

19 January 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

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 in Annexure A to this proposal 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 of SIHPL that participate in the filing and voting procedures; (ii) it is thereafter approved and sanctioned on a final and non-appealable basis by the High Court of South Africa as contemplated in section 155(7) of the Companies Act; and (iii) all of the Suspensive Conditions applicable to the Proposal (including the sanction and effectiveness of the SoP) are satisfied. Following this Proposal becoming effective, compromises will become effective and distributions will be made to the Scheme Creditors of SIHPL 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 of SIHPL.

If you are a Scheme Creditor of SIHPL, 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. The Chair shall be advocate John Newdigate SC, a senior counsel who has been practising at the Cape Bar for 35 years.

Please see clause 3 for a chronology and a list of key dates.

This Proposal does not constitute, on any basis whatsoever, an admission of any liability on the part of SIHPL towards any party that has instituted legal proceedings against SIHPL, or intends to institute 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 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/them in terms of this Proposal.



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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 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 03 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 changed 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) 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 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 is described in notes 22 and 35 of the FY2019 consolidated financial statements of the Steinhoff Group available at https://www.steinhoffinternational.com/downloads/2020/STEINHOFF-ANNUAL-REPORT-2019_web.pdf.



- 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 mismanagement, accounting irregularities, market manipulation, misstatements, misrepresentation of and otherwise misleading annual accounts and other financial reporting, including in prospectuses published by and/or other public statements made by Steinhoff Group Companies, as well as in relation to improper fulfilment of duties by any Audit Firms, managing or supervisory directors, officers and/or employees of Steinhoff Group Companies 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 Steinhoff Group Companies are liable for losses, whether directly or indirectly, sustained 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 various Scheme Creditors that, among other things, certain directors and officers did not properly fulfil their duties towards SIHPL and/or SIHNV and/or other Steinhoff Group Companies and/or certain of the Steinhoff claimants and are liable for losses, whether directly or indirectly, sustained by SIHPL and/or SIHNV and/or other Steinhoff Group Companies and/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 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 (as audited by Deloitte & Touche South Africa for SIHPL and other Steinhoff Group companies) (the "**SIHPL Audits**" and the "**SIHPL Financial Statements**", respectively);
- 1.12.1.3 the consolidated group financial statements of SIHNV for the financial year 2015/16 (as audited by Deloitte NL) (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 and 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 the 2016 Audits;

1.12.2.3 audits of other Steinhoff Group Companies;

1.12.2.4 the Limited Assurance Reports;

1.12.2.5 the RA Report;

1.12.2.6 the Comfort Letter;

1.12.2.7 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

1.12.2.8 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, 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, 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 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 Since the departure and resignation of Mr Jooste, and in light of the Litigation 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.

1.15 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 in substitution of guarantees previously and respectively given by them (the "**Financial Restructuring**").



- 1.16 The Steinhoff Group's strategy following the Financial Restructuring has been threefold:
- 1.16.1 to continue to protect and promote the underlying businesses of the Steinhoff Group;
 - 1.16.2 to seek to resolve the Litigation faced by the Steinhoff Group; and
 - 1.16.3 to reduce the financial indebtedness of the Steinhoff Group.
- 1.17 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 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

- 1.18 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.
- 1.19 SIHPL 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 claims have been dismissed.
- 1.20 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 latter part of 2021.

- 1.21 SIHPL, together with SIHNV and various creditor group and claimant group representatives, has, therefore, been proactively exploring the possibility of substantially resolving the Litigation, as well as compromising certain other unsecured, non-preferred, claims against SIHPL and SIHNV, by means of the Steinhoff Group Settlement.
- 1.22 This Proposal records the terms of the Steinhoff Group Settlement with regards to SIHPL. 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. In short, the Steinhoff Group Settlement is comprised of this Proposal and the SIHNV Composition Plan together and has to be read in conjunction and, as such, each must be approved and sanctioned before either comes into effect.

This Proposal

- 1.23 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.
- 1.24 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 relative to the likely counterfactual of SIHPL's insolvent liquidation. The three Classes of Scheme Creditors (Financial Creditors, Contractual Creditors and SIHPL Market Purchase Claimants) are defined in Annexure A and their characteristics are described in clause 4.9.
- 1.25 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.
- 1.26 For the avoidance of doubt, it is recorded that, subject to the remaining provisions of this Proposal (including the Suspensive Conditions):
- 1.26.1 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
- 1.26.2 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, it will fail. The result of such failure is that there is unlikely to be any alternative other than for SIHPL to enter into insolvent liquidation proceedings.
- 1.27 This Proposal will become effective if, and from the date on which, the last of the Suspensive Conditions contained in clause 40 of this Proposal has been satisfied (being the "**Proposal Effective Date**"). 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.
- 1.28 Nothing contained in this Proposal shall:
- 1.28.1 constitute an admission of liability, indebtedness, wrongdoing or the like, on the part of SIHPL, the Board or any member of the Steinhoff Group;
- 1.28.2 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; or
- 1.28.3 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, notwithstanding their description as Scheme Creditors for purposes of this Proposal.

- 1.29 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.
- 1.30 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.
- 1.31 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.
- 1.32 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.
- 1.33 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.

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 the company, and will not, for example, be later able to seek to recover from the company 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 the company.
- 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 dates 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 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),

which dates will be announced on www.SteinhoffSettlement.com in due course.



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 the 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 a potential that adverse judgments may be granted against SIHPL by a court of first instance in the latter part of 2021 and, as such, in order to arrive at a workable solution that would enable SIHPL to avoid 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 undertaken over a year. Throughout that period, SIHPL (together with SIHNV) has worked intensively to formulate a proposed basis of settlement which seeks to achieve the key goal of yielding an outcome likely to be materially better and more certain for each of the Classes of Scheme Creditors than a "no settlement" scenario (i.e., a likelihood of insolvent liquidation of SIHPL), whilst also allocating value across such constituencies in a way that reflects fair and reasoned treatment amongst them.
- 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 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).
- 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;¹ 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.²

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 governing the terms on which they will retain and be able to pursue their claims against it in the future;
- 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;

¹ Section 155(3)(a)(v): informal proposals by SIHPL's creditors.

² Section 155(3)(a)(iv): holders of SIHPL's issued securities.



- 4.7.3 obtain and implement a binding settlement of Litigation claims of SIHPL Market Purchase Claimants in consideration of SIHNV procuring payments on its behalf of settlement consideration in the form of cash and/or PPH Shares;
- 4.7.4 permit certain transactions in connection with such arrangements; and
- 4.7.5 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 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 (i) financial obligations which SIHPL admits that it owes to certain of its creditors, namely the Financial Creditors, and (ii) alleged (but disputed and not legally established) obligations that are alleged (but not admitted by SIHPL) to be owed by it to two distinct groups of its Litigation claimants, being the Contractual Claimants and the SIHPL Market Purchase Claimants. 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 have undisputed contractual claims against SIHPL under the SIHPL CPU, a debt instrument. Both the fact and amount of SIHPL's liability in that respect are certain;



- 4.9.2 a Contractual Claimant is a Litigation claimant, which instituted claims against SIHPL prior to 05 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 prior to close of business on 06 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 05 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 much less material risk of liability for it.
- 4.10 This Proposal is made **only** to these aforesaid 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 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 three classes 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 the 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 Financial Creditors;

4.14.2 the Intercompany Loan Creditors and creditors under related-party loans as set out in Annexure C;

4.14.3 SARS; and

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

collectively, "**Recorded Creditors**".

4.15 For the purposes of this Proposal, the Financial Creditors are regarded as Scheme Creditors, and will have the right to participate in this Proposal. SIHPL's obligations to other Recorded Creditors will remain unaffected by this Proposal.

4.16 SIHPL denies liability in respect of the claims of -

4.16.1 the Contractual Claimants;

4.16.2 the SIHPL Market Purchase Claimants; and

4.16.3 the Non-Qualifying Claimants.



- 4.17 For purposes only 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.³
- 4.18 Non-Qualifying Claimants are not Scheme Creditors – this Proposal is not made to them; they are not entitled to participate in this Proposal and such claims as they may ultimately be proven to have will not be compromised by this Proposal.
- 4.19 Every person or entity contemplated in clauses 4.14 and 4.16 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.

Summary of the terms of this Proposal

- 4.20 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.⁴
- 4.21 SIHPL will procure that assets worth approximately R8.9 billion are made available for the purpose of paying the settlement consideration under this Proposal for the benefit of Contractual Claimants, as summarised in more detail below. As also summarised further below, SIHNV will make available certain of its (rather than SIHPL's) assets for the purpose of paying, among other things, the settlement consideration under this Proposal to SIHPL Market Purchase Claimants.
- 4.22 Following the occurrence of the Proposal 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 out of SIHPL and SIHNV out of which

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

⁴ Section 155(3)(a)(i): List of material assets and security.



payments to Contractual Claimants and SIHPL Market Purchase Claimants will be made should this Proposal become effective.

Financial Creditors

- 4.23 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 33.
- 4.24 In summary, the terms of this Proposal with respect to SIHPL and its Financial Creditors entail:
- 4.24.1 certain amendments to the SIHPL CPU, including a maturity extension;
 - 4.24.2 the acquisition by SIHPL from Newco 2A of a further asset, namely the receivable resulting from the Titan Premier Investments Proprietary Limited loan owing to Newco 2A (the “**Titan Receivable**”);
 - 4.24.3 the issuance by SIHPL of:
 - 4.24.3.1 the Newco 2A Loan, being consideration SIHPL has agreed to owe to Newco 2A for the sale of the Titan Receivable; and
 - 4.24.3.2 the SIHNV Loan, being consideration SIHPL has agreed to owe to SIHNV for its funding of the settlement of the SIHPL Market Purchase Claimants pursuant to this Proposal;
 - 4.24.4 the grant of third-ranking security by SIHPL over its residual assets for the benefit of its Financial Creditors (ranking *pari passu* with the claims of Non-Qualifying Claimants and behind the respective claims of Newco 2A and SIHNV in respect of the liabilities referenced above);
 - 4.24.5 the implementation of a quarterly cash sweep at SIHPL (subject to a €5 million reserve) for the benefit of its residual secured creditors, including the Financial Creditors; and



4.24.6 a waiver and release of non-contractual claims by the Financial Creditors in favour of SIHPL.

