a liquidation of SIHNV; however
- 26.19.2 the second and countervailing consideration is that the current state of South African law casts doubt on whether the SIHPL Market Purchase Claimants have legally enforceable claims against SIHPL. The only class action instituted in South Africa against inter alia SIHPL and SIHNV (*De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020)), where shareholders sought certification to allow them to proceed to institute a claim for damages as shareholders, failed on the basis that the South Gauteng Division of the High Court of South Africa found that no such claims exist under South African law. In SIHPL's view, the *De Bruyn* judgment has determined that claims on all fours with those of SIHPL Market Purchase Claimants are not viable under South African law. Assuming there were to be a consistent outcome in all South African litigation in that respect, the Limited Comparator shows that SIHPL Market Purchase Claimants would receive a lesser percentage recovery in a liquidation of SIHPL (i.e. zero) than a successful SIHNV Market Purchase Claim would be likely to receive in a liquidation of SIHNV. Neither SIHNV nor SIHPL is aware of a comparably adverse precedent under Dutch or German law. While this is disputed by certain SIHPL Market Purchase Claimants, those SIHPL Market Purchase Claimants will either be required to demonstrate to a Court in due course why their claims are not subject to existing legal precedent, or to depend on the



possibility that a Court may at some point in the future disagree with the legal precedent as it presently stands.

26.20 This Proposal also takes cognisance of that fact, together with the additional difficulties that the SIHPL Market Purchase Claimants will face in prosecuting and successfully proving their claims. In this regard, those representing large groups of SIHPL Market Purchase Claimants will need to rely upon the testimony of hundreds, if not thousands, of individuals on whose behalf they seek redress, or from whom they have acquired their alleged claims. The trials in those matters may take many months, if not years, to be finalised in the High Court, and will almost inevitably be followed by appeals which will further delay the final determination of these claims.

26.21 Weighing these considerations together, SIHPL is of the view that the Proposal represents a fair compromise for SIHPL Market Purchase Claimants. It represents a recovery that falls close to the outcome under the Universal Comparator and, importantly, it represents a very material improvement on the outcome under the Limited Comparator which, in the light of the judgment in *De Bruyn*, can be properly regarded as the more likely counterfactual.

26.22 If the Proposal is successful and the Settlement Effective Date occurs, and as described in detail above, the final settlement outcome for SIHPL Market Purchase Claimants will be determined:

26.22.1 in respect of the settlement consideration made available by SIHNV pursuant to the SoP Settlement Fund, as a function of the ratio that such consideration bears to the total admitted and verified Claim Values of all (i) MPC Relevant Claims successfully filed by the Bar Date and (ii) SIHNV Contractual Claims; and

26.22.2 in respect of the settlement consideration made available by SIHPL pursuant to the SIHPL MPC Settlement Fund, as a function of the ratio that such consideration bears to the total admitted and verified Claim Values of all SIHPL MPC Relevant Claims successfully filed by the Bar Date.

26.23 Analysis Group has assisted SIHPL in assessing the likely range of outcomes for Market Purchase Claimants under this Proposal, as well as in the event of a



liquidation of SIHPL, the details of which are set out in Annexure D. In summary, the baseline estimated settlement recovery under this Proposal for SIHPL MPC Relevant Claims of SIHPL Market Purchase Claimants is 15.1 cents in the Rand, calculated as at 31 August 2021, and depending on variations in Claim Values, Analysis Group conclude that settlement recovery for SIHPL MPC Relevant Claims should in any event fall between 15.1 and 23.7 cents in the Rand.

- 26.24 Again, any such recovery for SIHPL Market Purchase Claimants will represent a recovery close to the Universal Comparator and a very material improvement on the outcome under the Limited Comparator.
- 26.25 SIHPL Market Purchase Claimants are advised that the range of outcomes set out above do not take into account the D&O Insurers Market Purchase Claimants Offer and the D&O Steinhoff Additional Support Offer and the Deloitte Market Purchase Claimants Offer and the Deloitte Steinhoff Additional Support Offer.



PART C – ASSUMPTIONS AND CONDITIONS

27 PROPOSAL EFFECTIVENESS

- 27.1 This Proposal will only come into effect if all of the Suspensive Conditions set out in clause 28 of this Proposal have been fulfilled. The Suspensive Conditions cannot be waived.²⁸
- 27.2 The ability to fully implement this Proposal is based on the assumption that there will be no material adverse events which may impact the ability of SIHPL and/or SIHNV to Settle their obligations under this Proposal. In this event, SIHPL reserves the right to withdraw this Proposal at any stage prior to Sanction.

28 SUSPENSIVE CONDITIONS

- 28.1 The effectiveness of this Proposal is conditional upon:
- 28.1.1 the requisite approval of the Steinhoff financial creditors;
 - 28.1.2 any requisite approval of the Financial Surveillance Department of the South African Reserve Bank in respect of the settlement proceeds;
 - 28.1.3 the occurrence of the SoP Effective Date (as defined in the SIHNV Composition Plan), being the date on which the judgment of confirmation (*homologatie*) of the SIHNV Composition Plan has become final and unappealable (*in kracht van gewijsde*), resulting in a termination of the SoP pursuant to Section 276 Dutch Bankruptcy Act (*Faillissementswet*); and
 - 28.1.4 the approval and sanction by the High Court of the Proposal as contemplated in section 155(7) of the Companies Act, and the Court Order becoming final in effect and not subject to any further appeal, review, etc.
- 28.2 Once the Suspensive Conditions described above are satisfied, the terms of this Proposal will become effective and each Scheme Creditor will be bound by this

²⁸ Section 155(3)(c)(i): Conditions for operation and implementation.



Proposal, regardless of whether or not such Scheme Creditor has filed its claim with the Claims Administrator.

28.3 If the Suspensive Conditions are not fulfilled for any reason whatsoever, then:

28.3.1 this Proposal, or any part of it, shall be of no force or effect; and

28.3.2 neither the Scheme Creditors nor SIHPL shall have any claim against the other arising from, and in terms of, this Proposal.

29 EMPLOYEES AND PROJECTED BALANCE SHEET

29.1 SIHPL has no employees.²⁹

29.2 A projected balance sheet for SIHPL is annexed marked Annexure E, and has been prepared on the assumption that this Proposal is Adopted, and approved and sanctioned by the High Court as contemplated in section 155(7) of the Companies Act.

29.3 A projected statement of income and expenses for SIHPL for the ensuing three years following the Proposal Date is annexed marked Annexure E, and has been prepared by SIHPL on the assumption that this Proposal is Adopted, and approved and sanctioned by the High Court as contemplated in section 155(7) of the Companies Act.³⁰

30 LIMITATION OF LIABILITY OF THE RELEASED PARTIES

30.1 Subject to clause 30.2, none of the Released Parties or Released Parties' respective legal advisers (including, but not limited to, Werksmans Inc.) shall have any role in, responsibility for, or liability arising from the implementation of the Steinhoff Allocation Plan, the form, substance, method or manner of distribution, the administration or distribution of the Settlement Funds or the settlements to be distributed to the Contractual Claimants, any tax liability that a Scheme Creditor

²⁹ Section 155(3)(c)(ii): Effect on employees.

³⁰ Sections 155(3)(c)(iii) and 155(4): Projected balance sheet and income statement.



may incur as a result of the SRF and Claims Administration Conditions and/or this Proposal or as a result of any action taken pursuant to the SRF and Claims Administration Conditions and/or this Proposal, or the administration or processing of claims, including, without limitation, the determination of the amounts to be distributed to each Scheme Creditor or the determination of the validity of a filed claim for payment from the Settlement Funds.

- 30.2 An employee of the Steinhoff Group will serve as a board member of the SRF next to 2 (two) independent board members.

31 VOTING PROCEDURES

- 31.1 This Proposal shall be put to a separate vote by each of the Classes of Scheme Creditors at separate Meetings.
- 31.2 Each Meeting shall be a virtual meeting, conducted entirely via electronic communication. The details pertaining to registration for, attendance and participation at and voting during each virtual Meeting (as well as details relating to appointment of proxies) will be delivered to verified Scheme Creditors by way of email, SENS announcements and publication on www.SteinhoffSettlement.com once the verification process has been completed.
- 31.3 Each Scheme Creditor may attend the virtual Meeting for the purposes of voting or may authorise a third party to vote on his or her behalf at the virtual Meeting.
- 31.4 SIHPL Market Purchase Claimants who have been verified in accordance with clause 19 and Part A of clause 20 above, will receive registration details in respect of the Meeting by email. To the extent that a verified SIHPL Market Purchase Claimant wishes to appoint a proxy (be it the Chair or a third party) to attend and vote at the Meeting in its stead, such SIHPL Market Purchase Claimant must complete and submit a proxy form at least 96 hours prior to the Meeting. Proxy forms will be available under the 's155 Virtual Meeting' tab on www.SteinhoffSettlement.com, and will contain instructions in respect of the completion and submission thereof.



- 31.5 Contractual Claimants who wish to attend and vote at the Meeting must complete a SIHPL Filing Instruction (in the form set out in Annexure H) and submit it to the Claims Administrator no later than 5 Business Days prior to the Meeting, in accordance with the instructions contained therein. To the extent that a Contractual Claimant wishes to appoint a proxy (be it the Chair or a third party) to attend and vote at the Meeting in its stead, such Contractual Claimant must complete and submit a proxy form at least 96 hours prior to the Meeting. Proxy forms will be available under the 's155 Virtual Meeting' tab on www.SteinhoffSettlement.com, and will contain instructions in respect of the completion and submission thereof.
- 31.6 Each Financial Creditor (or such Financial Creditor's duly authorised representatives) must use the SIHPL Filing Instruction to be distributed to the Financial Creditors by Global Loan Agency Services Limited in due course, and must follow the instructions and adhere to the deadlines set out therein. The SIHPL Filing Instruction provides for a voting election to be made by the Financial Creditor, which voting election will be communicated to the Chair during the Meeting.
- 31.7 For the purposes of submitting a SIHPL Filing Instruction -
- 31.7.1 each SIHPL Market Purchase Claimant must use the SIHPL Filing Instruction included in the Online Claim Form available at www.SteinhoffSettlement.com;
- 31.7.2 each Claimant Representative must use the SIHPL Filing Instruction included in the Master Claim Form available at www.SteinhoffSettlement.com;
- 31.7.3 each Financial Creditor (or such Financial Creditor's duly authorised representatives) must use the SIHPL Filing Instruction to be distributed to the Financial Creditors by Global Loan Agency Services Limited in due course, and must follow the instructions and adhere to the deadlines set out therein; and
- 31.7.4 each Contractual Claimant (or such Contractual Claimant's duly authorised representatives) must use the SIHPL Filing Instruction substantially in the form as set out in Annexure H.



