STEINHOFF INTERNATIONAL HOLDINGS N.V. – UPDATE ON SETTLEMENT IMPLEMENTATION PROGRESS AND AN INCREASED SETTLEMENT PROPOSAL

Overview

Steinhoff International Holdings N.V. ("**SIHNV**" or the "**Company**", together with its subsidiaries, "**Steinhoff**" or the "**Steinhoff Group**") and the former South African holding company for such subsidiaries, Steinhoff International Holdings Proprietary Limited ("**SIHPL**"), are providing their respective stakeholders with updates on two important matters:

1) Intention to progress implementation of the global settlement proposal

The Steinhoff Group continues to progress the implementation of its global settlement proposal, notwithstanding the legal challenges in the period since its launch. To date, the Steinhoff global settlement proposal has received support from a substantial number of Contractual Claimants and Market Purchase Claimants, including four out of the six Active Claimant Groups ("**ACGs**") and the Vereniging van Effectenbezitters ("**VEB**"). The supporting ACGs and the VEB represent former shareholders and all have extensive international experience in the litigation and settlement of shareholder claims.

Steinhoff continues to believe that the Steinhoff global settlement proposal, including the materially increased offer described below, represents a significantly better outcome for litigants and creditors relative to the outcomes in the event of no settlement. The settlement will resolve both legacy claims and, in SIHPL's case, the recent dispute regarding the SIHPL contingent payment undertaking.

Both the SoP process (for SIHNV) and the section 155 process (for SIHPL) will provide claimants and/or their representatives with an opportunity to vote on the proposals. Steinhoff urges stakeholders to avoid further delay and to support progress of the proposals for approval by claimants and the courts.

2) A material increase in the settlement offer

There has been a material improvement in the underlying financial and operational performance of the Steinhoff Group since the announcement of the settlement proposal in July 2020, when both Covid-19 and adverse currency movements had negatively impacted the financial resources available to fund a global settlement. The Steinhoff global settlement proposal was constructed to present claimants with a better outcome than the likely alternative. In line with that approach, as the current value of the Steinhoff Group's investments has improved, Steinhoff is increasing the amount offered in settlement.

The total amount of the offer for Market Purchase Claimants (SIHNV and SIHPL) and SIHNV Contractual Claimants will increase from EUR 370m to EUR 613m, an increase of EUR 243m (66 per cent). As a result, the total amount on offer to the SIHNV and SIHPL Market Purchase Claimants is now estimated to be approximately EUR 442m. A breakdown is provided in the table below.

Other than by way of pro-rata payment under the SIHNV Hemisphere CPU, no amounts under the increased offer will be paid to financial creditors or to SIHPL Contractual Claimants. In the case of SIHPL Market Purchase Claimants, the increase will directly reduce the value that would previously have been available to SIHPL's financial creditors under the settlement proposal.

Details in relation to both updates are set out below. As previously, this offer does not constitute an admission of liability by any member of the Steinhoff Group, or its directors, officers or employees in respect of any legal claims or litigation proceedings.

Louis du Preez, Chief Executive Officer and Management Board member, said: "The resilience of the Group's performance since our settlement proposal was first announced in July 2020 allows us to materially increase the total available pot for settlement to EUR 1.2bn. The total amount of the offer for Market Purchase Claimants (SIHNV and SIHPL) and SIHNV Contractual Claimants will increase by 66 per cent. The revised proposal offers claimants a fair outcome, and the best opportunity to recover amounts in respect of any claims in the near term and with certainty. We urge all claimants to support the revised settlement proposal and work with us to conclude the approval process as soon as possible."

Update on Settlement Implementation Progress

*SIHNV – Update on Dutch "Suspension of Payments" Process ("**SoP**")*

As previously announced, SIHNV applied for SoP proceedings on 15 February 2021 following which the District Court of Amsterdam (the "**Amsterdam Court**") appointed Mr. F. Verhoeven and Mr. C.R. Zijderveld as administrators ("**Administrators**").

Since their appointment, the Administrators have engaged with SIHNV's stakeholders and the SIHNV management team. The Amsterdam Court requested that the documents supporting creditors' claims be submitted by 15 June 2021. The SIHNV claims administrator (Computershare) and the Administrators are now reviewing the claim documents received.

On 28 May 2021 the Amsterdam Court confirmed the appointment of a committee of representation ("**SoP Committee**"). The SoP Committee has commenced its work and all legal challenges to the SoP Committee's appointment have been overcome or withdrawn.

On 15 June 2021, SIHNV introduced a number of technical amendments to its composition plan (the "**SoP Proposal**"). The current version of the SoP Proposal can be found at: https://www.steinhoffinternational.com/settlement-litigation-claims.php.

On 25 June 2021, at the request of the Administrators, the supervisory judges in the SoP deferred the original date to vote on the SoP Proposal from 30 June 2021 to 3 September 2021(the "**Voting Meeting**"). At the Voting Meeting, the SoP Committee will consider and vote on the Scheme Proposal.