4.25 As part of a consent solicitation process conducted in October 2020 with respect to the Steinhoff Group's financial creditors, which sought permission to make certain inter-conditional amendments to the Steinhoff Finance Documents so that the Steinhoff Group would be permitted to, among other things, seek implementation of (and ultimately implement) the Steinhoff Group Settlement (the "**Consent Request**"), very significant majorities of the Financial Creditors (by number and value) have already committed their support for the proposed terms of the Steinhoff Group Settlement and agreed to take actions to support its implementation, including by voting in favour of this Proposal. At the expiry of the Consent Request, the relevant facility agents reported that the Steinhoff Group had received the following responses from the Financial Creditors:

	Approval Levels	Rejection Levels	Approval Levels (disregarding those not voting) ⁵
Percentage by value	88.25%	3.75%	95.92%
Total by number	74/106	3/106	74/77

Contractual Claimants:

4.26 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 38.

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

4.27.1 their Contractual Claims (other than the Contractual Claims of Thibault and Wiesfam) will be settled for a total nominal amount of approximately R1.5 billion;

⁵ To the extent a creditor failed to submit a vote prior to the expiry of the Consent Request, they are contractually excluded and the values of their positions are removed from the relevant calculations.



- 4.27.2 the Contractual Claims of Thibault and Wiesfam will be settled for a total nominal amount of approximately R7.9 billion (representing a proportionally lower recovery rate relative to other Contractual Claims);
- 4.27.3 subject as follows, the settlement consideration will be paid 50% in cash and 50% in shares of Pepkor Holdings Limited (the Group's South African retail subsidiary, "**PPH**") at a deemed settlement price of R15.00 per share (subject to SIHPL's right, in its absolute discretion, to settle 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 Proposal Effective Date; and
- 4.27.4 in respect of the Contractual Claims of BVI:
- 4.27.4.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.00 per share;
- 4.27.4.2 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);
- 4.27.4.3 under the lock up restriction the recipient of the PPH Shares shall be entitled, in respect such PPH Shares, to sell –
- 4.27.4.3.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;
- 4.27.4.3.2 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 4.27.4.3.1); and
- 4.27.4.3.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;



- 4.27.5 in respect of the Contractual Claims of Cronje et al:
- 4.27.5.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.50 per share;
- 4.27.5.2 in respect of Lourens, Wasserfall and 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 -
- 4.27.5.2.1 under the lock up restriction the Current Managers shall be entitled, in respect of such PPH Shares, to sell –
- 4.27.5.2.1.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;
- 4.27.5.2.1.2 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 4.27.5.2.1.1); and
- 4.27.5.2.1.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
- 4.27.5.3 the lock up restrictions contemplated in clause 4.27.5 will cease to apply in respect of any Current Manager with effect from the date on which he/she 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/she ceases to be employed by PPH;
- 4.27.5.4 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.
- 4.28 The Company estimates that approximately 348 million PPH shares (or 9.5% of the total PPH issued share capital) will be transferred to Contractual Claimants.



SIHPL Market Purchase Claimants:

- 4.29 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 45. 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 compensation for 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 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 settlement outcomes 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.
- 4.30 Analysis Group has assisted SIHPL and SIHNV in assessing the likely range of outcomes in that respect, the details of which are set out in Annexure D. In summary:
- 4.30.1 using claim values estimated by Analysis Group based on available data at the date of this Proposal, the average estimated settlement recovery for MPC Relevant Claims, including those of SIHPL Market Purchase Claimants, is 5.0 cents in the Rand, calculated as at 31 March 2021;⁶ and
- 4.30.2 depending on variations in Claim Values, Analysis Group conclude that settlement recovery for MPC Relevant Claims should in any event fall between 4.0 and 6.6 cents in the Rand.

⁶ The recovery rate of SIHPL Market Purchase Claimants is estimated as 4.8 cents in the Rand, calculated as at 31 March 2021 (lower than the average recovery rate of all MPC Relevant Claims because of the higher interest rates in South Africa as compared to the Netherlands). The actual recovery rate of all MPC Relevant Claims will be same, as the MPC Claim Value (as defined in the Steinhoff Allocation Plan) is calculated on the basis of 5 December 2017 claim values and disregards any interest.



4.31 In summary:

- 4.31.1 pursuant to the SIHNV Composition Plan and an agreement to be concluded between SIHNV and the SRF, SIHNV shall make available a settlement consideration in the amount of the Gross Settlement Fund (i.e. €370,000,000.00). The Gross Settlement Fund less certain costs and expenses (i.e. the SoP Settlement Fund) shall be the total settlement consideration in respect of 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;
- 4.31.2 this 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 the right of SIHNV, at its option, to settle the settlement consideration in a greater proportion, or the full amount, in cash. No restriction on future sales applies in respect of PPH Shares transferred to Market Purchase Claimants, including SIHPL Market Purchase Claimants. SIHPL estimates that approximately 162 million PPH shares (or 4.4% of the total PPH issued share capital) will be transferred to Market Purchase Claimants pursuant to the Steinhoff Group Settlement, of which it estimates that approximately 68 million PPH shares (or 1.9% of the total PPH issued share capital) will be transferred to SIHPL Market Purchase Claimants;
- 4.31.3 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
- 4.31.4 in addition, SAHPL may make a contribution towards the fees of certain 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

- 4.32 It is important to note that this Proposal is subject to Suspensive Conditions (as set out in clause 40). 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 before either comes into effect.
- 4.33 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, once the SoP proceedings have commenced before that court.
- 4.34 The distribution of the SoP Settlement Fund (as defined above) 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.
- 4.35 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.

- 4.36 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

- 4.37 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 latter part of 2021. In such circumstances and taking into account the financial condition of the Steinhoff Group more broadly, it is unlikely that SIHPL and SIHNV would be able to refinance their existing financial indebtedness which matures at the end of 2021. 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. In SIHPL's case, that prospect would require its 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:
- 4.37.1 as outlined further in clause 36, 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 resolved due to the complex nature of the claims and the risk of appeal proceedings in that respect; and
- 4.37.2 in any event, the value 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



19) 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*)).

4.38 The probable dividend for admitted concurrent creditors in the event of a liquidation of SIHPL is between 14.8 and 25.8 cents in the Rand depending on, amongst other things, the success or otherwise of the Litigation claims of the SIHPL Market Purchase Claimants.⁷ 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 36 below.

Benefits of this Proposal

4.39 The Liquidation Comparators at Annexure D show that Scheme Creditors would be at material risk of recovering less on their respective claims if this Proposal should fail and SIHPL should enter liquidation proceedings. Moreover, if this Proposal is successfully implemented, it will in any event provide the following benefits:

4.39.1 for Contractual Claimants and SIHPL Market Purchase Claimants, 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;

4.39.2 for Financial Creditors, greater certainty as to SIHPL's financial position as a result of the settlement of Contractual Claims and claims of SIHPL Market Purchase Claimants, and enhanced rights (including security) in respect of their claims;

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

⁷ Section 155(3)(a)(iii): Probable dividend in the event of SIHPL's liquidation.



4.39.4 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.

4.40 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 38 below.



PART B – PROPOSALS

5 ASSETS AVAILABLE FOR THIS PROPOSAL

5.1 Assets worth approximately R10.8 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.⁸ A list of the relevant assets is set out in Annexure B but, in summary, such assets will be comprised of⁹:

5.1.1 assets valued at approximately R8.9 billion,¹⁰ comprising cash of R4.3 billion and PPH Shares with a settlement value of approximately R4.6 billion, will be made available by SIHPL for the purposes of the settlement of the Contractual Claims, each of whose Contractual Claims will be Settled by way of payment and/or transfer to them of such cash and PPH Shares (as recorded in Part I. to Part VI. of Annexure F); and

5.1.2 assets valued at approximately R4.6 billion, comprising cash of R2.4 billion and PPH Shares with a settlement value of approximately R2.2 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. It is estimated that approximately R1.0 billion of cash and R0.9 billion worth of PPH shares will be allocated to the SIHPL Market Purchase Claimants.

5.2 SIHPL will remain obliged to satisfy its obligations owing to the Financial Creditors under and in accordance with the terms of the Amended SIHPL CPU. The Financial Creditors will, subject to prior-ranking claims created by the settlement in favour of Newco 2A and SIHNV, and equal-ranking claims in respect of Intercompany Loan Claims and any Non-Qualifying Claims that are established, have recourse to SIHPL's residual assets over time on a limited recourse basis (as set out in more detail below).

⁸ Section 155(3)(b)(iv): SIHPL's property that is proposed to be available in terms of this Proposal.

⁹ Based on EUR/ZAR FX rate of 18.1841 and PPH spot price of ZAR 13.31 (14-Jan-2021 close).

¹⁰ Subject to the outcome of the Mayfair Claim.



- 5.3 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.
- 5.4 Fees for advisors, and fees for SIHPL directors, will not be deducted from the assets and property made available for distribution to the Scheme Creditors by SIHPL or SIHNV.
- 5.5 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.¹¹

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 SIHPL's financial obligations, which it owes to the Financial Creditors, in accordance with the terms set out in *Part B1 – Financial Creditors* below. Such treatment is justified on the basis that Financial Creditors have undisputed contractual claims against SIHPL, pursuant to the SIHPL CPU, a debt instrument. Both the fact and amount of SIHPL's liability in that respect are certain; and
- 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

¹¹ Section 155(3)(b)(iii): the order of preference of settlement.



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 High Court in *De Bruyn*¹² (as discussed in further detail below), the claims of the SIHPL Market Purchase Claimants have significant 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 to be unlikely by SIHPL) in which SIHPL Market Purchase Claimants' claims are held to be admissible, in which case, and subject to proof of their quantum in each case, they would be likely to 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 72 below.

¹² *De Bruyn v Steinhoff International Holdings N.V. and Others* (29290/2018) [2020] ZAGPJHC 145 (26 June 2020).



6.6 At clause 38 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.



7 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.

8 DISTRIBUTIONS

8.1 The Financial Creditors will not be eligible to receive any immediate distribution under this Proposal in respect of their claims under the SIHPL CPU but, instead, will retain certain contractual rights against SIHPL pursuant to the terms and conditions of the Amended SIHPL CPU (as set out below), which shall become effective on the Proposal Effective Date.

8.2 This Proposal does not seek any releases from the payment of debts owed by it to its Financial Creditors, but does provide that the recourse of Financial Creditors under the Amended SIHPL CPU will be limited to the assets over which they (together with certain other creditors) are to receive the benefit of security.¹³

9 AMENDMENTS TO THE SIHPL CPU

9.1 The amendments to the SIHPL CPU and the terms on which security is to be granted in respect of the same are part of the package of amendments, waivers and releases which were sought by the Group from its creditors pursuant to the Consent Request to facilitate implementation of the Steinhoff Group Settlement (as further described in clause 4.24 above).

9.2 Under the Consent Request:

9.2.1 there is a mechanism for the final form documents in these respects to be approved by the relevant agent acting on the instructions of the Simple Majority Settlement Creditors (as defined in the Consent Request); and

¹³ Section 155(3)(b)(ii): release of SIHPL from the payment of debts.