MISCELLANEOUS TERMS AND CONDITIONS

32 LIMITED RECOURSE

32.1 Subject to the occurrence of the Settlement Effective Date, the payment to the SRF of the Gross Cash Settlement Funds and the SRF assuming control over the Gross Share Settlement Funds, each Scheme Creditor agrees that any recourse for its unsecured, non-preferred claims against SIHPL, SIHNV or the SRF shall be limited to the terms of the compromise and/or the payment that it is entitled to receive in accordance with this Proposal from the SRF and/or SIHPL and no Scheme Creditor shall have any further right of recourse against SIHPL, SIHNV, the SRF or any current or former Steinhoff Group Company. This clause 32 contains an irrevocable third-party stipulation for the benefit of SIHPL, SIHNV, the SRF and the current and former Steinhoff Group Companies.

33 NO ADMISSION OF LIABILITY

33.1 None of SIHPL, nor any Steinhoff Group Company, nor any of the other Released Parties, Audit Firm or any other Deloitte Beneficiary, nor any D&O Beneficiary admits any wrongdoing or assumes any liability arising from or related to the Events and/or the Allegations or any other grounds or events underpinning the Contractual Claims or the SIHNV Contractual Claims or the MPC Relevant Claims. Accordingly, any payment made or compromise effected pursuant to this Proposal should not be construed as an acknowledgement or admission of the existence or merits of any wrongdoing or liability in relation to the Events and/or the Allegations, the Contractual Claims, the SIHNV Contractual Claims or the MPC Relevant Claims or, in relation to admissibility, the standing or authority of the Claimant Representatives and any Scheme Creditor or SIHNV Creditor or the validity of any application, request, demand, requested order and/or litigation filed by them, and the terms of this Proposal shall not be used as evidence of such.

34 SUSPENSION OF LIMITATION PERIODS

34.1 SIHPL and the SRF will not raise any Limitation Defence that relies on time running commencing on any moment in time until the Bar Date, to the extent the relevant claim was validly filed on or before the Bar Date.



35 ABILITY TO AMEND THE PROPOSAL

- 35.1 SIHPL may amend, modify or vary ("**Amendment**") any provision of this Proposal -
- 35.1.1 by agreement with a specific Scheme Creditor or group of Scheme Creditors, where the Amendment relates only to those Scheme Creditors and does not prejudice other Scheme Creditors;
- 35.1.2 provided that the Amendment is supported by the Scheme Creditors in terms of section 155(6) of the Companies Act, if the amendment will prejudice Scheme Creditors, or, without the support of Scheme Creditors, if the amendment will not prejudice Scheme Creditors and if SIHPL acts reasonably; and
- 35.1.3 where the Amendment takes place following Sanction, subject to the Amendment being approved and sanctioned by the High Court, in terms of section 155(7)(b) of the Companies Act.

36 SEVERABILITY

- 36.1 Each provision of this Proposal is, notwithstanding the grammatical relationship between that provision and the other provisions of the Proposal, severable from the other provisions of this Proposal.
- 36.2 Any provision of this Proposal that is or becomes invalid, unenforceable or unlawful in any jurisdiction shall, in such jurisdiction only, be treated as *pro non scripto* to the extent that it is so invalid, unenforceable or unlawful, without invalidating or affecting the remaining provisions of the Proposal which shall remain of full force and effect.
- 36.3 For the avoidance of doubt, should the Court during the application to Sanction the Proposal require any aspect of this Proposal to be severed from this Proposal as a condition to Sanction, SIHPL shall give effect to the requirements of the Court, and no person shall acquire or establish a claim against SIHPL as a consequence thereof, whether under this Proposal or otherwise.



36.4 The Board declares that it is its intention that this Proposal would be executed without such invalid, unenforceable or unlawful provision as if it were aware of such invalidity, unenforceability or unlawfulness at the time of execution of this Proposal.

37 GOVERNING LAW AND JURISDICTION

37.1 This Proposal shall in all respects (including its existence, validity, interpretation, implementation, termination and enforcement) be governed by South African law, save with respect to disputes referred to the Dispute Committee in accordance with the provisions of this Proposal and its annexures.

37.2 Each of the Parties hereby submits itself to the non-exclusive jurisdiction of the High Court of South Africa, Western Cape Division, Cape Town with respect to any disputes arising out of or in connection with this Proposal, other than disputes referred to the Dispute Committee in accordance with clause 21 of this Proposal.

38 BOARD'S RECOMMENDATION AND CERTIFICATE

38.1 The Board recommends that Scheme Creditors vote in favour of this Proposal on the basis that it is likely that this Proposal will result in the Scheme Creditors receiving more than would be the case if SIHPL is liquidated.

38.2 Each member of the Board hereby acknowledges and confirms that -

38.2.1 any factual information provided in this Proposal appears accurate, complete and up to date; and

38.2.2 projections provided are estimates made in good faith on the basis of factual information and assumptions set out in this Proposal.

39 SIGNATURE

Each signatory to this Proposal by its signature hereof binds itself to this Proposal to the extent that it imposes any obligations on it.

****SIGNATURE PAGE FOLLOWS****



Signed at _____ on _____ 2021
for **STEINHOFF INTERNATIONAL
HOLDINGS PROPRIETARY LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto

Signed at _____ on _____ 2021
for **STEINHOFF INTERNATIONAL
HOLDINGS N.V.**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto

Signed at _____ on _____ 2021
for **STEINHOFF INVESTMENT HOLDINGS
LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto



Signed at

on

2021

for **STEINHOFF AFRICA HOLDINGS
PROPRIETARY LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto

Signed at

on

2021

for **AINSLEY HOLDINGS PROPRIETARY
LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto

Signed at

on

2021

for **STEINHOFF AT WORK PROPRIETARY
LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he/she is duly
authorised hereto



ANNEXURE A – DEFINITIONS

1 INTERPRETATION

In this SIHPL Proposal, clause headings are for convenience and shall not be used in its interpretation and, unless the context clearly indicates a contrary intention, -

- 1.1 a word or an expression which denotes -
 - 1.1.1 any gender includes the other gender;
 - 1.1.2 a natural person includes an artificial or juristic person and *vice versa*;
 - 1.1.3 the singular includes the plural and *vice versa*;
- 1.2 any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the Proposal Date, and as amended or substituted from time to time;
- 1.3 if any provision in a definition is a substantive provision conferring a right or imposing an obligation on any person then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this SIHPL Proposal;
- 1.4 where any term is defined within a particular clause other than this Annexure A, that term shall bear the meaning ascribed to it in that clause wherever it is used in this SIHPL Proposal;
- 1.5 where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;



- 1.6 any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, calendar months or calendar years, respectively;
- 1.7 any reference to a “clause” shall be a reference to a clause of this Proposal;
- 1.8 the use of the word "**including**", "**includes**" or "**include**" followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;
- 1.9 to the extent that any provision of this SIHPL Proposal is ambiguous, it is to be interpreted in a manner that is consistent with the purpose of section 155 of the Companies Act;
- 1.10 unless otherwise stated, all references to sections in this SIHPL Proposal are references to sections in the Companies Act; and
- 1.11 all information provided in this SIHPL Proposal is reflected as at the Proposal Date, unless otherwise indicated in this SIHPL Proposal.

2 **DEFINITIONS**

The following words and expressions shall bear the meanings assigned to them below and cognate words and expressions bear corresponding meanings –

- 2.1 **"Adopted"** –
 - 2.1.1 in relation to each Class of Scheme Creditors, the adoption of this Proposal by that Class of Scheme Creditors by a majority in number representing not less than 75% in value of such Class of Scheme Creditors, present and voting in person or by proxy at meetings called for that purpose; and



2.1.2 in relation to this Proposal, the adoption of this Proposal in the manner described in clause 2.1.1 by **all** Classes of Scheme Creditors,

and "**Adopt**" and "**Adoption**" shall have corresponding meanings;

2.2 "**Ainsley**" – Ainsley Holdings Proprietary Limited, registration number 1964/010191/07, a private company with limited liability registered in accordance with the company laws of South Africa, having its registered address at Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, Western Cape, South Africa;

2.3 "**Allegations**" – the allegations referred to in clauses 1.10 through 1.12 inclusive;

2.4 "**Analysis Group**" – Analysis Group, Ltd., the economics expert retained by SIHPL and SIHNV;

2.5 "**Audit Firm**" – means an audit firm performing or having at any time performed audit and other services for SIHNV, SIHPL, any other current and/or former Steinhoff Group Company or related entities, and/or any external valuation professional and/or any third parties that undertook a materially similar role as well as any other audit firm which is a member of the same network of firms, including but not limited to the Deloitte Firms and Deloitte Touche Tohmatsu Limited and any other firm which is a member or affiliate of the Deloitte Touche Tohmatsu Limited network of firms, and any of their current and former partners, principals, shareholders, auditors, directors (managing or supervisory), officers, employees, direct or indirect holding company (or companies), affiliates and direct or indirect Subsidiaries, successors and assigns;

2.6 "**Bar Date**" – the date falling three months after the Settlement Effective Date;

2.7 "**Board**" – the board of directors of SIHPL, as at the Proposal Date;

2.8 "**Business Day**" – any day which is not a Saturday, a Sunday or an official public holiday in each of Johannesburg, Amsterdam, Frankfurt and London;

2.9 "**BVI**" – Business Venture Investments No 1499 (RF) Proprietary Limited;



- 2.10 "Chair" – the person appointed by SIHPL for purposes of presiding over the Meeting;
- 2.11 "CIPC" – the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 2.12 "Claim Determination" – shall have the meaning ascribed thereto in clause 20.9;
- 2.13 "Claim Form" – a Master Claim Form and/or an Online Claim Form;
- 2.14 "Claim Value" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.15 "Claimant Representatives" – collectively the following parties -
 - 2.15.1 Burford Capital LLC, a limited liability company incorporated under the laws of Delaware with registered number 6607465;
 - 2.15.2 Deminor Recovery Services (Luxembourg) S.A., a company incorporated under the laws of Luxembourg with registered number B175299 and DRS Belgium S.R.L, a company incorporated under the laws of Belgium with registered number 0452 511 928;
 - 2.15.3 Hamilton;
 - 2.15.4 Innsworth;
 - 2.15.5 Grant & Eisenhofer P.A. and Kessler Topaz Meltzer & Check, LLP; and
 - 2.15.6 ISLG,

and "Claimant Representative" shall be a reference to any one of them, as the context may require. For the avoidance of doubt: for each of Hamilton and Innsworth, a reference to "Claimant Representative" shall also be deemed to be a



reference to Hamilton and Innsworth in their capacity as Market Purchase Claimant, if applicable;

2.16 "**Claims Administrator**" – has the meaning ascribed thereto in the SRF and Claims Administration Conditions;

2.17 "**Classes of Scheme Creditors**" – the classes of creditors to whom this Proposal is made, being –

2.17.1 the Contractual Claimants;

2.17.2 the SIHPL Market Purchase Claimants; and

2.17.3 the Financial Creditors,

and each a "**Class of Scheme Creditors**";

2.18 "**Companies Act**" – the Companies Act No. 71 of 2008, as amended, including the regulations promulgated thereunder;

2.19 "**Computershare**" – Computershare Investor Services plc.;