Separately, and as previously notified, an application has been filed in the Western Cape High Court in South Africa for a South African provisional liquidation of SIHNV by parties related to the previous owners of the Tekkie Town businesses (the "**Tekkie Town Parties**") acquired by Steinhoff in 2016. SIHNV is opposing that application. In addition to SIHNV's opposition to the liquidation petition sought by the Tekkie Town Parties, it is also being opposed by SIHNV's financial creditors and separately by the Administrators. The Western Cape High Court has scheduled the SIHNV liquidation application to be heard between 1 and 3 September 2021.

As part of the technical amendments made to the SoP Proposal on 15 June 2021, SIHNV confirmed that the SoP Proposal does not seek to compromise "in rem" claims, hence the Tekkie Town Parties will not be precluded from pursuing their claim for restitution of those businesses against SIHNV and/or Pepkor Holdings Limited ("**PPH**"). Both SIHNV and PPH will continue to defend such claims. To the extent the Tekkie Town Parties' claim results in a contractual damages or other monetary award then such claim or award will be subject to the SoP Proposal.

SIHPL – Update on South African Section 155 Claim Process

SIHPL launched its section 155 proposal on 16 February 2021 (the "**Section 155 Proposal**") and issued its proposal in accordance with the notice requirements stipulated by the South African High Court. On 25 March 2021, SIHPL gave notice that the documents supporting any claims be submitted by 5 May 2021.

Following the claim submission deadline, SIHPL, with the assistance of its claims administrator, Computershare, has been reviewing the documents received to assess the claims for voting purposes. As part of that review, Computershare has requested clarifications and confirmations relating to data submitted as required. Creditors who wish to receive a distribution under the Section 155 Proposal can still submit their claims and related documentation until the bar date under the Section 155 Proposal which will be three months following the Settlement Effective Date.

The next steps for the SIHPL claims administrator are to issue any "deficiency notifications" pursuant to the rules under the Section 155 Proposal, for SIHPL to publish revisions to the Section 155 Proposal and then to give notice of the proposed section 155 creditors' meeting.

SIHPL – Update on Recent Disputes and Next Steps

SIHPL has been subjected to two new disputes since it launched the Section 155 Proposal:

S.45 Judgment: Trevo and Hamilton applied to the Western Cape High Court challenging both the guarantee granted by SIHPL in favour of the 2021 convertible bonds issued in 2014 (the "**2014 Guarantee**") and the SIHPL contingent payment undertaking issued in 2019 in favour of holders of the 2021 and 2022 convertible bonds (the "**SIHPL CPU**") on the basis that they contravened South African 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 rules 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.

SIHPL has been notified that a number of financial creditors with interests in the SIHPL CPU have appealed against the S.45 Judgment. In addition, those financial creditors have also asserted continuing debt claims and restitutionary claims against SIHPL which are independent of the determination of the appeal of the S.45 Judgment.

SIHPL has considered the S.45 Judgment and its consequences. SIHPL contested the S.45 application made by Trevo because it believed the technical assertions made by Trevo were wrong and that the entry into the SIHPL CPU as part of the 2019 restructuring had provided very considerable benefits to SIHPL. The overall net effect on SIHPL following the S.45 Judgment is that SIHPL now faces greater uncertainty and further claims and, in absence of a successful appeal, a long and complicated series of multi-jurisdictional legal disputes.

Accordingly, SIHPL intends to apply for leave to appeal the S.45 Judgment before the time for doing so expires and believes that it has reasonable prospects of success on appeal.

It is not certain how long an appeal of the S.45 Judgment will take to be determined but, subject to the progress of SIHPL's Section 155 Proposal it is expected to take at least several months.

Class Composition Application: Between 4 to 6 August 2021 the Western Cape High Court is scheduled to hear a dispute regarding the composition of the classes proposed in the Section 155 Proposal. SIHPL is opposing the application and believes that the three classes proposed (MPCs, Contractual Claimants and Financial Creditors) have been properly constructed. Further updates will be provided once available.

Implementation - Next Steps

Steinhoff has considered the implications of the legal challenges which continue to be directed at its global settlement proposal, including the possible impact on SIHPL's Section 155 Proposal of the appeal proceedings following the S.45 Judgment and the forthcoming class composition hearing.

The Steinhoff global settlement launched in July 2020 was proposed to address the very issues now facing Steinhoff: to resolve complex multi-party, multi-jurisdictional disputes arising from the legacy issues, to provide certainty and a near term settlement consideration on a fair basis and to maintain the necessary stability for the underlying Steinhoff businesses and investments.

In addition the proposed global settlement has also resulted in the possibility of a further total financial contribution of eur156.04m being made by third parties, consisting of up to eur77.94m by the Deloitte Firms and up to eur78.1m by the D&O Insurers (each as defined in the current SoP Proposal) and further compromises by others (such as Conservatorium and Titan), as previously announced.

Those opposing the global settlement are working to delay its implementation despite the fact that delay will put at risk the interests of the large number of claimants who support the deal and who will otherwise face the prospect of waiting years for an uncertain outcome. In particular, further delay at SIHPL level will only postpone or deny the opportunity for SIHPL claimants to collectively decide on the merits of Section 155 Proposal.