- 9.2.2 it is a condition to the effectiveness of the relevant amendments, waivers and releases that:
- 9.2.2.1 the Steinhoff Group Settlement becomes effective prior to the long stop date set out in the Consent Request, being 30 September 2021, unless such date is extended in accordance with the terms of the Consent Request; and
- 9.2.2.2 binding approvals are obtained from a class of SIHNV's financial creditors to certain amendments in respect of their claims, which in turn requires that the English scheme of arrangement referenced in the Suspensive Conditions set out in clause 40.1.1 of this Proposal will become effective to that end.
- 9.3 The proposed amendments to the SIHPL CPU are as follows:
- 9.3.1 extension of the final maturity date to the date that is 6 months after the maturity date of the Titan Receivable (approximately 5 years, 6 months and a day from when the Steinhoff Group Settlement becomes effective), upon and subject to the Proposal Effective Date;
- 9.3.2 provision for an interim debt extension for up to 12 months in circumstances in which SIHNV has commenced Dutch proceedings and the extension is approved by lenders who benefit from Guarantee Commitments (as defined in clause 10 (*Permitted Settlement*) of the Umbrella Agreement) that aggregate more than 50% of the aggregate of all Guarantee Commitments;
- 9.3.3 amendment to governance arrangements, such that creditor nominated directors are appointed to certain members of the Steinhoff Group, upon and subject to the Proposal Effective Date; and
- 9.3.4 amendments to provide that the debt will be secured but also limited recourse.



10 QUARTERLY CASH SWEEP

- 10.1 Following the Proposal Effective Date and the settlement of Contractual Claims, SIHPL will be entitled to the benefit of quarterly cash sweeps from SIH and the South African Sub-Group to be applied in discharge of the outstanding SIH Receivable (approximately R17.7 billion before the settlement funds are made available to SIHPL).
- 10.2 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 under Amended SIHPL CPU, in accordance with their ranking following the Proposal Effective Date, subject to SIHPL retaining a balance of at least €5million at all times.

11 ADDITIONAL ASSET

- 11.1 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 17.5) for deferred consideration in the form of the Newco 2A Loan, as described below.

12 NEW LIABILITIES IN THE FORM OF LOAN NOTES

Newco 2A Loan

- 12.1 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.
- 12.2 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 Loan 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

- 12.3 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 not exceed €100,000,000.00.
- 12.4 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 Loan 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.

13 SECURITY

- 13.1 SIHPL will grant the benefit of security over its assets to its creditors, reflecting the following priority: (i) the NewCo 2A Loan; (ii) the SIHNV Loan; and (iii) the Amended SIHPL CPU (and certain other residual creditors).
- 13.2 As security for its obligations under:
- 13.2.1 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 (i) its bank accounts and (ii) all claims and other debts of whatsoever nature, present and future, due and to become due to it, from any persons whatsoever and from any causes of action whatsoever ("**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;
- 13.2.2 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

13.2.3 the Amended SIHPL CPU, 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 *pari passu* 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.



14 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.

15 CONTRACTUAL CLAIMS VALUATION METHODOLOGY

15.1 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*:

15.1.1 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

15.1.2 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 05 December 2017.

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

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

15.2.2 "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.



16 SETTLEMENT TERMS FOR CONTRACTUAL CLAIMANTS

- 16.1 Verified Contractual Claims (other than claims by Thibault and Wiesfam) will be settled for a total nominal amount of, at least, approximately R1.5 billion, allocated in accordance with their respective claim amounts determined under the Contractual Claims Valuation Methodology and reflecting a recovery rate of 29.3% on such claim amounts.
- 16.2 Contractual Claims of Thibault and Wiesfam will, as described further below, be settled for a total nominal amount of approximately R7.9 billion, representing a proportionally lower recovery rate (relative to other Contractual Claims) of 18.7% on their collective claim amounts determined under the Contractual Claims Valuation Methodology.
- 16.3 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 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 Proposal Effective Date.
- 16.4 In respect of the Contractual Claims of BVI:
- 16.4.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.00 per share;
- 16.4.2 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);
- 16.4.3 under the lock up restriction the recipient of the PPH Shares shall be entitled, in respect such PPH Shares, to sell –
- 16.4.3.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;



- 16.4.3.2 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 16.4.3.1); and
- 16.4.3.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
- 16.5 In respect of the Contractual Claims of Cronje et al:
 - 16.5.1 the settlement consideration will be paid entirely in the form of PPH Shares at an agreed settlement price of R13.50 per share;
 - 16.5.2 in respect of Lourens, Wasserfall and 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 -
 - 16.5.2.1 under the lock up restriction the Current Managers shall be entitled, in respect of such PPH Shares, to sell –
 - 16.5.2.1.1 after the date which is 30 days following the Receipt Date, up to 25% of the PPH Shares;
 - 16.5.2.1.2 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 16.5.2.1.1); and
 - 16.5.2.1.3 after the third anniversary of the Receipt Date, any and all remaining PPH Shares;
 - 16.5.3 the lock up restrictions contemplated in clause 16.5.2 will cease to apply in respect of any Current Manager with effect from the date on which he/she 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/she ceases to be employed by PPH;

16.5.4 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.

16.6 As soon as practicable after the Proposal Effective Date:

16.6.1 SIHPL shall pay the cash portions payable to each Contractual Claimant and the Titan Claimants; and

16.6.2 Ainsley will transfer approximately 348 million PPH Shares directly to the Contractual Claimants and Titan Claimants, pursuant to SIHPL's obligation to deliver such PPH Shares to such Contractual Claimants and Titan Claimants under this Proposal.

16.7 Upon the Proposal 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 Claim

16.8 Mayfair's particulars of claim filed under the Mayfair Claim allege that –

16.8.1 Mr Jooste, as the chief executive officer of SIHPL, caused SIHPL to conclude the share swap transaction with Mayfair;

16.8.2 Mr Jooste, as a director of Mayfair, voted in favour of, alternatively agreed to, the conclusion of the share swap transaction by Mayfair in the circumstances pleaded in the Mayfair Claim;



- 16.8.3 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 –
- 16.8.3.1 by Mr Jooste that the share swap transaction was in the best interests of Mayfair;
- 16.8.3.2 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.
- 16.9 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 16.8, 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.
- 16.10 In this regard –
- 16.10.1 Mayfair is a contingent Scheme Creditor;
- 16.10.2 Mayfair will be entitled to participate in the Meeting and vote in respect of its disputed Contractual Claim, and for this purpose Mayfair will be entitled to exercise one vote having regard to the fact that the whole of Mayfair's Contractual Claim is being disputed;
- 16.10.3 the actual amount which Mayfair will recover, if any, will be 29.3c/Rand of the total amount awarded by the Court in determining the Mayfair Claim;
- 16.10.4 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;¹⁴

¹⁴ Based on the information currently available to it, SIHPL estimates that such reserve should not exceed R123.6 million (being 29.3% of R422 million, the estimated claim value calculated by Analysis Group).



- 16.10.5 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 of this amount to Mayfair; and
- 16.10.6 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.

17 ADDITIONAL TERMS WITH RESPECT TO THE TITAN CLAIMANTS' CLAIMS

- 17.1 The value of the Titan Claimants' claims as calculated in accordance with, as applicable, the Contractual Claims Valuation Methodology (as set out in clause 15) and the MPC Valuation Methodology (as set out in clause 19, below) is as follows:¹⁵
 - 17.1.1 R41,728 million (approximately €2,295 million) in respect of the Thibault Claims which are Contractual Claims;
 - 17.1.2 R520 million (approximately €29 million) in respect of the Wiesfam Claims which are Contractual Claims; and
 - 17.1.3 R220 million (approximately €12 million) in respect of the Titan MPC Claims.
- 17.2 As noted above, 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 R7.9 billion (approximately €435 million). When applied solely to the Titan Claimants' Contractual Claims this reflects a recovery rate of 18.7%, which is a lesser rate of recovery than the 29.3% rate of recovery offered to the Contractual Claimants in respect of other Contractual Claims.
- 17.3 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

¹⁵ For purposes of the remainder of clause 17.1 and clause 17.2, all amounts are based on an estimated forward EUR/ZAR FX rate of 18.1841 for 31 March 2021 as of 31 December 2020.



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.

17.4 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.

17.5 In addition, Titan originally owed an amount of €200,000,000 under the Titan Receivable to SFH, which was assigned to Newco 2A as part of the Financial Restructuring. As part of the settlement arrangements with the Titan Claimants:

17.5.1 the Titan Receivable will be acquired by SIHPL for consideration constituting the NewCo 2A Loan;

17.5.2 The Titan Receivable will then be restated and amended such that it carries a coupon of 5.04% PIK per annum and has a repayment date of 5 years from the Proposal Effective Date; and

17.5.3 Titan will grant a security package to SIHPL in support of the Titan Receivable as so amended.



18 PART B3 – SIHPL MARKET PURCHASE CLAIMANTS

19 MPC VALUATION METHODOLOGY

19.1 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.

19.2 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.

19.3 The universal application across MPC Relevant Claims of the MPC Valuation Methodology will:

19.3.1 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;

19.3.2 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

19.3.3 minimise the time and costs associated with resolving all disputed MPC Relevant Claims, including those of SIHPL Market Purchase Claimants.

19.4 The effect of the universal application of the MPC Valuation Methodology is that:

19.4.1 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 06 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:

- 19.4.1.1 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**
- 19.4.1.2 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.
- 19.4.2 The MPC Valuation Methodology is set out more fully in the Steinhoff Allocation Plan.

20 SETTLEMENT TERMS FOR SIHPL MARKET PURCHASE CLAIMANTS

- 20.1 Analysis Group has assisted SIHPL and SIHNV in assessing the likely range of outcomes in that respect, the details of which are set out in Annexure D. In summary:
 - 20.1.1 using claim values estimated by Analysis Group based on available data at the date of this Proposal, the average estimated settlement recovery for MPC Relevant Claims, including those of SIHPL Market Purchase Claimants, is 5.0 cents in the Rand, calculated as at 31 March 2021; and
 - 20.1.2 depending on variations in Claim Values, Analysis Group conclude that settlement recovery for MPC Relevant Claims should in any event fall between 4.0 and 6.6 cents in the Rand.
- 20.2 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 €370,000,000.00 (the "**Gross Settlement Fund**"), less (A) any amounts payable pursuant to clause 4 of the SRF and Claims Administration Conditions and (B) any amounts to be deducted from the Gross Settlement Fund pursuant to clause 22.8 (together, the "**SoP Settlement Fund**"), on a *pari passu* pro rata basis to:

20.2.1 SIHPL Market Purchase Claimants;

20.2.2 SIHNV Market Purchase Claimants; and

20.2.3 SIHNV Contractual Claimants.

20.3 SIHNV shall make the Gross Settlement Fund available 50% in cash and 50% in PPH Shares and at a deemed settlement value of R15.00 per PPH Share 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 Gross Settlement Fund available in a greater proportion, or entirely, in cash.