2.20 "**Conservatorium**" – Conservatorium Holdings LLC, a company incorporated under the laws of Delaware, United States, with its principal place of business at 1209 Orange Street, Wilmington, Delaware, United States;

2.21 "**Conservatorium Claims**" – shall have the meaning ascribed thereto in clause 1.37 of this Proposal;

2.22 "**Contingent Payment Undertakings**" – collectively, the SIHPL CPU and the SIHNV Contingent Payment Undertakings;

2.23 "**Contractual Claim**" – a claim held by a Contractual Claimant;

2.24 "**Contractual Claims Valuation Methodology**" – has the meaning ascribed thereto in clause 13.1 of this Proposal;



- 2.25 **"Contractual Claimants"** – collectively –
- 2.25.1 Litigation claimants, which (i) instituted claims against SIHPL prior to 5 December 2020, in respect of arms-length negotiated contractual arrangements under which shares in other enterprises were sold or transferred by such claimants or their related parties to SIHPL, (ii) received consideration directly from SIHPL by way of issuance, or transfer, of SIHPL Shares and (iii) whose details are set out in Annexure F, including the relevant Titan Claimants; and
- 2.25.2 Mayfair in respect of the Mayfair Claim;
- 2.26 **"Court Order"** – the Order of the High Court approving and sanctioning the Proposal in accordance with section 155(7)(a) of the Companies Act;
- 2.27 **"Cronje et al"** – collectively, Charl André Cronjé, Jacobus Hauptfleisch du Toit, Annamie Hansen, Leon Marius Lourens, Jacobus Francois Pienaar, Johan Samuel Van Rooyen and Johan Daniël Wasserfall;
- 2.28 **"D&Os"** – all directors, officers and other personnel of Steinhoff Group Companies and/or former Steinhoff Group Companies who work or have in any way or another worked for or been associated with a Steinhoff Group Company and/or former Steinhoff Group Company;
- 2.29 **"D&O Beneficiaries"** – the D&O Insurers and the D&Os;
- 2.30 **"D&O Insurers"** – the insurance companies and/or Lloyd's syndicates acting for themselves underwriting Steinhoff's (primary and excess) Directors and Officers insurance policy with no. B080133495P17 and claim reference B080133495P17AAA (primary), B080133495P17AAB (first excess), B080133495P17AAC (second excess), B080133495P17AAD (third excess) and B080133495P17AAE (fourth excess);
- 2.31 **"D&O Insurers Market Purchase Claimants Offer"** – the funds that are made available by the D&O Insurers as an offer in support of the Steinhoff Group



Settlement to compensate for any losses suffered by SIHPL, SIHNV, other Steinhoff Group Companies and the Market Purchase Claimants in relation to the Events and the Allegations in the amount of up to EUR 55.5 million for distribution by SRF to the Market Purchase Claimants pursuant to the terms of the SSSA and in accordance with the SRF and Claims Administration Conditions in exchange for the releases and waivers set out herein, in the SSSA, in the SIHNV Composition Plan and/or in any other agreement as referred to in clause 23.25 of this Proposal;

- 2.32 **"D&O Policies"** – the **"Primary Layer D&O Policy"** and several excess layer policies that incorporate the Primary Layer D&O Policy wording with amended terms and conditions underwriting Steinhoff's (primary and excess) Directors and Officers insurance policy with no. B080133495P17 and claim reference B080133495P17AAA (primary), B080133495P17AAB (first excess), B080133495P17AAC (second excess), B080133495P17AAD (third excess) and B080133495P17AAE (fourth excess) (the **"Excess Layer D&O Policies"** and, together with the Primary Layer D&O Policy, the **"D&O Policies"**);
- 2.33 **"D&O Steinhoff Additional Support Offer"** – the funds that are made available by the D&O Insurers as an offer in support of the Steinhoff Group Settlement to compensate for any losses suffered by SIHNV, SIHPL and other Steinhoff Group Companies and some Contractual Claimants and some SIHNV Contractual Claimants in relation to the Events and the Allegations in the amount of up to EUR 15 million for distribution by SRF to such Contractual Claimants pursuant to the terms of the SSSA in exchange for the releases and waivers set out herein, in the SSSA, in the SIHNV Composition Plan and/or in any other agreement as referred to in clause 23.25 of this Proposal;
- 2.34 **"Deficiency Notification"** – shall have the meaning ascribed thereto in clause 20.2 of this Proposal;
- 2.35 **"Deloitte & Touche South Africa"** – Deloitte & Touche South Africa, a professional partnership under the laws of the Republic of South Africa registered as an auditor with the South African Independent Regulatory Board for auditors established by section 3 of the South African Audit Professions Act No. 26 of 2005, as amended, under registration number 902276;



- 2.36 **"Deloitte Beneficiaries"** – the Deloitte Firms and Deloitte Touche Tohmatsu Limited and any other firm which is a member or affiliate of the Deloitte Touche Tohmatsu Limited network of firms and any of their current and former partners, principals, shareholders, auditors, direct or indirect holding company (or companies), and direct or indirect Subsidiaries, affiliates, members, partners, employees, officers and directors (managing or supervisory) of any of the aforementioned entities and their respective successors in title and assigns;
- 2.37 **"Deloitte Firms"** – Deloitte NL and Deloitte & Touche South Africa;
- 2.38 **"Deloitte Market Purchase Claimants Offer"** – the funds that are made available by the Deloitte Firms as an offer in support of the Steinhoff Group Settlement to compensate for any losses suffered by SIHPL, SIHNV, other Steinhoff Group Companies and the Market Purchase Claimants in relation to the Events and the Allegations in the amount of up to EUR 55.34 million for distribution by the SRF to the Market Purchase Claimants pursuant to the terms of the SSSA and in accordance with the SRF and Claims Administration Conditions in exchange for the releases and waivers set out herein, in the SSSA, in the SIHNV Composition Plan and/or in any other agreement as referred to in clause 23.25 of this Proposal;
- 2.39 **"Deloitte NL"** – Deloitte Accountants B.V., a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) with statutory seat in Rotterdam, the Netherlands, and its principal offices at Wilhelminakade 1, 3072 AP Rotterdam, the Netherlands, registered in the Trade Register under number 24362853;
- 2.40 **"Deloitte Steinhoff Additional Support Offer"** – the funds that are made available by the Deloitte firms as an offer in support of the Steinhoff Group Settlement to compensate for any losses suffered by SIHPL, SIHNV, other Steinhoff Group Companies and some Contractual Claimants and some SIHNV Contractual Claimants in relation to the Events and the Allegations in the amount of up to EUR 15 million for distribution by the SRF to such Contractual Claimants and SIHNV Contractual Claimants pursuant to the terms of the SSSA in exchange for the releases and waivers set out herein, in the SSSA, in the SIHNV Composition Plan and/or in any other agreement as referred to in clause 23.25 of this Proposal;



- 2.41 **"Dispute Committee"** – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.42 **"Dispute Committee Rules"** – the rules set out in Schedule 5 (*Dispute Committee Rules*) to the SRF and Claims Administration Conditions;
- 2.43 **"Disputed Claim"** – a claim of a SIHPL Market Purchase Claimant, SIHNV Market Purchase Claimant or SIHNV Contractual Claimant which is disputed pursuant to clauses 8.4 and 8.5.5(iii) of the SIHNV Composition Plan or clause 21 of this Proposal (as applicable) or in respect of which a dispute is pending with a competent court;
- 2.44 **"Disputed Claims Amount"** – shall have the meaning ascribed thereto in clause 19.6 of this Proposal;
- 2.45 **"Disputed Contractual Claim Reserve"** - the amount reserved in respect of the amount claimed by Mayfair on its pleadings against Steinhoff being, based on the information currently available to SIHPL, R162.2 million (being 28.7% of R565.8 million, the estimated claim value in respect of the Mayfair Claim as of 31 August 2021 as calculated by Analysis Group);.
- 2.46 **"Disputed SIHPL Claims Amount"** – shall have the meaning ascribed thereto in clause 19.9 of this Proposal;
- 2.47 **"Events"** – has the meaning ascribed thereto in clause 1.9 of this Proposal;
- 2.48 **"Excluded Individuals"** – shall be a reference to –
- 2.48.1 the Implicated D&Os;
- 2.48.2 the Settling D&Os;



2.48.3 at the sole discretionary determination of SIHNV and/or SIHPL (as applicable) –

2.48.3.1 any legal entities and/or individuals allegedly implicated in the Events; and/or

2.48.3.2 any legal entities and/or individuals that are allegedly recipients of payments by Steinhoff Group Companies or third parties made in the context of the Events, without legal cause, justification or due consideration, including but not limited to, claims arising from the overpayment of dividends, interest charges, acquisitions in respect of which there were overpayments, or incorrectly made payments, costs related to the engagement of legal professionals and other advisers and penalties paid in the context of the Events;

2.48.4 at the sole discretionary determination of SIHNV and/or SIHPL (as applicable): any family members and affiliated entities of the Excluded Individuals (including any entity in which the aforementioned individuals have a beneficial interest, either directly or indirectly, or of which they are de facto beneficial owner or corporate controller, except for Wiesfam); and

2.48.5 any legal successors of any of the Excluded Individuals,

and for the purposes hereof, "**family members**" shall include (without limitation) any of the Excluded Individuals' biological or adopted relatives, relatives in-law and any person with whom such individuals are or at any relevant time were in a long-term and/or dependent relationship and/or any person with whom such individuals co-habit or at any relevant time co-habited;

2.49 "**Financial Creditors**" – the beneficiaries or alleged beneficiaries of the SIHPL CPU;

2.50 "**Financial Restructuring**" – has the meaning ascribed thereto in clause 1.16 of this Proposal;

2.51 "**FSE**" – the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*);



- 2.52 **"Gross Cash Settlement Funds"** – has the meaning ascribed thereto in clause 17.11 of this Proposal;
- 2.53 **"Gross Settlement Funds"** – the SIHPL Gross Settlement Fund and the SoP Gross Settlement Fund;
- 2.54 **"Gross Share Settlement Funds"** – has the meaning ascribed thereto in clause 17.11 of this Proposal;
- 2.55 **"Guarantees"** – has the meaning ascribed thereto in clause 4.25 of this Proposal;
- 2.56 **"Hamilton"** – collectively –
- 2.56.1 Hamilton B.V., a company incorporated under the laws of the Netherlands with registered number 70944962;
- 2.56.2 Hamilton 2 B.V., a company incorporated under the laws of the Netherlands with registered number 71817085; and
- 2.56.3 Claims Funding Europe Limited, a company incorporated under the laws of the Republic of Ireland with registered number 455396.
- 2.57 **"High Court"** or **"Court"** – the High Court of South Africa, Western Cape Division, Cape Town, being the division of the High Court of South Africa having jurisdiction over SIHPL and the division of the High Court to which application will be made pursuant to section 155 (7) of the Companies Act;
- 2.58 **"Implicated D&Os"** – Markus Jooste, Benjamin La Grange, Stehan Grobler and Siegmar Schmidt;
- 2.59 **"Inflation Methodology"** – shall have the meaning ascribed thereto in the Steinhoff Allocation Plan;
- 2.60 **"Initial Claim Value"** – shall have the meaning ascribed thereto in clause 20.1 of this Proposal;