Steinhoff remains of the view that the appropriate way to implement its proposal is through the SoP and the section 155 processes that it launched earlier this year. Its objectives remain to put the proposals to claimants for approval (or not) at creditor meetings (or the SoP Committee in the case of SIHNV) and, if approved, to seek court sanction of them.

The section 155 process is capable of addressing the legacy claims and outstanding disputes, including in relation to the S.45 Judgment, and, with sufficient support, it can achieve a binding compromise of those claims and disputes.

For these reasons, it is the shared view of the respective SIHNV and SIHPL boards that the benefits of the Steinhoff settlement proposal continue to outweigh the alternative prospect of further delay and uncertainty; that the combined implementation processes provide the framework to establish consensus support for the proposals; and that in the circumstances it remains in the best interests of SIHNV, SIHPL and their respective stakeholders to continue to promote the opportunity for claimants to vote on the settlement proposal and, if there is sufficient support, seek sanction and implementation as soon as possible.

Accordingly, SIHNV and SIHPL will continue to work towards a co-ordinated global settlement based on the increased settlement proposal detailed below. In this respect, they will regularly review progress and any implications for timetable and will provide further updates in due course.

Increased Settlement Proposal

In proposing the original Steinhoff global settlement announced by SIHNV and SIHPL on 27 July 2020, the Company made a fair and affordable proposal that would be better than the alternative outcome based on the information then available to it. In particular, as the announcement made clear, the available resources to fund a global settlement had been negatively affected by the impact of the Covid-19 pandemic and the effect of adverse currency movements. However, in the year that has passed since the July 2020 announcement, the financial and operational performance of the Group's underlying businesses has, in varying degrees, proved resilient, and the value of a number of its investments has increased, notwithstanding that they continue to face challenging markets.

As a direct consequence of improved financial performance, positive currency movements, and improved outlook, SIHNV and SIHPL have concluded that they will increase the settlement offer, as follows:

- An additional EUR 243m is to be contributed by SIHNV and allocated proportionately among SIHNV claimants (both SIHNV Market Purchase Claimants and SIHNV Contractual Claimants) and SIHPL Market Purchase Claimants, on top of which a separate EUR 26m pro rata increase will be paid to Hemisphere CPU creditors.
- As a result the total settlement offer to SIHNV Contractual Claimants and SIHPL and SIHNV Market Purchase Claimants will increase from EUR 370m to EUR 613m (a 66 per cent increase). The amount of that sum available to SIHINV and SIHPL Market Purchase Claimants is estimated to be approximately EUR 442m, representing an increase of EUR 175m from the previous offer.
- As previously, the precise level of distribution to such claimants will depend on the final level of accepted claims made by the applicable bar date under the scheme plans, since the settlement sum will be applied for the benefit only of those SIHNV Contractual Claimants and SIHNV and SIHPL Market Purchase Claimants that establish their claims by that date.
- SIHNV and SIHPL will retain their option to provide settlement consideration in respect of any claim in cash, or, 50 per cent in cash and 50 per cent in PPH shares (at R15 per share).
- SIHPL will pay for the increase in the SIHPL Market Purchase Claims on a deferred basis by increasing the new loan note issued by SIHPL payable to SIHNV (secured by SIHPL on a second ranking basis as described in the original settlement proposal) to an estimated value of approximately EUR 166m.
- In respect of claims against SIHPL that are not Market Purchase Claims, no additional consideration will be payable.

	Revised total settlement amount		**Original settlement amount**		**Increase in settlement amount**		
	EURm	**ZARm**	**EURm**	**ZARm**	**EURm**	**ZARm**	**% Inc.**
SIHNV & SIHPL Market Purchase Claimants	442		267		175		66%
SIHNV Contractual Claimants	171		103		68		66%

Hemisphere CPU	66		40		26		66%
SIHPL Contractual Claimants: Titan		7,904		7,904		-	-
SIHPL Contractual Claimants: Other		1,653		1,653		-	-
EUR Total (of EUR and ZAR amounts)	**1,237**		**969**		**269**		**28%**

Note: The values in this table were calculated using an FX rate of 17.0906 and exclude certain cost provisions.

A summary term sheet setting out a summary of the improved terms can be found at: https://www.steinhoffinternational.com/settlement-litigation-claims.php.

Following this announcement SIHNV and SIHPL will seek further approval from the South Africa Reserve Bank and the necessary consents of their respective financial creditors to support the proposed increase of the settlement proposal.

In the meantime, the changes will be made formally to the Scheme Proposal and the Section 155 Proposal and those revisions will be updated on the Steinhoff settlement website.

All claimants are encouraged to support the improved terms of the Steinhoff settlement proposal and to work with Steinhoff to conclude the approval process as soon as possible.

Further Information

Further updates will be provided as and when appropriate.

Claimants will be able to review additional information in relation to the Steinhoff Group global settlement and submit their claim details on the following website: www.SteinhoffSettlement.com.

The Company has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the JSE Limited.

Stellenbosch, South Africa

16 July 2021