20.4 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) submitted in accordance with the SIHNV Composition Plan and/or this Proposal (as applicable) and in accordance with the SRF and Claims Administration Conditions; and
- (ii) accepted in accordance with 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) with respect to the SIHPL Market Purchase Claimants; and

D = the SoP Settlement Fund.

20.5 Subject to the SRF and Claims Administration Conditions, the SRF shall determine the acceptance 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 23 and effect the payment to each such SIHPL Market Purchase Claimant at the time described in clause 22.12.

20.6 The portion of the Gross Settlement Fund consisting of cash is referred to as the "**Gross Cash Settlement Fund**" and the portion of the SoP Settlement Fund consisting of PPH Shares is referred to as the "**Gross Share Settlement Fund**". In this respect, SIHNV shall procure:

20.6.1 the deposit of the Gross Cash Settlement Fund into:

20.6.1.1 a ZAR escrow account controlled by the SRF with respect to the ZAR portion of the Gross Cash Settlement Fund; and

20.6.1.2 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 Gross Cash Settlement Fund,

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

20.6.2 that Ainsley makes available the Gross Share Settlement Fund 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 in respect of approximately 162 million PPH Shares under the terms of an agreement between Ainsley and SBG Securities Proprietary Limited, so as to enable the SRF to effectively



deal with the PPH shares in question in accordance with the provisions of this Proposal.

- 20.7 SIHNV shall procure that the transfer of, or establishment of the security arrangement in respect of (as applicable) the Gross Cash Settlement Fund and the Gross Share Settlement Fund referred to in clauses 20.6.1 and 20.6.2 to the SRF occurs within 10 Business Days of the Settlement Effective Date.
- 20.8 Upon receipt by the SRF of the Gross Cash Settlement Fund and establishment of the security arrangement in respect of the Gross Share Settlement Fund (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.
- 20.9 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.
- 20.10 After the Bar Date, 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 the Allocation Plan and the SIHNV Composition Plan:
- 20.10.1 procure the payment of cash from a ZAR escrow account controlled by it to a EUR third-party account 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



20.10.2 procure the payment of cash from a EUR third-party account 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.

20.11 The SRF will not make distributions that are deemed to be *de minimis* (negligible) pursuant to Part IV of the Steinhoff Allocation Plan. Any amounts or shares that are not distributed on that ground shall be dealt with in accordance with Part IV of the Steinhoff Allocation Plan.

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

21.1 A foundation (a Dutch *stichting* entity named the Stichting Steinhoff Recovery Foundation, referred to in this Proposal as the "SRF") will be established 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.

21.2 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 Proposal 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 Creditors 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.



- 21.3 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.
- 21.4 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 24.
- 21.5 Pursuant to the SIHNV Composition Plan and clause 3.1.15 of the SRF and Claims Administration Conditions, SIHNV will pay or procure payment of (part of) the SRF Costs Payment to the SRF as compensation to cover the SRF Costs (both as defined in the SIHNV Composition Plan).
- 21.6 To the extent that, after the final distribution of the SoP Settlement Fund by the SRF to the Market Purchase Claimants and the SIHNV Contractual Claimants, the total SRF Costs 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 as contribution for the SRF Costs, in accordance with clause 3.1.6 of the SRF and Claims Administration Conditions.
- 21.7 To the extent that prior to the final distribution of the SoP Settlement Fund 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 or repayment of the SoP 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.



22 SIHPL MARKET PURCHASE CLAIMANTS CLAIMS VERIFICATION PROCESS

22.1 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:

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

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

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

22.3 As a condition to receiving any payment in accordance with clause 20.4 (if any), each SIHPL Market Purchase Claimant must, on or before the Bar Date, submit to the Claims Administrator in accordance with clauses 22.4 and 22.5 -

22.3.1 in the case of each party purporting to represent SIHPL Market Purchase Claimants and/or purporting to have acquired MPC Relevant Claims against SIHPL, a valid and complete Master Claim Form; and

22.3.2 in the case of each (other) SIHPL Market Purchase Claimant, a valid and complete Online Claim Form,

subject to clause 23.

22.4 Each Claim Form, all (supporting) documentation referred to therein, , and any follow-up correspondence in that respect shall in principle be submitted to the



- Claims Administrator in electronic format; 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 22. 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).
- 22.5 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 3 (*Required Claim Information*) to the SRF and Claims Administration Conditions. Each claim submitted by or on behalf of a SIHPL Market Purchase Claimant shall be accompanied with the evidentiary documentation as set out in Schedule 3 (*Required Claim Information*) to the SRF and Claims Administration Conditions.
- 22.6 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 20.4 of this Proposal (as applicable) in respect of Disputed Claims.
- 22.7 The SRF will reserve the amount specified in clause 22.6 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.
- 22.8 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 22.13 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.
- 22.9 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 Proposal Effective Date occurs, shall qualify for a portion of the SoP Settlement Fund.
- 22.10 The Claims Administrator will also receive and verify any claims submitted 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 SoP Settlement Fund.
- 22.11 Clause 24 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:
- 22.11.1 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
- 22.11.2 a SIHPL Market Purchase Claimant or SIHPL disputes the amount which the SRF has determined is payable to such SIHPL Market Purchase Claimant.
- 22.12 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 SoP Settlement Fund 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.

22.13 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 SoP Settlement Fund in respect of a Disputed Claim (if any) as soon as reasonably practicable after the later of payment having occurred pursuant to clause 22.12 and the Claims Administrator having received proof that the Claim Value of their Disputed Claim is:

22.13.1 determined as being valid on a binding basis in a final decision by the Dispute Committee; or

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

22.14 Any SIHPL Market Purchase Claimant that is entitled to receive a payment pursuant to this Proposal will receive such payment in a single instalment.

22.15 Each SIHPL Market Purchase Claimant shall be paid its share of the SoP Settlement Fund in cash and in PPH Shares (at a deemed value of R15.00 per PPH Share) in approximately the same proportion (i.e. 50:50) as the settlement cash and PPH Shares bear to the Gross Settlement Fund, with rounding to occur as follows:

22.15.1 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 as a result of rounding up;

22.15.2 any amount payable to a SIHPL Market Purchase Claimant pursuant to this Proposal in cash will be rounded down to one eurocent (€0.01) or one South African rand cent (R0.01) (as applicable).

22.16 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.

23 SPECIFICS OF CLAIMS DETERMINATION PROCESS

- 23.1 Subject to clause 24, 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 (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.
- 23.2 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 constitutes an MPC Relevant Claim and 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 23.1.
- 23.3 The Claims Administrator shall, as soon as practicable after receipt and review of a claim submitted in accordance with this Proposal notify the (alleged) SIHPL Market Purchase Claimant if there are any deficiencies in the submitted 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 submitted claim constitutes a valid claim (a "**Deficiency Notification**").
- 23.4 An (alleged) SIHPL Market Purchase Claimant must submit any information and/or documentation requested under clause 23.3 within 30 Business 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).



- 23.5 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 submitted within that period, the Claims Administrator shall advise the SRF to reject the claim in full. 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 23.4 such claim is subsequently accepted by the SRF.
- 23.6 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.
- 23.7 Notwithstanding the foregoing provisions of this clause 23 a claim submitted 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 submitted after the Bar Date or without any evidentiary documentation or, evidently, with the sole purpose to toll the cut-off date for submitting claims; or (ii) may be rejected in full or in part, if the (alleged) SIHPL Market Purchase Claimant submits its claim with insufficient supporting information and documentary evidence and the relevant SIHPL Market Purchase Claimant, after having received a Deficiency Notice, does not remedy such defect(s) in accordance with clause 23.4 and 23.5 in a timely manner. Criteria for the required information and documentary evidence to be submitted with the claim is provided in Schedule 3 (*Required Claim Information*) to the SRF and Claims Administration Conditions.
- 23.8 Notwithstanding the foregoing provisions of this clause 23, the SRF may decide at any time in its sole reasonable discretion, with a view 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 submitted pursuant to this Proposal and/or determine the Claim Value of such claim. No SIHPL Market Purchase Claimant can challenge



(subject to clause 24), derive any rights from, or hold the SRF and/or its 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.

23.9 In accordance with the SRF and Claims Administration Conditions, and as soon as reasonably practicable after review of a claim submitted 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 clause 6.2 (*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.

24 DISPUTES REGARDING CLAIM DETERMINATION

24.1 Clause 22 of this Proposal and the Steinhoff Allocation Plan provide for a reservation of a portion of the SoP Settlement Fund 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 SoP Settlement Fund (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:

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

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

24.2 It is hereby recorded that the Dispute Committee shall –

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



- 24.2.2 have exclusive jurisdiction to decide on all matters and disputes between the SRF on the one hand and a SIHPL Market Purchase Claimant and/or SIHNV on the other hand, in relation to the question whether and to which extent a SIHPL Market Purchase Claimant is entitled to compensation from the SoP Settlement Fund pursuant to this Proposal (including the 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
- 24.2.3 consist of 9 (nine) independent persons.
- 24.3 SIHNV, the SRF and the SIHPL Market Purchase Claimants hereby consent to the appointment of the Dispute Committee.
- 24.4 Subject to clause 24.5:
- 24.4.1 SIHPL may declare a dispute in respect of any Claim Determination; and
- 24.4.2 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.

- 24.5 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 the SRF or the Dispute Committee have not been timely notified of a dispute in accordance with the Dispute Committee Rules.