- 2.61 **"Innsworth"** – collectively –
 - 2.61.1 Innsworth Steinhoff Claim B.V., a company incorporated under the laws of the Netherlands with registered number 71790845;
 - 2.61.2 Innsworth Advisors Limited, a limited liability company incorporated under the laws of England and Wales and with its registered office at 1 Chancery Lane, London, United Kingdom, WC2A 1LF with company number 08945649; and
 - 2.61.3 Innsworth Capital Limited, a limited liability company incorporated under the laws of Jersey and with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG with company number 125002;
- 2.62 **"Intercompany Loan Claims"** – the intercompany loan claims and related-party loan claims held by the Intercompany Loan Creditors against SIHPL and more fully described in Annexure C;
- 2.63 **"Intercompany Loan Creditor"** – a Steinhoff Group Company which holds an intercompany claim against SIHPL, as more fully described and set out in in Annexure C;
- 2.64 **"Intercompany Receivables"** – collectively, the SAHPL Receivable and the SIH Receivable;
- 2.65 **"ISLG"** – collectively –
 - 2.65.1 Stichting Steinhoff International Compensation Claims, a foundation (stichting) incorporated under the laws of the Netherlands with registered number 70856966;
 - 2.65.2 Alexander Reus, P.A. dba DRRT, a company incorporated under the laws of the State of Florida;
 - 2.65.3 DRRT Limited, a company incorporated under the laws of the Bahamas with registered number 166.029 B;



- 2.65.4 TILP Rechtsanwalts-gesellschaft mbH, a company incorporated under the laws of Germany with registered number HRB 735985; and
- 2.65.5 LHL Attorneys INC., a company incorporated under the laws of South Africa with registered number 2016/365961/21;
- 2.66 "**Joint Steinhoff Settlement Support**" – has the meaning given to it in clause 23.11 of the Proposal;
- 2.67 "**JSE**" – the Johannesburg Stock Exchange Limited;
- 2.68 "**Limitation Defence**" – any defence or argument based on statute of limitations, prescription, limitation, time bar, laches, delay or any similar principle in connection with any MPC Relevant Claim in any jurisdiction that is filed on or before the Bar Date in accordance with this Proposal;
- 2.69 "**Liquidation Comparators**" – the liquidation comparators prepared by the Analysis Group set out in Annexure D (*Liquidation Comparators*) to this Proposal;
- 2.70 "**Litigation**" – has the meaning ascribed thereto in clause 1.8 of this Proposal;
- 2.71 "**Litigation Working Group**" – the litigation working group which was established by SIHNV for the purposes of the detailed review and conduct of disputes threatened and initiated against the Steinhoff Group and legal proceedings which may facilitate recoveries on behalf of the Steinhoff Group;
- 2.72 "**Margin Lender Claimants**" – shall have the meaning ascribed thereto in clause 1.37.1 of this Proposal;
- 2.73 "**Margin Lender Settlement Agreement**" – shall have the meaning ascribed thereto in clause 1.37.1 of this Proposal;
- 2.74 "**Market Purchase Claimants**" – collectively, the SIHPL Market Purchase Claimants and the SIHNV Market Purchase Claimants;



- 2.75 "**Master Claim Form**" – the claim form to be submitted by a Claimant Representative in accordance with clause 19.3.1 and in the form as agreed between SIHPL and the respective Claimant Representatives;
- 2.76 "**Mayfair**" – Mayfair Speculators Proprietary Limited, registration number 1987/003549/07, a company registered and incorporated in accordance with the laws of South Africa, having its registered address at Section 6, Pastorie Park, 33 Lourens Street, Somerset West, Western Cape;
- 2.77 "**Mayfair Claim**" – the claims instituted by Mayfair against Mr Jooste, SIHPL and SIHNV in the High Court of South Africa, Western Cape Division under case number 17727/2020;
- 2.78 "**MPC Relevant Claim**" – a claim that constitutes the claimant as a SIHPL Market Purchase Claimant or a SIHNV Market Purchase Claimant;
- 2.79 "**Meeting**" – the meeting, or meetings, of Scheme Creditors, as the case may be, to be convened in accordance with section 155(6) of the Companies Act, as may be adjourned from time to time;
- 2.80 "**MLC Settlement Consideration**" – shall have the meaning ascribed thereto in clause 1.37.2 of this Proposal;
- 2.81 "**Newco 2A**" – Steenbok Newco 2A Limited, registration number 127926, a company incorporated in accordance with the laws of Jersey;
- 2.82 "**Newco 2A Loan**" – the loan note to be issued by SIHPL to Newco 2A in consideration for SIHPL's acquisition of the amount owing by Titan to Newco 2A from Newco 2A on the following terms (*inter alia*) –
- 2.82.1 zero coupon;
- 2.82.2 repayment date being the final maturity date of 6 months after the Titan Receivable final maturity date;



- 2.82.3 quarterly cash sweep at SIHPL and across the South African Sub-Group of the Steinhoff Group;
- 2.82.4 first ranking security over SIHPL's assets; and
- 2.82.5 limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL;

- 2.83 **"Non-Qualifying Claimant"** – the holder of a Non-Qualifying Claim, and **"Non-Qualifying Claimant"** shall be a reference to any one of them as the context may require;

- 2.84 **"Non-Qualifying Claims"** – collectively any and all claims asserted, or to be asserted in the future, against SIHPL by any person or entity whose claim does not fall within the respective definitions of Contractual Claimants, SIHPL Market Purchase Claimants or Financial Creditors (whether known to SIHPL or not) as at the Proposal Date and which are not subject to this Proposal, including, but not limited to, the following –
 - 2.84.1 any and all claims made by Peter Andrew Berry, Andre Frederick Botha, Francois Johan Malan, Michael John Morris, Paul Ronald Potter and Warren Wendell Steyn in respect of shares in Business Venture Investments issued to them;
 - 2.84.2 any and all claims made by Conservatorium in respect or arising out of margin loans extended to, and/or security granted in support of such loans by, Upington in 2016 and 2017;
 - 2.84.3 any and all claims made by the South African Competition Commission in respect of alleged price fixing;
 - 2.84.4 any and all claims made by Mantessa Equities Proprietary Limited under case number 17165/2020 in the High Court of South Africa, Western Cape Division;



- 2.84.5 any and all claims made by Trevo Capital Limited under case number 4669/2019 in the High Court of South Africa, Western Cape Division, and "**Non-Qualifying Claim**" shall be a reference to any one of them as the context may require;
- 2.85 "**Other D&Os**" – all D&Os who are not Settling D&Os or Implicated D&Os;
- 2.86 "**Online Claim Form**" – the claim form to be submitted by SIHPL Market Purchase Claimants pursuant to clause 19.3.2, and as made available on www.SteinhoffSettlement.com from time to time;
- 2.87 "**Potential Recourse Claim**" – any claim against a party other than a Steinhoff Group Company in respect of loss or damage suffered in connection with or in consequence of the Events and/or the Allegations;
- 2.88 "**PPH**" – Pepkor Holdings Limited, registration number 2017/221869/06, a company registered and incorporated in accordance with the laws of South Africa, having its registered address at 36 Stellenberg Road, Parow Industria, 7293, Cape Town, Western Cape;
- 2.89 "**PPH Shares**" – shares in the capital of PPH;
- 2.90 "**Proposal**" – this document, being a proposal prepared and envisaged in terms of section 155 of the Companies Act, together with its annexures;
- 2.91 "**Proposal Date**" – the date on which this SIHPL Proposal is signed by a duly authorised member of the Board;
- 2.92 "**Qualifying Ineligible Claimant**" – a Market Purchase Claimant that (i) is not a natural person; and (ii) whose internal rules or regulations prohibit and/or impede the Market Purchase Claimant from owning PPH Shares and such rules have been in place since prior to 27 July 2020;
- 2.93 "**Receipt Date**" – has the meaning ascribed thereto in clause 4.37.4.2 of this Proposal;



- 2.94 **"Recorded Creditors"** – shall have the meaning ascribed thereto in clause 4.14 of this Proposal;
- 2.95 **"Released Parties"** –
- 2.95.1 all current and former Steinhoff Group Companies;
- 2.95.2 all D&O Beneficiaries;
- 2.95.3 all advisers to the current and/or former Steinhoff Group Companies, including those set out in Schedule 8 (*Overview advisers Steinhoff Group Companies*) to the SIHNV Composition Plan, and their personnel, officers, partners and directors; and
- 2.95.4 all Audit Firms and other Deloitte Beneficiaries,
- and **"Released Party"** shall be a reference to any one of them as the context may require;
- 2.96 **"Ricochet Costs"** – any costs or expenses (including legal costs) incurred by any Steinhoff Group Company in the course of resisting or defending any threatened or actual proceedings, arbitration or any other form of legal process in any jurisdiction, in respect of any actual or alleged Ricochet Liability;
- 2.97 **"Ricochet Liabilities"** – any liability of any Steinhoff Group Company arising directly or indirectly as a consequence of a Potential Recourse Claim having been asserted by a Scheme Creditor, whether for contribution, indemnity, reimbursement, or of any other nature on whatever legal basis and pursuant to whatever law, code, rule or regulation of any jurisdiction;
- 2.98 **"S155 Settlement Note"** – has the meaning ascribed thereto in clause 4.31.2 of this Proposal;
- 2.99 **"S.45 Judgment"** – has the meaning ascribed thereto in clause 1.42.3 of this Proposal;



- 2.100 "**SAHPL**" – Steinhoff Africa Holdings Proprietary Limited, registration number 1969/015042/07, a private company with limited liability registered in accordance with the company laws of South Africa, having its registered address at Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, Western Cape, South Africa;
- 2.101 "**SAHPL Receivable**" – an unsecured, repayable on demand intercompany claim of SIHPL against SAHPL in the amount of R633 million;
- 2.102 "**Sanction**" – shall have the meaning ascribed thereto in clause 2.4 of this Proposal;
- 2.103 "**SARS**" – the South African Revenue Service;
- 2.104 "**SAW**" – has the meaning ascribed thereto in clause 4.37.4.5 of this Proposal;
- 2.105 "**Scheme Creditors**" – for purposes of section 155 of the Companies Act and as used in this Proposal, collectively, the Financial Creditors, the Contractual Claimants and the SIHPL Market Purchase Claimants (and "**Scheme Creditor**" shall be a reference to any one of them as the context may require);
- 2.106 "**Scheme Explanatory Statement**" – the explanatory statement in relation to the UK scheme of arrangement proposed by SIHNV;
- 2.107 "**Scheme of Arrangement**" – the scheme of arrangement made effective on 07 December 2015, pursuant to which SIHNV acquired the entire share capital of SIHPL through the issue of one ordinary share in its capital in exchange for each ordinary share in the capital of SIHPL;
- 2.108 "**Security Assets**" – the security assets set out in Annexure J;
- 2.109 "**Settlement**" – the discharge of SIHPL's obligations towards the Scheme Creditors under this Proposal by SIHPL, SIHNV or the SRF, as the case may be, and "**Settle**" and "**Settled**" shall have corresponding meanings;