- 24.6 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.
- 24.7 In the event and to the extent two or more Claimant Representatives submit a duplicate claim on behalf of the same SIHPL Market Purchase Claimant, the Claims Administrator will:
- 24.7.1 accept for purposes of review the relevant claim (or part of the claim) submitted by the Claimant Representative which, on the basis of the date of the power of attorney granted to the Claimant Representative (and received by the Claims Administrator from the Claimant Representatives with the submission of the claims), can be concluded to have been the first Claimant Representative in time to have been authorised by the SIHPL Market Purchase Claimant to submit its claim; and
- 24.7.2 reject the relevant claim (or part of the claim) submitted 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).
- 24.8 In the event and to the extent a duplicate claim is submitted by a Claimant Representative and a third party filer, then (i) the relevant claim (or part of the claim) submitted by the Claimant Representative will be reviewed by the Claims Administrator, provided that the Claimant Representative proves that it is validly authorised to submit such claim (or part of such claim) on behalf of the SIHPL Market Purchase Claimant, and (ii) the claim (or part of the claim) submitted 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).
- 24.9 In the event and to the extent a duplicate claim is submitted by a SIHPL Market Purchase Claimant itself as well as one (or more) Claimant Representative(s), the duplicate claim (or part of the claim) submitted by the SIHPL Market Purchase Claimant will be rejected, provided that (one of) the Claimant Representative proves that it is validly authorised to submit 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 the date of the notification of the rejection of the relevant claim (or part of the claim).
- 24.10 In the event a claim is submitted by a SIHPL Market Purchase Claimant itself, then to the extent any duplicate claim (or part of a claim) is submitted by a third party (other than a Claimant Representative, in which case clause 24.9 applies), such duplicate claim (or part of such claim) will be rejected.
- 24.11 In any other instances where two or more parties submit a duplicate claim (or part of a claim), the following applies:
- 24.11.1 the Claims Administrator will review the claim submitted first in time; or
- 24.11.2 in the event that the (wholly or partially) duplicate claims are submitted at the same time, the Claims Administrator will verify the most complete claim submission with the least deficiencies;
- 24.11.3 to the extent the process in clauses 24.11.1 and 24.11.2 does not lead to a solution, the Claims Administrator will notify the SRF. The SRF will inform the parties who submitted the (remaining) (wholly or partially) duplicate claims in order to come to an amicable solution. If such solution cannot be reached ultimately within 20 Business Days after the SRF has informed the relevant parties, the SRF will submit 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 submitted such duplicate claim will become a party to the dispute before the Dispute Committee.
- 24.12 The duplicate claims that are not verified by the Claims Administrator in accordance with clause 24.11 will be rejected by the SRF.
- 24.13 The SRF and its 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.

- 24.14 It is recorded that where a dispute relates to a SIHPL Market Purchase Claimant wishing to attend the Meeting and/or vote on the Proposal (in each instance, either in person or by proxy), such dispute must be resolved prior to the Meeting.



25 PART B4 – COMMON TERMS

26 GENERAL TERMS

Moratorium¹⁶

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

26.1.1 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

26.1.2 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.

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

Debt for equity¹⁷

26.3 No debt will be converted to equity.

SIHPL's ongoing role and the treatment of contracts¹⁸

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

¹⁶ Section 155(3)(b)(i): Nature and duration of moratorium.

¹⁷ Section 155(3)(b)(ii): Debt to equity conversion.

¹⁸ Section 155(3)(b)(iii): SIHPL's ongoing role and the treatment of contracts.



- 26.5 Should this Proposal be Adopted:
- 26.5.1 the Amended SIHPL CPU shall be and shall remain in force and effect;
 - 26.5.2 the SIHNV Loan and Newco 2A Loan will be entered into (and the Titan Loan acquired) and the security package will be granted;
 - 26.5.3 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
 - 26.5.4 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

- 26.6 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 Financial Creditors under the Amended SIHPL CPU.

27 WAIVERS AND RELEASES

SRF and Claims Administrator: waiver and releases

- 27.1 The SRF will be established and appointed as a special entity to receive, supervise, monitor, hold, administer and execute the distribution or repayment of the SoP Settlement Fund, including 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.



- 27.2 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 Fund by the SRF.
- 27.3 The SRF shall perform such duties and obligations also in accordance with the SRF Articles of Association and the SRF and Claims Administration Conditions.
- 27.4 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 Steinhoff Group companies 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.
- 27.5 Each Scheme Creditor hereby unconditionally and irrevocably waives and releases any claims which may arise against any Steinhoff Group company, the SRF, the board members and support staff of the SRF, and the Claims Administrator:
- 27.5.1 arising from distributions made out of the SoP Settlement Fund; and/or
- 27.5.2 in relation to the performance by the Claims Administrator of its role in connection with the SRF Settlement Documents; and/or
- 27.5.3 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 20, 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.



- 27.6 Each Scheme Creditor acknowledges that the SRF, as well as its board members and supporting staff cannot (save in the case of fraud or gross negligence) be held liable whatsoever including (without limitation) for:
- 27.6.1 the maintenance or distribution of the SoP Settlement Fund;
 - 27.6.2 the determination, administration, calculation or payment of any claim (including the treatment of duplicate claims) and any delay in claim assessment and claim determination by the Claims Administrator;
 - 27.6.3 the payment or non-payment of any claim;
 - 27.6.4 the event that a SIHPL Market Purchase Claimant does not receive its share of the SoP Settlement Fund 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 a power of attorney provided by that SIHPL Market Purchase Claimant to another party in respect of the receipt of its share of the SoP Settlement Fund;
 - 27.6.5 any delay and/or (whole or partial) impossibility to distribute the SoP Settlement Fund to the SIHPL Market Purchase Claimants, the postponement of such distribution or any distribution in deviation from the applicable terms under this Proposal, including (without limitation) as a result of currency exchange controls;
 - 27.6.6 the performance or non-performance of the Claims Administrator;
 - 27.6.7 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;
 - 27.6.8 any decrease of the value of the SoP Settlement Fund received by the SRF (be it either deposited in the third-party accounts, escrow accounts and/or 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 SoP Settlement Fund or the operation of the SRF (which tax expenses are chargeable to the Gross Settlement Fund and the SRF Costs Allocation respectively);

27.6.9 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

27.6.10 for 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 21.7.

27.7 The SRF shall not be obligated to make any investments with or manage the Gross Settlement Fund in order to optimise the return or maintain the amount of the Gross Settlement Fund as deposited or made available.

27.8 Subject to the payment by the SRF to a SIHPL Market Purchase Claimant of its respective share in the SoP Settlement Fund, that SIHPL Market Purchase Claimant fully, finally and irrevocably releases and waives any and all claims it may have against the SRF.

27.9 Clauses 27.5 and 27.6 constitute irrevocable third-party stipulations in respect of any Steinhoff Group company, the SRF and the individual members of the SRF's management board and the Claims Administrator, as the case may be, which will be capable of acceptance by these entities and individuals at any time following the Proposal Effective Date, without the need to communicate such acceptance to any Scheme Creditor.

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

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



- 27.11 Without prejudice to the requirement that there be performance by SIHPL and the SRF of their obligations hereunder, this Proposal constitutes the full and final 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 submitted, 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.
- 27.12 Without prejudice to the requirement that there be performance by SIHPL and the SRF of their obligations hereunder, all Scheme Creditors fully, finally and irrevocably release on a several basis each Released Party in respect of any and all Released Claims it has, or may in the future be found to have had, against any Released Party in whatever capacity and waives any and all of its rights in connection thereto.
- 27.13 Subject to clause 27.10, all Scheme Creditors accordingly fully, finally and irrevocably release on a several basis and waive any and all of their rights in connection with:
- 27.13.1 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 Steinhoff Group company, regardless of whether relating to the acquisition of shares, bonds or other securities or debt instruments issued by any 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 date of receipt by the SRF, alternatively by the SRF taking control, of the Gross Settlement Fund;
- 27.13.2 any and all actual and/or potential direct and/or indirect, contractual and non-contractual (including statutory) claims against those directors and officers of SIHPL contemplated in the definition of Released Parties in respect of any matters that have occurred since 5 December 2017, such releases to be effective as of the date of receipt by the SRF, alternatively by the SRF taking control, of the Gross Settlement Fund;



- 27.13.3 any and all actual and/or potential direct and/or indirect, contractual and non-contractual (including statutory) claims against advisers retained by any Steinhoff Group company, including those set out in Schedule 10 (*Overview advisers Steinhoff Group Companies*) to the SIHNV Composition Plan and their personnel, offices, 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 date of receipt by the SRF, alternatively by the SRF taking control, of the Gross Settlement Fund.
- 27.14 Each Intercompany Loan Creditor, subject to and upon the Proposal Effective Date, pursuant to collateral agreements, fully, finally and irrevocably releases any and all non-contractual and/or delictual claims it has against any Steinhoff Group company in whatever capacity and waives any and all of its rights in connection thereto.
- 27.15 The releases set out in this clause 27 shall not apply to the contractual claims of the Financial Creditors against any Steinhoff Group company arising out of the Amended SIHPL CPU.

Additional waivers and releases – D&O insurers and certain former directors and officers of SIHPL, SIHNV and Steinhoff Group companies

- 28 Scheme Creditors are advised that SIHPL and SIHNV are in discussions with the D&O Insurers concerning *inter alia* i) potential releases to be provided by the D&O Insurers and certain former directors and officers of SIHPL, SIHNV and Steinhoff Group companies to SIHPL, SIHNV and certain Steinhoff Group companies and ii) cash contributions to be made available by the D&O Insurers and certain former directors and officers of SIHPL, SIHNV and Steinhoff Group companies to certain of the Scheme Creditors, which may increase the amount that those Scheme Creditors will be entitled to be paid in addition to the consideration they stand to receive under this Proposal.
- 29 In consideration for providing such releases to SIHPL, SIHNV and certain Steinhoff Group companies and making such cash contributions to the Scheme Creditors concerned, the D&O Insurers and certain former directors and officers of SIHPL, SIHNV and Steinhoff Group companies will seek waivers and releases from SIHPL, SIHNV and



certain Steinhoff Group companies and Scheme Creditors, similar to the releases to all Steinhoff Group companies set out in clause 27 above.

- 30 If and when agreement is reached between SIHPL and SIHNV (on the one hand) and the D&O Insurers and/or the former directors and officers concerned (on the other hand), this Proposal will be supplemented with an addendum, setting out the relevant terms agreed, the related potential benefits thereof to SIHPL, SIHNV and Scheme Creditors, and the mechanisms to be employed for this purpose.
- 31 It is contemplated that such addendum will form part of this Proposal with effect from the date of it being made available to Scheme Creditors, in the manner contemplated in the Court Order granted under case number 16377/2020.

Additional waivers and releases – Deloitte

- 32 Scheme Creditors are further advised that SIHPL and SIHNV are in discussions with the Deloitte Firms concerning *inter alia* i) potential releases by Deloitte Firms from recourse claims the Deloitte Firms may have against SIHPL, SIHNV and other Steinhoff Group companies in terms of signed engagement letters between Deloitte, SIHPL, SIHNV and other Steinhoff Group companies or otherwise in terms of the legal principles relating to apportionment of damages and ii) cash contributions to be made by the Deloitte Firms for the benefit of certain Scheme Creditors, which may a) increase the amount that those Scheme Creditors will be entitled to be paid in addition to the settlement consideration they stand to receive under this Proposal and b) contribute to the costs of the SRF.
- 33 In consideration for providing such releases to SIHPL, SIHNV and other Steinhoff Group companies and making such cash contributions for the benefit of certain Scheme Creditors, the Deloitte Firms will require waivers and releases in favour of Deloitte and its associated persons from SIHPL, SIHNV and other Steinhoff Group companies and the Scheme Creditors, similar to the releases in favour of the Steinhoff Group companies set out in clause 27.
- 34 If and when agreement is reached between SIHPL and SIHNV (on the one hand) and the Deloitte Firms (on the other hand), this Proposal will be supplemented with an addendum, setting out the relevant terms agreed, the benefits thereof to SIHPL, SIHNV and Scheme Creditors, and the mechanisms to be employed for this purpose. It is



contemplated that such addendum will form part of this Proposal with effect from the date of it being made available to Scheme Creditors, in the manner contemplated in the Court Order granted under case number 16377/2020.



35 PART B5 – LIQUIDATION COMPARATORS AND BENEFITS OF THIS PROPOSAL

36 LIQUIDATION COMPARATORS

36.1 SIHPL has commissioned global financial experts, Analysis Group, to produce "**liquidation comparators**" that reflect assessments of the dividend that 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.

36.2 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:

36.2.1 whether or not this Proposal applies to them; and/or

36.2.2 the nature of their claims (and the prospects of successfully proving their claims against SIHPL).

36.3 In this respect *inter alia*:

36.3.1 Financial Creditors are Recorded Creditors who have undisputed contractual claims against SIHPL under the SIHPL CPU. Both the fact and amount of SIHPL's liability in that respect are certain;

36.3.2 Contractual Claimants (including Mayfair) have disputed litigation claims instituted against SIHPL prior to 05 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

36.3.3 SIHPL Market Purchase Claimants have disputed claims against SIHPL in respect of their otherwise acquiring SIHPL Shares prior to close of business



on 06 December 2015 and continuing to hold SIHNV Shares, they then received in exchange for such SIHPL Shares, at close of business on 05 December 2017. In addition, certain Non-Qualifying Claimants have disputed litigation claims against SIHPL that concern the value of SIHPL Shares, even if they did not hold 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.

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

36.5 In this light, for the purposes of this Proposal, SIHPL has prepared two liquidation comparators, each of which has two variants.

The Universal Comparator

36.6 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:

36.6.1 the values of the claims of the Recorded Creditors are those values which SIHPL has accepted and acknowledged, in both variations;

36.6.2 the values of the claims of the Contractual Claimants are those ascribed –

36.6.2.1 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 15); and



- 36.6.2.2 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);
- 36.6.3 the values of the claims of the SIHPL Market Purchase Claimants are those respectively ascribed to the claims by Analysis Group (in accordance with the MPC Valuation Methodology set out in clause 19) in both variations;
- 36.6.4 the values of the claims of the Non-Qualifying Claimants are the values as alleged in their respective legal proceedings in both variations and, in respect of those Non-Qualifying Claimants who have not instituted legal proceedings or have not quantified the value of their claims, SIHPL's 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 constitutes an 'overlap' with claims asserted by certain of the Titan Claimants, and thus neither alleged claim is contained in the Universal Comparators;
- 36.6.5 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, could materially decrease the recovery rate of the Scheme Company's creditors. However, the terms of the Steinhoff Group Settlement require any such claims that might be held by financial creditors to be waived. Ongoing trade creditors are also excluded from the liquidation comparators, as these amounts are constantly changing, and would not retain accuracy. They are in any event not material to the calculations contained in the liquidation comparators;



- 36.6.6 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
- 36.6.7 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

- 36.7 The second comparator (of which there are two variants) is the "**Limited Comparator**" (annexed marked Part II. Of Annexure D), which omits the alleged claims of the SIHPL Market Purchase Claimants and the Non-Qualifying Claimants and includes only the Financial Creditors (and other Recorded Claims) and Contractual Claimants at the valuations as described above (i.e. on the estimated claims and the plead claims variants). In this respect:
- 36.7.1 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:
- 36.7.1.1 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 High Court found that no such claims exist under South African law; and
- 36.7.1.2 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;

- 36.7.2 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;
- 36.7.3 the values of the claims of the Recorded Creditors are those values which SIHPL has accepted and acknowledged, in both variations;
- 36.7.4 the values of the claims of the Contractual Claimants are those ascribed –
- 36.7.4.1 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 15); and
- 36.7.4.2 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);
- 36.7.5 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
- 36.7.6 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.

- 36.8 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.
- 36.9 It follows that, for the same reasons, SIHPL regards the Limited Comparator as 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).
- 36.10 SIHPL however accepts, and premises its Proposal on the possibility, that, whilst remote, the risk of the claims of SIHPL Market Purchase Claimants and Non-Qualifying Claims being successfully proven cannot be discounted, and the Universal Comparator 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 legal and evidential difficulties faced by them).
- 36.11 In summary, the Universal Comparator and Limited Comparator serve to illustrate '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.
- 36.12 The recovery under the two variations of both the Universal Comparator and the Limited Comparator is set out in Annexure D.



- 36.13 SIHPL believes that there will be greater 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 38.

37 LIQUIDATION COMPARATOR ASSUMPTIONS

- 37.1 The liquidation analysis is based on the following assumptions:

37.1.1 **Liquidation commencement:** a hypothetical liquidation of SIHPL would commence on 31 March 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;

37.1.2 **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 March 2022, one year after the start of the liquidation;

37.1.3 **Cash flow and liability payment:** SAHPL and SIH are assumed to pay on their liabilities in 2024 (including intercompany debts owed to SIHPL), on the basis of the estimated time required for the realisation of underlying assets in the South African Sub-Group and liquidation processes with respect to SAHPL;

37.1.4 **Interest rates and foreign exchange rates:** liquidation proceeds in ZAR will grow at the ZAR risk-free rate of 7%;

37.1.5 **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 have been estimated on the basis of advice from legal and professional advisers;

- 37.1.6 **Litigation challenges:** the various realisation and liquidation processes may be the subject of challenge and litigation, in addition to the existing claims already brought against SIHPL; however, it is assumed that any litigation that needs to be resolved for the completion of the liquidation is concluded in a timely manner and is not subject to multiple appeals;
- 37.1.7 **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;
- 37.1.8 **SIHPL assets:** SIHPL's assets include intercompany loans with SAHPL, SIH, and Newco 1 (SFH), that are repaid on the basis of liquidation recoveries at those entities;
- 37.1.9 **Steinhoff Group company asset valuation and liquidation discounts:** for each asset, the fair market value of the asset is estimated by reference to one or more of the following as applicable: a public share price; the value implied by the trading price of comparable companies; the carrying value; or other relevant valuation methodologies.
- 37.1.10 With respect to the South African companies and assets:
- 37.1.10.1 PPH is valued by projecting its share price as of the start of liquidation, based on the current share price, and applying applicable discounts for an 18-month realisation process;
- 37.1.10.2 South African properties are valued based on pending or projected transaction proceeds; and
- 37.1.10.3 the stake in the IEP Group is valued based on the latest carrying value projected to the start of liquidation.



37.1.11 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.

37.2 **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.

38 BENEFITS OF THIS PROPOSAL

38.1 The benefits of adopting this Proposal compared to the liquidation of SIHPL are set out below.¹⁹ 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 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 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

38.2 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

¹⁹ Section 155(3)(b)(vi): Benefits of the Proposal as compared to liquidation.



proceedings, and/or if SIHPL is liquidated. In this regard, Scheme Creditors are referred to the Liquidation Comparators set out in clause 36.

- 38.3 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 incurrence of significant legal fees will be avoided.
- 38.4 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.
- 38.5 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 -
- 38.5.1 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;
- 38.5.2 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
- 38.5.3 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.



38.6 Avoiding the continuation of legal proceedings brought by Scheme Creditors, in turn permits those relevant Scheme Creditors to avoid the significant costs and time associated with those proceedings.

38.7 In short, this Proposal offers a better return to the Scheme Creditors than that which is likely to be available to them should SIHPL be liquidated. 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.

Benefits to the Financial Creditors

38.8 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.

38.9 The Financial Creditors will, subject to the prior-ranking claims created by the settlement, have recourse to SIHPL's residual assets over time once the Contractual Claimants and the SIHPL Market Purchase Claimants are settled, in terms of the Amended SIHPL CPU.

Benefits to the Contractual Claimants

38.10 The Contractual Claimants will be able to avoid the costs and time 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.

38.11 As appears from the Universal Comparator, all the Contractual Claimants are expected to receive a higher 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.

38.12 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 prove their claims 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. 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. In any event, given the proposed settlement of the Titan Claims, the Proposal favours the Contractual Claimants when compared to either of the Liquidation Comparators.

- 38.13 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

- 38.14 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 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 settlement



outcomes for SIHPL Market Purchase Claimants and SIHNV Market Purchase Claimants.

- 38.15 In SIHPL and SIHNV's view, any attempt to construct such different outcomes 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).
- 38.16 The effect of the Proposal, in combination with the SIHNV Composition Plan, is to render such arguments irrelevant by ensuring that all claimants in respect of MPC Relevant Claims receive settlement consideration calculated on the same methodology (the Steinhoff Allocation Plan), administered by the same entity (the SRF) and allocated from the same source (the assets to be set aside by SIHNV for the settlement of, amongst other things, MPC Relevant Claims). 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.
- 38.17 SIHPL and SIHNV also consider the approach to be fair to all MPC Relevant Claimants. 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. There are, however, two important considerations that have been weighed when making this Proposal:

- 38.17.1 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
- 38.17.2 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 High Court 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 a number of the 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.



- 38.18 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.
- 38.19 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 between the outcomes under the Universal Comparator and the Limited Comparator. Most importantly, it represents a 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. Further, the alignment of the Proposal with that made for SIHNV Market Purchase Claimants brings with it all the advantages and efficiencies identified above.
- 38.20 Such alignment means that, if the Proposal is successful and the Proposal Effective Date occurs, the final settlement outcome for SIHPL Market Purchase Claimants will be determined on the same basis as the final settlement outcome for SIHNV Market Purchase Claimants. As described in detail in clause 20.4 for both sets of claimants in respect of MPC Relevant Claims, that will be a function of the ratio that the settlement consideration made available by SIHNV bears to the total admitted and verified Claim Values of all (i) MPC Relevant Claims successfully submitted by the Bar Date and (ii) SIHNV Contractual Claims.
- 38.21 Analysis Group has assisted SIHPL and SIHNV in assessing the likely range of outcomes in that respect, the details of which are set out in Annexure D. In summary:
- 38.21.1 using claim values estimated by Analysis Group based on available data at the date of this Proposal, the average estimated settlement recovery for MPC Relevant Claims, including those of SIHPL Market Purchase Claimants, is 5.0 cents in the Rand, calculated as at 31 March 2021; and



38.21.2 depending on variations in Claim Values, Analysis Group conclude that settlement recovery for MPC Relevant Claims should in any event fall between 4.0 and 6.6 cents in the Rand.