- 2.110 "**Settlement Effective Date**" – the date on which all Suspensive Conditions and Conditions Precedent (as defined in the SIHNV Composition Plan) are fulfilled;
- 2.111 "**Settlement Funds**" – the SIHPL MPC Settlement Fund and the SoP Settlement Fund;
- 2.112 "**Settling D&Os**" – Mr Stefanés Francois Booyesen, Mr David Charles Brink, Mr Claas Edmund Daun, Mr Hendrik Johan Karel Ferreira, Mr Thierry Louis Joseph Guibert, Mr Deenadayalen Konar, Ms Angela Krüger-Steinhoff, Ms Antoinette Lategan in her capacity as the Executrix of the Estate of Late Marthinus Theunis Lategan, Mr Johannes Fredericus Mouton, Mr Frederik Johannes Nel, Mr Hein Odendaal, Mr Dirk Schreiber, Mr Franklin Abraham Sonn, Ms Heather Joan Sonn, Mr Bruno Ewald Steinhoff, Mr Paul Denis Julia van den Bosch, Mr Daniël Maree van der Merwe, Mr Johan van Zyl, Mr Christoffel Hendrik Wiese and Mr Jacob Daniel Wiese;
- 2.113 "**Settlement Term Sheet**" – the settlement term sheet available at www.SteinhoffSettlement.com (*Settlement Term Sheet*);
- 2.114 "**SFH**" – Steinhoff Finance Holding GmbH, registration number FN 345159 m, a company registered and incorporated in accordance with the laws of Austria;
- 2.115 "**SIH**" – Steinhoff Investment Holdings Limited, registration number 1954/001893/06, a public company with limited liability registered in accordance with the company laws of South Africa, having its registered address at Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, Western Cape, South Africa;
- 2.116 "**SIH Receivable**" – an unsecured, repayable on demand intercompany claim of SIHPL against SIH in the amount of R17.7 billion;
- 2.117 "**SIHNV**" – Steinhoff International Holdings N.V., registration number 63570173, a company registered and incorporated in accordance with the laws of the Netherlands and as an external company under the Companies Act;



- 2.118 **"SIHNV Composition Plan"** – the composition plan (*ontwerpakkoord*) containing the compromise arrangement and scheme plan as proposed by SIHNV to its creditors in accordance with the Dutch Bankruptcy Act, as made available at www.SteinhoffSettlement.com;
- 2.119 **"SIHNV Contingent Payment Undertakings"** – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.120 **"SIHNV Contractual Claim"** – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.121 **"SIHNV Contractual Claimants"** – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.122 **"SIHNV Creditors"** – the SoP Creditors as defined in the SIHNV Composition Plan;
- 2.123 **"SIHNV Loan"** – the loan note to be issued by SIHPL to SIHNV in consideration for the settlement by SIHNV of the SIHPL Market Purchase Claimants' claims, which loan note will be €164,000,000.00 (one hundred and sixty four million Euros) and will include the following terms –
- 2.123.1 zero coupon;
- 2.123.2 repayment date being the final maturity date of 6 months after the Titan Receivable final maturity date;
- 2.123.3 quarterly cash sweep at SIHPL and across the South African Sub-Group of the Steinhoff Group;
- 2.123.4 the benefit of second ranking security over SIHPL's assets; and
- 2.123.5 limited recourse to the available assets of SIHPL;
- 2.124 **"SIHNV Market Purchase Claimant"** – has the meaning given to "SIHNV MPC Claimant" in the SIHNV Composition Plan;



- 2.125 **"SIHNV Shares"** – ordinary shares in the issued share capital of SIHNV listed on the JSE and FSE;
- 2.126 **"SIHPL"** – Steinhoff International Holdings Proprietary Limited, registration number 1998/003951/07, a private company with limited liability registered in accordance with the company laws of South Africa, having its registered address at Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, Western Cape, South Africa;
- 2.127 **"SIHPL CPU"** – the contingent payment undertaking agreement dated on or about 12 August 2019 and as amended by an "Amendment Deed" dated 21 August 2019, between SIHPL and Global Loan Agency Services Limited in respect of the facility agreement between, amongst others, Steenbok Lux Finco 1 Sarl and Global Loan Agency Services Limited in respect of the €465,000,000.00 4% guaranteed convertible bonds dated 23 November 2015, as amended from time to time, originally made between SFH (as borrower) and SIHNV and SIHPL as guarantors, due 2021 and the €1,116,300,000.00 1.25% guaranteed convertible bonds dated 23 November 2015, as amended from time to time, originally made between SFH (as borrower) and SIHNV and SIHPL as guarantors, due 2022, and which is subject to the S.45 Judgment and appeals in respect thereof;
- 2.128 **"SIHPL Filing Instruction"** –
- 2.128.1 in respect of Contractual Claimants, a filing instruction substantially in the form as set out in Annexure H; or
- 2.128.2 a filing instruction as distributed to the Financial Creditors by Global Loan Agency Services Limited; or
- 2.128.3 in respect of SIHPL Market Purchase Claimants, a filing instruction as included in an Online Claim Form; or
- 2.128.4 in respect of bulk filers filing on behalf of more than one SIHPL Market Purchase Claimant, a filing instruction as included in a Master Claim Form;



- 2.129 **"SIHPL Financial Creditor Liabilities"** – shall have the meaning ascribed thereto in clause 4.31 of this Proposal;
- 2.130 **"SIHPL Market Purchase Claimants"** – persons who –
- 2.130.1 have a SIHPL MPC Relevant Claim;
- 2.130.2 have validly acquired or been assigned a SIHPL MPC Relevant Claim; or
- 2.130.3 is otherwise accepted as such by SIHPL or the SRF,
- but excluding –
- 2.130.4 the Contractual Claimants with respect to their Contractual Claims;
- 2.130.5 any Steinhoff Group Company; and
- 2.130.6 any Excluded Individuals, any legal successors of the Excluded Individuals and any legal entities related to or controlled by any Excluded Individual;
- 2.131 **"SIHPL MPC Gross Settlement Fund"** – shall have the meaning ascribed thereto in clause 4.41.2 of this Proposal;
- 2.132 **"SIHPL MPC Relevant Claim"** – a claim (excluding, for the avoidance of doubt, any claim specifically designated as a Non-Qualifying Claim hereunder) -
- 2.132.1 against SIHPL in relation to the Events and/or the Allegations, arising as a result of a person Purchasing (as defined below):
- 2.132.1.1 SIHPL Shares listed on the JSE between open of business on 02 March 2009 and close of business on 06 December 2015 (which were subsequently converted to SIHNV Shares pursuant to the Scheme of Arrangement), even if such shares had not yet been delivered to the purchaser's securities account by close of business on 06 December 2015, and holding such SIHNV Shares at close of business on 05 December 2017; and/or



- 2.132.1.2 SIHPL Shares listed on the JSE prior to open of business on 02 March 2009 (which were subsequently converted to SIHNV Shares pursuant to the Scheme of Arrangement) and holding such SIHNV Shares at close of business on 05 December 2017 on the basis of the LIFO matching process described in paragraph 20 of the Steinhoff Allocation Plan; and
- 2.132.2 with a positive "MPC Claim Value" calculated in accordance with the "Inflation Methodology" (each as defined in the Steinhoff Allocation Plan),
- and for the purposes hereof:
- 2.132.3 a "**Purchase**" will have the meaning ascribed thereto in the Steinhoff Allocation Plan and "**Purchasing**" will have a corresponding meaning; and
- 2.132.4 a SIHPL MPC Relevant Claim remains notwithstanding the exchange of the relevant SIHPL Shares into SIHNV Shares pursuant to the Scheme of Arrangement and will not convert into a claim of a SIHNV Market Purchase Claimant;
- 2.133 "**SIHPL MPC Settlement Fund**" – shall have the meaning ascribed thereto in clause 4.41.2 of this Proposal;
- 2.134 "**SIHPL Shares**" – ordinary shares in the issued share capital of SIHPL listed on the JSE;
- 2.135 "**SoP**" – the suspension of payments (*surseance van betaling*), including a provisional suspension of payments (*voorlopige surseance van betaling*), under the Dutch Bankruptcy Act (*Faillissementswet*) commenced by SIHNV on 15 February 2021;
- 2.136 "**SoP Gross Settlement Fund**" – shall have the meaning ascribed thereto in clause 17.3 of this Proposal;
- 2.137 "**South African Sub-Group**" – SIH and each of its direct and indirect subsidiaries;



- 2.138 "SRF" – the Dutch foundation (*stichting*) established by SIHNV called the Stichting Steinhoff Recovery Foundation, as more fully set out in clause 18.1 of this Proposal;
- 2.139 "**SRF and Claims Administration Conditions**" – the provisions governing the supervision, monitoring, administration, distribution and repayment of, *inter alia*, the Settlement Funds distributable to the SIHPL Market Purchase Claimants as set out in this Proposal, and the resolution of disputes on the determination of eligibility and Claim Values, annexed to the SIHNV Composition Plan as Schedule 2 (*SRF and Claims Administration Conditions*);
- 2.140 "**SRF Articles of Association**" – the articles of association of the SRF (as amended from time to time), substantially in the form as set out in the draft version of the deed of incorporation annexed to the SRF and Claims Administration Conditions as Schedule 2 (*Articles of Association of SRF*);
- 2.141 "**SRF Costs**" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.142 "**SRF Costs Allocation**" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.143 "**SRF Settlement Document**" – has the meaning ascribed thereto in the SRF and Claims Administration Conditions;
- 2.144 "**SSSA**" – the Steinhoff Settlement Support Agreement entered into between SIHPL, SIHNV, the Settling D&Os, the D&O Insurers and the Deloitte Firms dated 23 March 2021;
- 2.145 "**Steinhoff Allocation Plan**" – the plan annexed to the SIHNV Composition Plan as Schedule 3 (*Steinhoff Allocation Plan*) available at www.SteinhoffSettlement.com, which will determine the Claim Value of the MPC Relevant Claims and each share of:
- 2.145.1 the SoP Settlement Fund in respect of the MPC Relevant Claims timely and validly filed by the Market Purchase Claimants; and