38.22 Again, any such recovery for SIHPL Market Purchase Claimants will represent a material improvement on the outcome under the Limited Comparator.



PART C – ASSUMPTIONS AND CONDITIONS

39 PROPOSAL EFFECTIVENESS

39.1 This Proposal will only come into effect if all of the Suspensive Conditions set out in clause 40 of this Proposal have been fulfilled. The Suspensive Conditions cannot be waived.²⁰

39.2 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.

40 SUSPENSIVE CONDITIONS

40.1 The effectiveness of this Proposal is conditional upon:

40.1.1 the sanctioning by the High Court of Justice of England and Wales (at a hearing currently scheduled for 26 and 27 January 2021) of a scheme of arrangement proposed by SIHNV in order to secure the last of the consents from those of the Steinhoff Group's financial creditors whose consent SIHNV and SIHPL require to permit the implementation of the Steinhoff Group Settlement;

40.1.2 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

40.1.3 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.

²⁰ Section 155(3)(c)(i): Conditions for operation and implementation.



40.2 Once the Suspensive Conditions described above are satisfied, the terms of this Proposal will become effective. If the Suspensive Conditions are not fulfilled for any reason whatsoever, then:

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

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

41 EMPLOYEES AND PROJECTED BALANCE SHEET

41.1 SIHPL has no employees.²¹

41.2 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.

41.3 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.²²

42 LIMITATION OF LIABILITY OF THE RELEASED PARTIES

42.1 Subject to clause 42.2, 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 SoP Settlement Fund or the settlements to be distributed to the Contractual Claimants, any tax liability that a Scheme Creditor

²¹ Section 155(3)(c)(ii): Effect on employees.

²² 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 submitted claim for payment from the SoP Settlement Fund.

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

43 VOTING PROCEDURES

- 43.1 This Proposal shall be put to a separate vote by each of the Classes of Scheme Creditors at the Meeting.

- 43.2 The Meeting shall be a virtual meeting, conducted entirely via electronic communication. The details pertaining to registration for, attendance and participation at and voting during the 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.

- 43.3 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.

- 43.4 All Scheme Creditors are required to submit a valid SIHPL Filing Instruction to the Claims Administrator at least 72 hours prior to the Meeting. The SIHPL Filing Instruction will allow a Scheme Creditor to elect whether it wishes to –

- 43.4.1 attend the Meeting personally and vote at the Meeting; or

- 43.4.2 appoint a proxy to attend the Meeting and vote at the Meeting on its behalf.



- 43.5 A Scheme Creditor is entitled in the SIHPL Filing Instruction to appoint and instruct the SRF to act as proxy to –
- 43.5.1 file its Claim with the Claims Administrator for verification under the Proposal;
and
- 43.5.2 vote at the Meeting in respect of this Proposal on its behalf and take all actions necessary in this regard.
- 43.6 For the purposes of submitting a SIHPL Filing Instruction -
- 43.6.1 each SIHPL Market Purchase Claimant must use the SIHPL Filing Instruction included in the Online Claim Form available at www.SteinhoffSettlement.com;
- 43.6.2 each Claimant Representative must use the SIHPL Filing Instruction included in the Master Claim Form available at www.SteinhoffSettlement.com; and
- 43.6.3 each other Scheme Creditor (i.e. the Contractual Claimants and the Financial Creditors or their duly authorised representatives) must use the SIHPL Filing Instruction substantially in the form as set out in Annexure H.



MISCELLANEOUS TERMS AND CONDITIONS

44 LIMITED RECOURSE

44.1 Subject to the fulfilment of the Suspensive Conditions, the payment to the SRF of the Gross Cash Settlement Fund and the SRF assuming control over the Gross Share Settlement Fund, each Scheme Creditor agrees that any recourse for its claims against SIHPL, SIHNV or the SRF shall be limited to the terms of the compromise and/or the payments that it is entitled to receive in accordance with this Proposal from the SRF and no Scheme Creditor shall have any further right of recourse against SIHPL, SIHNV, the SRF or any Steinhoff Group company. This clause 44 contains an irrevocable third-party stipulation for the benefit of SIHPL, SIHNV, the SRF and the Steinhoff Group companies.

45 NO ADMISSION OF LIABILITY

45.1 None of SIHPL nor any Steinhoff Group company nor any of the other Released Parties 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 MPC Relevant Claims. 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 Allegations, the 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 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.

46 SUSPENSION OF LIMITATION PERIODS

46.1 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 submitted on or before the Bar Date.



47 ABILITY TO AMEND THE PROPOSAL

47.1 SIHPL may amend, modify or vary ("**Amendment**") any provision of this Proposal -

47.1.1 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;

47.1.2 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

47.1.3 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.

48 SEVERABILITY

48.1 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.

48.2 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.

48.3 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.



48.4 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.

49 GOVERNING LAW AND JURISDICTION

49.1 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.

49.2 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 24 of this Proposal.

50 BOARD'S RECOMMENDATION AND CERTIFICATE

50.1 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.

50.2 Each member of the Board hereby acknowledges and confirms that, to the best of their knowledge and belief -

50.2.1 any information provided in this Proposal is accurate, complete and up to date;
and

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

51 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 is duly
authorised hereto

Signed at on 2021

for **STEINHOFF INTERNATIONAL
HOLDINGS N.V.**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he is duly
authorised hereto

Signed at on 2021

for **STEINHOFF INVESTMENT HOLDINGS
LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he is duly
authorised hereto

Signed at on 2021

for **STEINHOFF AFRICA HOLDINGS
PROPRIETARY LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he is duly
authorised hereto

Signed at on 2021

for **AINSLEY HOLDINGS PROPRIETARY
LIMITED**

SIGNED BY AUTHORISED SIGNATORY

who warrants that he 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 "**Amended SIHPL CPU**" – the SIHPL CPU as amended on the terms set out in the document that can be accessed at www.SteinhoffSettlement.com;
- 2.5 "**Analysis Group**" - Analysis Group, Ltd., the economics expert retained by SIHPL and SIHNV;
- 2.6 "**Audit Firm**" – means an audit firm performing or having at any time performed audit and other services for SIHNV, SIHPL, any other 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;
- 2.7 "**Bar Date**" – the date falling three months after the Settlement Effective Date;
- 2.8 "**Board**" – the board of directors of SIHPL, as at the Proposal Date;
- 2.9 "**Business Day**" – any day which is not a Saturday, a Sunday or an official public holiday in each of Johannesburg, Amsterdam, Frankfurt and London;



- 2.10 "BVI" – Business Venture Investments No 1499 (RF) Proprietary Limited;
- 2.11 "Chair" – Advocate John Newdigate SC, who is responsible for presiding over the Meeting;
- 2.12 "CIPC" - the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 2.13 "Claim Determination" – shall have the meaning ascribed thereto in clause 23.1;
- 2.14 "Claim Form" – a Master Claim Form and/or an Online Claim Form;
- 2.15 "Claim Value" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.16 "Claimant Representatives" – collectively the following parties -
 - 2.16.1 Burford Capital LLC, a limited liability company incorporated under the laws of Delaware with registered number 6607465;
 - 2.16.2 Deminor Recovery Services (Luxembourg) S. á r.l., a company incorporated under the laws of Luxembourg with registered number B175299 and DRS Belgium S.C.R.L, a company incorporated under the laws of Belgium with registered number 0452 511 928;
 - 2.16.3 Hamilton;
 - 2.16.4 Innsworth;
 - 2.16.5 Grant & Eisenhofer P.A. and Kessler Topaz Meltzer & Check, LLP; and
 - 2.16.6 ISLG,

and "Claimant Representative" shall be a reference to any one of them, as the context may require;



- 2.17 "**Claims Administrator**" – has the meaning ascribed thereto in the SRF and Claims Administration Conditions;
- 2.18 "**Classes of Scheme Creditors**" – the classes of creditors to whom this Proposal is made, being –
- 2.18.1 the Contractual Claimants;
- 2.18.2 the SIHPL Market Purchase Claimants; and
- 2.18.3 the Financial Creditors,
- and each a "**Class of Scheme Creditors**";
- 2.19 "**Companies Act**" – the Companies Act No. 71 of 2008, as amended, including the regulations promulgated thereunder;
- 2.20 "**Computershare**" – Computershare Investor Services plc.;
- 2.21 "**Consent Request**" – shall have the meaning ascribed thereto in clause 4.25 of this Proposal;
- 2.22 "**Conservatorium**" – Conservatorium Holdings LLC, a company incorporated under the laws of Delaware, United States of America, with its principal place of business at 1209 Orange Street, Wilmington, Delaware, United States;
- 2.23 "**Contingent Payment Undertakings**" – collectively, the SIHPL CPU and the SIHNV Contingent Payment Undertakings;
- 2.24 "**Contractual Claim**" – a claim held by a Contractual Claimant;
- 2.25 "**Contractual Claims Valuation Methodology**" has the meaning ascribed thereto in clause 15.1 of this Proposal;



- 2.26 **"Contractual Claimants"** – collectively –
- 2.26.1 Litigation claimants, which (i) instituted claims against SIHPL prior to 05 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
- 2.26.2 Mayfair in respect of the Mayfair Claim;
- 2.27 **"Court Order"** – the Order of the High Court approving and sanctioning the Proposal in accordance with section 155(7)(a) of the Companies Act;
- 2.28 **"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;
- 2.29 **"D&O Insurers"** – the insurance companies acting for themselves and as proxyholder of the insurance companies listed in Schedule 13 (*The D&O Insurers*) to the SIHNV Composition Plan;
- 2.30 **"Deficiency Notification"** – shall have the meaning ascribed thereto in clause 23.3;
- 2.31 **"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;
- 2.32 **"Deloitte Firms"** - Deloitte NL and Deloitte & Touche South Africa;
- 2.33 **"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;