- 2.145.2 the SIHPL MPC Settlement Fund in respect of the SIHPL MPC Relevant Claims timely and validly filed by the SIHPL Market Purchase Claimants;
- 2.146 "**Steinhoff D&O Beneficiaries**" – the D&O Insurers, the Settling D&Os and the Other D&Os;
- 2.147 "**Steinhoff Finance Documents**" – has the meaning ascribed thereto in the Scheme Explanatory Statement available at www.SteinhoffSettlement.com;
- 2.148 "**Steinhoff Group**" – together, SIHNV and all other Steinhoff Group Companies;
- 2.149 "**Steinhoff Group Companies**" – SIHNV and each of its Subsidiaries from time to time, which includes, for the avoidance of doubt, SIHPL and "**Steinhoff Group Company**" means any one of them;
- 2.150 "**Steinhoff Group Settlement**" – the settlement of (substantially) all of the claims against SIHNV and SIHPL so as to provide finality for SIHNV and SIHPL (and each other current and former Steinhoff Group Company) in relation to those claims on the terms set out in the Settlement Term Sheet;
- 2.151 "**Subsidiaries**" – in relation to any company, corporation or other legal entity (a "**holding company**"), companies, corporations or legal entities:
- 2.151.1 which are controlled, directly or indirectly, by the holding company;
- 2.151.2 in which a majority of rights are held by the holding company, either alone or pursuant to an agreement with others;
- 2.151.3 more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- 2.151.4 which are subsidiaries of another Subsidiary of the holding company,

and "**Subsidiary**" means any one of them. For this purpose, a company, corporation or other legal entity shall be treated as being controlled by another if



that other company, corporation or other legal entity is able to determine the composition of the majority of its board of directors or equivalent body;

2.152 "**Suspensive Conditions**" – the suspensive conditions set out in clause 28 of this Proposal;

2.153 "**Thibault**" – Thibault Square Financial Services Proprietary Limited, registration number 1992/004170/07, a private company with limited liability registered in accordance with the company laws of South Africa;

2.154 "**Thibault Claims**" – collectively –

2.154.1 Thibault's claim for damages against SIHPL (under case number 7287/2018 in the High Court of South Africa, Western Cape Division) in an amount of R34,721,300,550.00 on the basis set out in paragraphs 7 to 16.2 of Thibault and Titan's amended particulars filed under the aforementioned case number; and

2.154.2 a claim against SIHPL in respect of the 2,019,800 SIHPL shares it purchased at an original transaction value of R80.07 per share;

2.155 "**Titan**" – Titan Premier Investment Proprietary Limited, registration number 1997/000776/07, a private company with limited liability registered in accordance with the company laws of South Africa;

2.156 "**Titan Claims**" – irrespective of whether such claim constitutes a Contractual Claim or an MPC Relevant Claim under this SIHPL Proposal, the claims sought to be compromised in terms of this Proposal of each of –

2.156.1 Thibault;

2.156.2 Titan;

2.156.3 TSD; and

2.156.4 Wiesfam,



and the holder of a Titan Claim being a "**Titan Claimant**";

- 2.157 **"Titan MPC Claims"** – collectively –
- 2.157.1 a claim in respect of the 100,000 SIHNV shares TSD purchased at an original transaction value of R75.64 per share;
- 2.157.2 a claim in respect of the 50,000 SIHNV shares TSD purchased at an original transaction value of R75.39 per share; and
- 2.157.3 a claim in respect of the 2,000,000 SIHNV shares TSD purchased at an original transaction value of R62.34 per share;
- 2.158 **"Titan Receivable"** – shall have the meaning ascribed thereto in clause 4.25 of this Proposal;
- 2.159 **"Trevo"** – shall have the meaning ascribed thereto in clause 1.42 of this Proposal;
- 2.160 **"TSD"** – Titan Share Dealers (Pty) Ltd registration number 1969/003884/07, a private company with limited liability registered in accordance with the company laws of South Africa;
- 2.161 **"Upington"** – Upington Investment Holdings B.V., a company that was incorporated under the laws of the Netherlands with registered number 64663426 and which ceased to exist with effect from 28 September 2018;
- 2.162 **"Validation Committee"** – SIHPL with the assistance of its professional advisers;
- 2.163 **"Voting Deadline Date"** – in respect of (alleged) Scheme Creditors who wish to participate in and vote at the Meeting, the last date for submitting claims to the Claims Administrator for verification, which date shall be published on www.SteinhoffSettlement.com in due course;



- 2.164 **"Wiesfam"** – Wiesfam Trust Proprietary Limited, registration number 1970/002937/07, a private company with limited liability registered in accordance with the company laws of South Africa; and
- 2.165 **"Wiesfam Claims"** – collectively -
- 2.165.1 Wiesfam's Contractual Claim against SIHPL in respect of the 29,718,557 SIHPL shares issued to Wiesfam at an original transaction value of R22.74 per share;
- 2.165.2 Wiesfam's MPC Relevant Claim against SIHPL in respect of the 3,990,300 SIHPL shares it purchased at an original transaction value of R50.18 per share;



ANNEXURE B – SIHPL ASSETS

As per the SIHPL Gross Asset Reconciliation attached.



**ANNEXURE C – SIHPL'S ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2020**

Attached.



ANNEXURE D – LIQUIDATION COMPARATORS

Attached.



**ANNEXURE E – PROJECTED BALANCE SHEET FOR SIHPL AND PROJECTED
STATEMENT OF INCOME AND EXPENSES FOR SIHPL FOR THE ENSUING THREE
YEARS FOLLOWING THE PROPOSAL DATE**

Attached.



ANNEXURE F – DISTRIBUTIONS TO CONTRACTUAL CLAIMANTS UNDER THIS PROPOSAL

Part I. – BVI

Attached.



Part II. – Cronje et al

Attached.



Part III. – Estate Late Greyling

Attached.



Part IV. – GT Ferreira

Attached.



Part V. - Le Toit Trust

Attached.



Part VI – Titan Claimants

Attached.



ANNEXURE G – CLAIM FORMS

Part I. – Master Claim Form - Claimant Representatives

This document is available on www.SteinhoffSettlement.com.

Part II. – Online Claim Form - MPCs

This document is available on www.SteinhoffSettlement.com.



ANNEXURE H – SIHPL FILING INSTRUCTION

This document is available on www.SteinhoffSettlement.com.



ANNEXURE I – OVERVIEW OF KEY OBLIGATIONS ASSUMED BY SIHPL AND SIHNV PURSUANT TO THE SSSA

1 GENERAL

- 1.1 This Annexure sets out the key obligations assumed by SIHPL and SIHNV pursuant to the SSSA.
- 1.2 All of these key obligations are subject to certain conditions including the occurrence of the Settlement Effective Date. These obligations are therefore conditional obligations for SIHPL and SIHNV at the time of execution of the SSSA and will not be compromised by this Proposal and/or the SIHNV Composition Plan.
- 1.3 The definitions used in this Annexure have the same meanings as in the Proposal, unless otherwise defined herein.

2 HIGH LEVEL OVERVIEW

- 2.1 The key conditions of the SSSA with respect to the financial contributions by the Deloitte Firms and D&O Insurers to Market Purchase Claimants and Contractual Claimants that allege claims against the Audit Firms and D&O are the following, all subject to *inter alia* the Settlement Effective Date:
 - 2.1.1 With respect to Market Purchase Claims: the Deloitte Firms will offer a settlement to Market Purchase Claimants of an amount of up to EUR 55.34 million and D&O Insurers will offer a settlement to Market Purchase Claimants of an amount of up to EUR 55.55 million, in each case conditional upon release of their claims related to the Events and Allegations by the participating Market Purchase Claimants of D&O, D&O Insurers and the Audit Firms and other Deloitte Beneficiaries. This will be offered either under the terms of a separate agreement between the Claimant Representatives and the Deloitte Firms, and a separate agreement between the Claimant Representatives and the Deloitte Firms, and a separate agreement between the Claimant Representatives and the D&O Insurers, or in the absence thereof, SIHNV and SIHPL will negotiate



a potential alternative in which the financial contributions by the Deloitte Firms and the D&O Insurers can be implemented. These amounts payable pursuant to such offers are incremental to any amounts payable under this Proposal and the SIHNV Composition Plan. The terms of these offers will be communicated by the Deloitte Firms and D&O Insurers via www.steinhoffsettlement.com. SIHNV and SIHPL will not be liable in connection with any obligation of the Deloitte Firms or D&O Insurers under their offers;

2.1.2 payment to SRF by the D&O Insurers and the Deloitte Firms by way of contribution to the settlement for the benefit of certain Contractual Claimants of up to EUR 30 million in total (EUR 15 million each) upon release by participating Contractual Claimants of D&O, D&O Insurers and Audit Firms; and

2.1.3 contribution by the D&O Insurers and the Deloitte Firms to SRF in connection with the costs of SRF in the amount of EUR 1.1 million each, plus any incremental costs to be paid to Computershare in respect of its claims administrations services to the SRF in relation to the implementation of the D&O and Deloitte settlements.

2.2 As part of the SSSA it is agreed that mutual releases will be provided as follows:

2.2.1 SIHNV and SIHPL will provide:

2.2.1.1 a (reciprocal) release to the Deloitte Firms and certain other audit firms and their related parties (the "**Audit Firm Beneficiaries**") for claims with respect to the Events and Allegations, excluding any work performed by Deloitte after 5 December 2017; and

2.2.1.2 (i) a (reciprocal) release to the D&O Insurers, (ii) a (reciprocal) release to the Settling D&Os and (iii) a conditional release to the Other D&Os (the D&O Insurers, the Settling D&Os and the Other D&Os, together:



the "**Steinhoff D&O Beneficiaries**"), for all claims in relation to the Events and Allegations,

2.2.1.3 SIHNV and SIHPL will procure that before the Settlement Effective Date its current Steinhoff Group Companies will provide the same releases to the Audit Firm Beneficiaries and Steinhoff D&O Beneficiaries that SIHNV and SIHPL will provide;

in each case on the basis that, to the extent a current Steinhoff Group Company has not provided such release before the Settlement Effective Date, SIHNV, SIHPL and SIH and these parties' successors and assigns (the "**Steinhoff Indemnifying Parties**") will indemnify (on the basis set out in clause 3 of this Annexure I) the Audit Firm Beneficiaries and Steinhoff D&O Beneficiaries for any claims of such Steinhoff Group Company; and

2.2.2 the following releases will be provided to SIHNV, SIHPL and certain other Steinhoff Group Companies as set out in the SSSA:

2.2.2.1 a release by the Settling D&Os of all claims against SIHNV, SIHPL and any other Steinhoff Group Companies, other D&Os and the Audit Firm Beneficiaries in relation to the Events and Allegations, subject to certain exceptions as set out in the SSSA; and

2.2.2.2 a release by the Deloitte Firms of all claims against SIHNV, SIHPL and any other Steinhoff Group companies and the D&O in relation to the Events and Allegations, subject to certain exceptions as set out in the SSSA;

all such releases being subject to the Settlement Effective Date and payment of the relevant amounts by the Deloitte Firms and the D&O Insurers to SRF for allocation and distribution to eligible Market Purchase Claimants and Contractual Claimants or as contributions to the costs of SRF under the offers of the Deloitte Firms and the D&O Insurers.



- 2.3 The abovementioned financial and other commitments by the Deloitte Firms, D&O Insurers and Settling D&O are together referred to as the "**Joint Steinhoff Settlement Support**".
- 2.4 SIHNV, SIHPL and other Steinhoff Group Companies retain the right to institute or continue claims against (i) the Implicated D&Os for their alleged involvement in the Events, (ii) certain legal entities and other individuals who are alleged to be recipients of payments by Steinhoff Group Companies made in the context of the Events without legal cause, justification or due consideration ("**Third Party Entities / Individuals**") and (iii) any Settling D&O, but only where he or she is alleged to be recipient of payments, in the context of the Events, made by Steinhoff Group Companies or by third parties, which allowed such Settling D&O to gain a profit or advantage to which he or she was not legally entitled under the terms of his/her directorship (including, any secret profits). ("**Outbound Claims**"). The Steinhoff Indemnifying Parties will indemnify (on the basis set out in clause 3 of this Annexure I) D&O Insurers against all loss and defence costs in relation to – in summary – any such claims, as set out in more detail below.
- 2.5 Subject to the Settlement Effective Date, the D&O Insurance will be terminated (commuted) with respect to SIHNV, SIHPL and any other Steinhoff Group Companies, but will remain in place vis-à-vis other Insured Persons, but subject to reservation of rights of D&O Insurers to avoid the D&O Policy or invoke an exclusion.
- 2.6 Pursuant to the SSSA, SIHNV and SIHPL have agreed to stipulate, as terms of the Proposal and the SIHNV Composition Plan, that the Scheme Creditors and SoP Creditors, subject to *inter alia* the Settlement Effective Date:
- 2.6.1 release SIHNV, SIHPL and any other Steinhoff Group Company, the D&O Beneficiaries and the Audit Firm Beneficiaries from any and all Claims against SIHNV, SIHPL and any other Steinhoff Group Company, D&O Beneficiaries and the Audit Firm Beneficiaries;



2.6.2 waive any demands under section 165 of the South African Companies Act 2008; and

2.6.3 withdraw all litigation against D&O Beneficiaries and Audit Firm Beneficiaries.

3 KEY INDEMNITY OBLIGATIONS ASSUMED BY SIHPL AND SIHNV PURSUANT TO THE SSSA

3.1 Subject to: (a) the occurrence of the Settlement Effective Date; (b) receipt by the SRF of the D&O Steinhoff Additional Support Offer and the D&O Insurers Market Purchase Claimants Offer:

3.1.1 SIHPL and SIHNV agree to procure prior to the Settlement Effective Date a declaration from all SIHNV subsidiaries insured under the D&O Insurance ("**Steinhoff Commuting Parties**") confirming their agreement with the commutation of the D&O Policies on the terms of the SSSA. The Steinhoff Indemnifying Parties shall indemnify the D&O Insurers for any and all claims under the D&O Policies by Steinhoff Commuting Parties for whom SIHNV and SIHPL have not procured such declaration before the Settlement Effective Date;

3.1.2 The Steinhoff Indemnifying Parties shall in accordance with the terms of the SSSA jointly and severally indemnify D&O Insurers under the Excess Layer D&O Policies for all Loss and Defence Costs or other payments under the D&O Policies (as defined in the Primary Layer D&O Policy) (the "**Steinhoff Indemnities**") incurred after the date of the SSSA in respect of:

3.1.2.1 any Outbound Claims threatened or commenced by SIHPL, SIHNV, and/or any other Steinhoff Group Company ("**SH Outbound Claimants**") against any Insured Person (as defined in the SSSA); and/or

3.1.2.2 any Outbound Claims threatened or commenced by SH Outbound Claimants against Third Party Entities / Individuals that give rise to – in



summary – any claim from any Outbound Defendant (as defined in the SSSA) to obtain recourse for or a contribution to an Outbound Claim from any D&O Beneficiary ("**Recourse Claim**"); and/or

3.1.2.3 Recourse Claims (whether directly or indirectly) threatened or commenced by any person or legal entity against any Insured Person (or threatened or commenced by an Insured Person) arising from and/or in connection with an Outbound Claims; and/or

3.1.2.4 provided that there has first been an Outbound Claim against an Outbound Defendant, any subsequent claim which has been threatened or commenced by an insolvency practitioner (including but not limited to any liquidator or trustee in bankruptcy, in any jurisdiction) of that Outbound Defendant against any Insured Person, but only in their capacity as a current or former director or officer or employee of a Steinhoff Group Company.

3.1.3 SIHPL and SIHNV undertake and warrant in favour of the Steinhoff D&O Beneficiaries to procure that all SH Outbound Claimants shall comply with the obligations and/or recognise the rights given to Excess Layer D&O Insurers in connection with the Steinhoff Indemnities, and the Steinhoff Indemnifying Parties shall indemnify the Steinhoff D&O Beneficiaries in respect of any breach by any SH Outbound Claimant of a term or obligation or failure to recognise the rights of Excess Layer D&O Insurers in relation thereto.

3.1.4 SIHNV and SIHPL agree on a joint and several basis promptly upon first written request to reimburse and indemnify the Audit Firm Beneficiaries for any monetary payment made by them to any of the Outbound Defendants which arises out of or results from or is in connection with (directly or indirectly) any liability or payments which an Audit Firm Beneficiary incurs pursuant to a judgment ordering that any Audit Firm Beneficiary is liable and/or obliged to make a payment with respect to a Recourse Claim and that judgment can be enforced.

3.1.5 Under the terms of the SSSA, Excess Layer D&O Insurers shall take all necessary steps to finalise their coverage investigations and if so advised (and



in accordance with their regulatory obligations including but not limited to acting in a client's best interests and treating customers fairly) seek to apply any legitimate coverage defence. The Steinhoff Indemnifying Parties shall jointly and severally indemnify Excess Layer D&O Insurers in respect of – in summary – Excess Layer D&O Insurers' out-of-pocket costs and expenses of investigating coverage and of litigating and/or arbitrating any coverage position to the extent such costs are over and above EUR 4 million (including VAT, or other equivalent local taxes).

3.2 Subject to (a) the occurrence of the Settlement Effective Date, and (b) with respect to the Audit Firms and Deloitte Beneficiaries, the receipt by SRF of the Deloitte Steinhoff Additional Support Offer and the Deloitte Market Purchase Claimants Offer and (c) with respect to the D&O Beneficiaries only, the receipt by SRF of the D&O Steinhoff Additional Support Offer and the D&O Insurers Market Purchase Claimants Offer:

3.2.1 to the extent a current Steinhoff Group Company has not provided the releases referred to in clause 2.2.1.3 above before the Settlement Effective Date, the Steinhoff Indemnifying Parties will indemnify the Audit Firm Beneficiaries and Steinhoff D&O Beneficiaries for any claims of such Steinhoff Group Company;

3.2.2 each of the SH Outbound Claimants shall take appropriate (procedural or other) measures to eliminate or mitigate to the best of their ability the exposure of any Steinhoff D&O Beneficiary and/or the Audit Firms and the other Deloitte Beneficiaries arising from Recourse Claims in accordance with the terms and conditions set out in the SSSA and the Annexes thereto;

3.2.3 SIHPL and SIHNV undertake and warrant in favour of the Steinhoff D&O Beneficiaries and the Audit Firms and other Deloitte Beneficiaries to procure that any other SH Outbound Claimants shall comply with certain obligations to *inter alia* reduce claims equal to any contribution which the Outbound Defendants could or do claim on any ground from the Steinhoff D&O Beneficiaries or Audit Firms and Deloitte Beneficiaries in the manner set out in the terms of the SSSA, and, together with the other Steinhoff Indemnifying Parties, shall indemnify the Steinhoff D&O Beneficiaries and the Audit Firms



and other Deloitte Beneficiaries in respect of any breach of such obligations by any other SH Outbound Claimant; and

3.2.4 SIHPL and SIHNV, on a joint and several basis, shall promptly upon first written request reimburse and indemnify the Audit Firms and other Deloitte Beneficiaries for any monetary payment made by them to any of the Outbound Defendants which arises out of or results from or is in connection with (directly or indirectly) any liability or payments which an Audit Firm and other Deloitte Beneficiary incurs pursuant to a judgment ordering that any Audit Firm and other Deloitte Beneficiary is liable and/or obliged to make a payment and that judgment can be enforced;

3.3 Subject to the occurrence of the Settlement Effective Date, SIHPL and SIHNV shall represent and warrant to the Steinhoff D&O Beneficiaries and the Deloitte Beneficiaries that to the best of their knowledge SIHNV and SIHPL are not aware of any intention or ground for PPH and/or Pepco Group Limited and/or any of their subsidiaries to initiate any claim against the Steinhoff D&O Beneficiaries, the Steinhoff Non-Released D&Os and/or the Deloitte Beneficiaries in relation to the Events and Allegations. If PPH and/or Pepco Group Limited and/or any of their subsidiaries initiates any claim against the Steinhoff D&O Beneficiaries, the Steinhoff Non-Released D&Os or the Deloitte Beneficiaries, then the Deloitte Beneficiaries and the Steinhoff D&O Beneficiaries, as applicable, are entitled to make a contribution claim against SIHNV and/or SIHPL and/or join SIHNV and/or SIHPL in such proceedings.

3.4 As part of the internal arrangements among Steinhoff entities in relation to the grant of indemnities granted by SIH as referred to in this Annexure I, SIH will –

3.4.1 as a co-grantee, undertake in favour of SIHPL that SIH will, in its capacity as a signatory to the SSSA, to discharge any such liability by way of indemnification in full; and

3.4.2 agree terms with SIHPL and SIHNV that SIH will not seek contribution or other recovery from SIHPL and SIHNV as co-sureties in respect of the indemnification referred to in clause 3.4.1 above.



ANNEXURE J – TERMS OF THE S155 SETTLEMENT NOTE

SUMMARY OF KEY TERMS OF S155 SETTLEMENT NOTE

Unless otherwise defined, capitalised terms in this Annexure J have the meanings given to them in the Proposal.

S155 Settlement Note	
Form	<u>Loan Note</u> : the rights of SIHPL Financial Creditors under the S155 Settlement Note being separate and independent rights capable of enforcement by each creditor subject to the terms of the S155 Settlement Note.
Issue Date	Settlement Effective Date
Issuer	SIHPL
Parties	(i) Issuer; (ii) Global Loan Agency Services Limited, as Agent appointed under the S155 Settlement Note; and (iii) SIHPL Financial Creditors as at the Issue Date and their permitted transferees from time to time. A list of SIHPL Financial Creditors and the initial amount owing to them under the S155 Settlement Note to be provided by the Agent to the Issuer on the Issue Date and subsequently maintained by the Agent.
Principal Amount	EUR 1,581,300,000 Payments under the S155 Settlement Note to be made in euro by SIHPL to the Agent (unless agreed otherwise) for distribution to the SIHPL Financial Creditors pro rata to their commitments from time to time.
Recovery Cap	The total amount paid to the SIHPL Financial Creditors in respect of the S155 Settlement Note, in respect of the Facility A1 Commitments (as defined in the SFHG 21/22 Facilities Agreement) and in respect of the SIHNV 21/22 Contingent Payment Undertaking in aggregate shall not exceed an amount (the “ Recovery Cap Amount ”) equal to the total of: (i) the EUR amount equal to the principal amount of the “Facility A1 Loans” under the SFHG 21/22 Facilities Agreement as at the Issue Date (including all interest which has accrued and been capitalised since 12 August 2019 to and including the Issue Date) (the specific amount to be calculated and inserted in the S155 Settlement Note once the Issue Date is known) (“ Recovery Cap Principal ”); and (ii) interest (a) accrued but not capitalised on the Recovery Cap Principal since 12 August 2019 to and including the Issue Date



	and (b) accrued on the Recovery Cap Principal from the Issue Date (being interest accruing and compounding semi-annually at a rate of 10 per cent. per annum).
Limited recourse	The obligations of SIHPL to pay and the rights to recovery of the SIHPL Financial Creditors under the S155 Settlement Note shall at all times be limited to the net available assets of SIHPL (which shall be subject to the Reserves).
Consideration	<p>Subject at all times to the occurrence of the Settlement Effective Date, irrevocable releases and waivers by the SIHPL Financial Creditors (excluding for the avoidance of doubt any rights and remedies arising under or out of the S155 Settlement Note or its issuance) to provide full and final compromise of any and all claims and actions of the SIHPL Financial Creditors against SIHPL (whether asserted or unasserted, and whether the subject of pending proceedings and appeals or otherwise) arising under, out of or in connection with the SIHPL CPU, the convertible bonds guaranteed by SIHPL under the SIHPL/SFHG 2021 Guarantee or the SIHPL/SFHG 2022 Guarantee, or any other related matter and whether such actions, claims or disputes lie in contract, tort, restitution, equitable subrogation, statute or otherwise provided that any such releases and waivers shall be of no force or effect if:</p> <ul style="list-style-type: none">(i) the Settlement Effective Date does not occur for any reason whatsoever; or(ii) the Proposal and/or the S155 Settlement Note is successfully voided, challenged or otherwise set aside in any manner whatsoever, in which case all rights and remedies (howsoever arising) in respect of the foregoing or otherwise are reserved by the SIHPL Financial Creditors.
Maturity Date and Termination Date	<p><u>Maturity Date</u>: Bullet repayment on the Maturity Date, being the date that is 6 months after the maturity date of the Titan Receivable (approximately 5 years, 6 months and a day from the Issue Date).</p> <p><u>Termination Date</u>: the earlier of the time at which (i) the Recovery Cap is received in full; (ii) the Principal Amount has been paid to the Agent; and (iii) each Finance Party confirms in writing that the S155 Settlement Note shall terminate.</p> <p>For the avoidance of doubt, there shall be no duplication of claims by the Agent or the SIHPL Financial Creditors under the SIHPL CPU and the S155 Settlement Note and no demand shall be made, and SIHPL shall be under no obligation to pay, under the SIHPL CPU.</p>
Interest / default interest	None



Representations	<p><u>Repeating representations relating to:</u> status, binding obligation, no conflict, power and authority, validity and admissibility, governing law and enforcement and accounting reference date.</p> <p><u>Issue Date additional representations relating to:</u> no taxes, <i>pari passu</i> ranking, no default, no security (other than as referred to in this term sheet), no borrowing from parties other than Group members.</p>
Mandatory prepayment - cash sweep	<p>With effect from the quarter ending 31 March 2022 a quarterly cash sweep (with no obligation on SIHPL to call on the SIHL payable) subject to:</p> <ul style="list-style-type: none">(i) SIHPL retaining (a) the Disputed Contractual Claim Reserve for the disputed Contractual Claim of Mayfair³¹ and (b) a reserve for Non-Qualifying Claims sufficient to ensure that ultimate recoveries on finally adjudicated Non-Qualifying Claims will be no less than <i>pari passu</i> with ultimate recoveries under the S155 Settlement Note (the “Non-Qualifying Claims Reserve” and, together with the Disputed Contractual Claim Reserve, the “Reserves”);(ii) the South African Sub-Group retaining an aggregate cash balance of at least €50 million at all times, plus a cash reserve for the following four SIHL preference dividends; and(iii) SIHPL retaining a cash balance (in addition to the Reserves) of at least €5 million at all times (the “SIHPL Minimum Balance”), <p>to be applied for the benefit of SIHPL’s creditors in the order of priority set out under “Ranking” below. Amounts payable under the S155 Settlement Note shall be applied so as to immediately reduce the Principal Amount.</p>
Voluntary Prepayments	<p>Permitted (subject to the Reserves and the order of priority set out under “Ranking” below) in full or in part at any time with not less than 5 business days’ notice (unless otherwise agreed) without call premium or redemption fee and shall be applied so as to immediately reduce the Principal Amount.</p>
Ranking	<p>The S155 Settlement Note shall rank in terms of right and priority of payment (on a contractual basis) junior to the NewCo 2A Loan (first ranking) and SIHNV Loan (second ranking) and <i>pari passu</i> with Intercompany Loan Claims and finally adjudicated Non-Qualifying Claims (third ranking), noting that the Disputed Contractual Claim Reserve shall remain available in full to pay the disputed Contractual Claim on a final adjudication of that claim in favour of the claimant and, if in favour of SIHPL, then the Disputed Contractual Claim Reserve shall become available to SIHPL (and available for application subject to and in accordance with the terms of the quarterly cash sweep).</p>

³¹Based on the information currently available to it, SIHPL estimates that such reserve should not exceed R162.2 million (being 28.7% of R565.8 million, the estimated claim value as of 31 August 2021 calculated by Analysis Group).



Security & Guarantees	<p><u>Security</u>: Secured by third ranking security over the Security Assets (see below) junior to claims of NewCo 2A and SIHNV under the instruments noted above and <i>pari passu</i> with the Intercompany Loan Claims and finally adjudicated Non-Qualifying Claims.</p> <p><u>Security Assets</u>: Security over SIHPL (i) receivables; (ii) bank accounts (other than in respect of (a) the Disputed Contractual Claims Reserve and (b) amounts designated for the SIHPL Minimum Balance)³²; (iii) all shares in its Subsidiaries from time to time; and (iv) all other assets (or classes of assets) with a value exceeding EUR 100,000, and restrictions in relation to dealings with the Titan Receivable (which shall be subject to the consent of the Simple Majority SIHPL Financial Creditors (50 per cent. by value)).</p> <p><u>Guarantees</u>: None</p>
Covenants	<p>To consist of the following (solely in respect of SIHPL):</p> <ul style="list-style-type: none">(i) maintenance of authorisations, compliance with laws, required SARB/FINSURV approvals, <i>pari passu</i> ranking, holding company status and limitation on activities;(ii) restrictions on granting of security (negative pledge), incurrence of new financial indebtedness (including intra-group loans and certain amendments of intra group loans), entry into guarantees, in each case <i>other than</i>:<ul style="list-style-type: none">○ those existing on the Issue Date;○ those permitted under the existing Steinhoff Finance Documents; and○ customary exceptions to be agreed;(iii) restriction on payments, <i>other than</i>:<ul style="list-style-type: none">○ HoldCo operating costs and expenses including litigation related expenses and any cost undertakings required;○ fees for SIHPL advisers and SIHPL directors;○ payments under the NewCo 2A Loan or SIHNV Loan;○ payments out of the Disputed Contractual Claim Reserve in relation to the final adjudication or settlement of the disputed Contractual Claim of Mayfair;○ payments in respect of Non-Qualifying Claims, including out of the Non-Qualifying Claims Reserve in respect of Non-Qualifying Claims which are (i) finally adjudicated or (ii) otherwise resolved by SIHPL, and in relation to (ii) payments subject to a permitted payment cumulative total limit of EUR 35m in respect of any claims to be settled (the “Settlement Limit”), which may be increased with the

³² For the avoidance of doubt, prior to enforcement SIHPL retains full control of any pledged bank accounts.



	<p>consent of Simple Majority SIHPL Financial Creditors (50 per cent. by value);</p> <ul style="list-style-type: none">○ payments at arms' length (subject to all other restrictions on payment);○ customary exceptions to be agreed; and <p>(iv) information/reporting by SIHPL: quarterly financial reporting and litigation updates subject to confidentiality terms consistent with those in the SFHG 21/22 Facilities Agreement.</p>
Events of Default	<ul style="list-style-type: none">• Non-payment subject to 5 business day cure period;• Breach of representations or other undertakings in the S155 Settlement Note (save for maintaining SARB approval) subject to 20 business day cure period;• Repudiation of S155 Settlement Note by SIHPL, or expropriation of SIHPL's assets, or unlawfulness or invalidity of S155 Settlement Note of SIHPL's performance of it by SIHPL;• Insolvency / insolvency proceedings / creditor process in respect of SIHPL only;• Cross defaults under the SFHG 21/22 Facilities Agreement, NV/SFHG 21/22 Contingent Payment Undertaking and any other financial indebtedness of SIHPL where, in each case, such financial indebtedness is in excess of EUR 100m and:<ul style="list-style-type: none">○ is declared or otherwise becomes due and payable prior to its specified maturity as a result of an event of default;○ is not paid when due;○ is cancelled or suspended by a creditor as a result of an event of default; or○ any creditor becomes entitled to declare any such financial indebtedness due and payable. <p>An Event of Default which has occurred and is continuing can be called under the S155 Settlement Note by the giving of notice to SIHPL by the Agent acting on the instructions of the Majority SIHPL Financial Creditors (66.67 per cent by value).</p>
Transfers	<ul style="list-style-type: none">• No transfers permitted by SIHPL• Transfers by SIHPL Financial Creditors to be permitted only if transfers are registered with the Agent and prior written notice is served on SIHPL and if consistent with the transfer provisions in the SFHG 21/22 Facilities Agreement, provided that a SIHPL Financial Creditor may only transfer, in whole or in part, its rights under the S155 Settlement Note on the condition that the transfer is made together with a proportional amount of its commitments under the



	SFHG 21/22 Facilities Agreement. No other transfer is permitted without the prior written consent of SIHPL.
Solvent burial	Provisions permitting and facilitating the solvent burial of SIHPL to extend to the reasonable assistance by the SIHPL Financial Creditors to achieve such a conclusion to the affairs of SIHPL following the realisation of SIHPL's assets.
Waivers & Amendments	<p>S155 Settlement Note may be amended with the written approval of:</p> <p>(i) SIHPL;</p> <p>(ii) Majority SIHPL Financial Creditors (66.67 per cent by value); and</p> <p>(iii) in respect of changes relating only to the rights or obligations of the Agent, the Agent,</p> <p>save that changes to the following terms (including related definitions) in the S155 Settlement Note will require the consent of 80 per cent by value of SIHPL Financial Creditors:</p> <ul style="list-style-type: none">• a reduction in the Principal Amount or the Recovery Cap;• an extension to the Maturity Date or Termination Date;• the currency of the payment; and• creditors' rights, SIHPL & creditor transfers, governing law and jurisdiction, <p>and any request for an amendment or waiver to be subject to "snooze" provision of 15 business days.</p>
Governing Law	English
Jurisdiction	Courts of England, SIHPL to appoint a service process agent