- 2.34 "**Dispute Committee**" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.35 "**Dispute Committee Rules**" – the rules set out in Schedule 5 (*Dispute Committee Rules*) to the SRF and Claims Administration Conditions;
- 2.36 "**Disputed Claim**" - a claim of a SIHPL Market Purchase Claimant, SIHNV Market Purchase Claimant or SIHNV Contractual Claimant which is disputed pursuant to clause 8.3 and 8.4 of the SIHNV Composition Plan or clause 24 of this Proposal (as applicable) or in respect of which a dispute is pending with a competent court;
- 2.37 "**Disputed Claims Amount**" – shall have the meaning ascribed thereto in clause 22.6;
- 2.38 "**Events**" – has the meaning ascribed thereto in clause 1.9 of this Proposal;
- 2.39 "**Excluded Individuals**" - the list of persons, family members and affiliated entities set out in Schedule 14 to the SIHNV Composition Plan;
- 2.40 "**Financial Creditors**" – the beneficiaries of the SIHPL CPU;
- 2.41 "**Financial Restructuring**" – has the meaning ascribed thereto in clause 1.9 of this Proposal;
- 2.42 "**FSE**" – the Frankfurt Stock Exchange;
- 2.43 "**Gross Settlement Fund**" – shall have the meaning ascribed thereto in clause 20.2;



- 2.44 **"Hamilton"** – collectively –
- 2.44.1 Hamilton B.V., a company incorporated under the laws of the Netherlands with registered number 70944962;
- 2.44.2 Hamilton 2 B.V., a company incorporated under the laws of the Netherlands with registered number 71817085; and
- 2.44.3 Claims Funding Europe Limited, a company incorporated under the laws of the Republic of Ireland with registered number 455396.
- 2.45 **"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;
- 2.46 **"Inflation Methodology"** – shall have the meaning ascribed thereto in the Steinhoff Allocation Plan;
- 2.47 **"Innsworth"** – collectively –
- 2.47.1 Innsworth Steinhoff Claim B.V., a company incorporated under the laws of the Netherlands with registered number 71790845;
- 2.47.2 Innsworth Advisors Limited; and
- 2.47.3 Innsworth Capital Limited;
- 2.48 **"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;
- 2.49 **"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;



- 2.50 **"Intercompany Receivables"** – collectively, the SAHPL Receivable and the SIH Receivable;

- 2.51 **"ISLG"** – collectively -
 - 2.51.1 Therium Group Holdings Limited;

 - 2.51.2 Therium Capital Management Limited;

 - 2.51.3 Therium Deutschland IC, an incorporated cell registered in Jersey under number 122745;

 - 2.51.4 Stichting Steinhoff International Compensation Claims, a foundation (stichting) incorporated under the laws of the Netherlands with registered number 70856966;

 - 2.51.5 Bynkershoek B.V., a company incorporated under the laws of the Netherlands with registered number 69498121;

 - 2.51.6 Alexander Reus, P.A. dba DRRT, a company incorporated under the laws of the State of Florida;

 - 2.51.7 DRRT Limited, a company incorporated under the laws of the Bahamas with registered number 166.029 B;

 - 2.51.8 TILP Rechtsanwalts-gesellschaft mbH; and

 - 2.51.9 LHL Attorneys INC.;

- 2.52 **"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 SIHPL Market Purchase Claimant in any jurisdiction that is submitted on or before the Bar Date in accordance with this Proposal;

- 2.53 **"JSE"** – the Johannesburg Stock Exchange Limited;



- 2.54 **"Liquidation Comparators"** – the liquidation comparators prepared by the Analysis Group set out in Annexure D (*Liquidation Comparators*) to this Proposal;
- 2.55 **"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;
- 2.56 **"Market Purchase Claimants"** – collectively, the SIHPL Market Purchase Claimants and the SIHNV Market Purchase Claimants;
- 2.57 **"Master Claim Form"** – the claim form to be submitted by a Claimant Representative in accordance with clause 22.3.1 and in the form as agreed between SIHPL and the respective Claimant Representatives;
- 2.58 **"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;
- 2.59 **"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;
- 2.60 **"MPC Relevant Claim"** - a claim that constitutes the claimant as a SIHPL Market Purchase Claimant or a SIHNV Market Purchase Claimant;
- 2.61 **"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;
- 2.62 **"Newco 2A"** – Steenbok Newco 2A Limited, registration number 127926, a company incorporated in accordance with the laws of Jersey;



- 2.63 **"Newco 2A Loan"** – the loan note to be issued by SIHPL to Newco 2A in consideration for SIHPL's acquisition of the Titan Loan from Newco 2A on the following terms (*inter alia*) –
- 2.63.1 zero coupon;
- 2.63.2 repayment date being the final maturity date of 6 months after the Titan Loan final maturity date;
- 2.63.3 quarterly cash sweep at SIHPL and across the South African Sub-Group of the Steinhoff Group;
- 2.63.4 first ranking over SIHPL's assets, subjects to arrangements in respect of Non-Qualifying Claims being finally determined or agreed by SIHPL; and
- 2.63.5 limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL;
- 2.64 **"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;
- 2.65 **"Non-Qualifying Claims"** – collectively all claims asserted against SIHPL (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 –
- 2.65.1 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;
- 2.65.2 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;



- 2.65.3 any and all claims made by the South African Competition Commission in respect of alleged price fixing; and
- 2.65.4 claim asserted, or to be asserted in the future, by any person or entity whose claim does not fall under the definition of Contractual Claimants, SIHPL Market Purchase Claimants or Financial Creditors,
- and "**Non-Qualifying Claim**" shall be a reference to any one of them as the context may require;
- 2.66 "**Online Claim Form**" – the claim form to be submitted by SIHPL Market Purchase Claimants pursuant to clause 22.3.2, and as made available on www.SteinhoffSettlement.com from time to time;
- 2.67 "**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;
- 2.68 "**PPH Shares**" – the approximately 2,480 million shares in the capital of PPH held by Ainsley as at 15 January 2021;
- 2.69 "**Proposal**" - this document, being a proposal prepared and envisaged in terms of section 155 of the Companies Act, together with its annexures, including the addendum contemplated in clauses 30 and 34 above;
- 2.70 "**Proposal Date**" – the date on which this SIHPL Proposal is signed by a duly authorised member of the Board;
- 2.71 "**Proposal Effective Date**" – shall have the meaning ascribed thereto in clause 1.27;
- 2.72 "**Recorded Creditors**" – shall have the meaning ascribed thereto in clause 4.14;



2.73 **"Released Claims"** – the claims of each of the Scheme Creditors with respect to –

2.73.1 the Steinhoff Group companies: claims in respect of any matters, regardless whether relating to the acquisition of shares, bonds, or other securities or debt instruments issued by any Steinhoff Group company at any time, in respect of all matters relating (directly or indirectly) to the Events and/or the Allegations, except for contractual claims of the Financial Creditors arising out of or pursuant to the Amended SIHPL CPU;

2.73.2 all directors, officers and other personnel of the Steinhoff Group companies who work or have in one way or another worked for or been associated with a Steinhoff Group company, excluding the Excluded Individuals and Christoffel Hendrik Wiese: claims in respect of any matters that have occurred since 5 December 2017; and

2.73.3 all advisers to the Steinhoff Group companies and their personnel, officers and directors: claims in respect of any advice given or activities performed or any other matters since 5 December 2017;

2.74 **"Released Parties"** – with respect to the Released Claims only –

2.74.1 all Steinhoff Group companies;

2.74.2 all directors, officers and other personnel of the Steinhoff Group companies who work or have in one way or another worked for or been associated with a Steinhoff Group company, excluding the Excluded Individuals and Christoffel Hendrik Wiese; and

2.74.3 all advisers to the Steinhoff Group companies, including those set out in Schedule 10 (*Overview advisers Steinhoff Group Companies*) to the SIHNV Composition Plan, and their personnel, officers, partners and directors,

and **"Released Party"** shall be a reference to any one of them as the context may require;



- 2.75 "**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;
- 2.76 "**SAHPL Receivable**" – an unsecured, repayable on demand intercompany claim of SIHPL against SAHPL in the amount of R6.6 billion;
- 2.77 "**Sanction**" – shall have the meaning ascribed thereto in clause 2.4;
- 2.78 "**SARS**" – the South African Revenue Service;
- 2.79 "**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);
- 2.80 "**Scheme Explanatory Statement**" – the explanatory statement in relation to the UK scheme of arrangement proposed by SIHNV;
- 2.81 "**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;
- 2.82 "**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;
- 2.83 "**Settlement Effective Date**" – the date on which all Suspensive Conditions and Conditions Precedent (as defined in the SIHNV Composition Plan) are fulfilled;
- 2.84 "**Settlement Term Sheet**" – the settlement term sheet available at www.SteinhoffSettlement.com (*Settlement Term Sheet*);



- 2.85 "SFH" – Steinhoff Finance Holding GmbH, registration number FN 345159 m, a company registered and incorporated in accordance with the laws of Austria;
- 2.86 "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;
- 2.87 "SIH Receivable" - an unsecured, repayable on demand intercompany claim of SIHPL against SIH in the amount of R17.7 billion;
- 2.88 "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;
- 2.89 "SIHNV Composition Plan" – 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, as made available at www.SteinhoffSettlement.com;
- 2.90 "SIHNV Contingent Payment Undertakings" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.91 "SIHNV Contractual Claim" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.92 "SIHNV Contractual Claimants" – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.93 "SIHNV Creditors" – the SoP Creditors as defined in the SIHNV Composition Plan;
- 2.94 "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 not exceed €100,000,000.00 (one hundred million Euros) and will include the following terms –

- 2.94.1 zero coupon;
- 2.94.2 repayment date being the final maturity date of 6 months after the Titan Loan final maturity date;
- 2.94.3 quarterly cash sweep at SIHPL and across the South African Sub-Group of the Steinhoff Group;
- 2.94.4 the benefit of second ranking security over SIHPL's assets, subject to arrangements in respect of Non-Qualifying Claims being finally determined or agreed by SIHPL; and
- 2.94.5 limited recourse to the available assets of SIHPL;
- 2.95 "**SIHNV Market Purchase Claimant**" has the meaning given to "SIHNV MPC Claimant" in the SIHNV Composition Plan;
- 2.96 "**SIHNV Shares**" – ordinary shares in the issued share capital of SIHNV listed on the JSE and FSE;
- 2.97 "**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;
- 2.98 "**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 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 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;

2.99 **"SIHPL Filing Instruction" –**

2.99.1 a filing instruction substantially in the form as set out in Annexure H; or

2.99.2 a filing instruction as included in an Online Claim Form; or

2.99.3 a filing instruction as included in a Master Claim Form;

2.100 **"SIHPL Market Purchase Claimants" – persons who -**

2.100.1 have a SIHPL MPC Relevant Claim;

2.100.2 have validly acquired or been assigned a SIHPL MPC Relevant Claim; or

2.100.3 is otherwise accepted as such by SIHPL and the SRF,

but excluding –

2.100.4 the Contractual Claimants with respect to their Contractual Claims;

2.100.5 any Steinhoff Group company;

2.100.6 any Excluded Individuals, any legal successors of the Excluded Individuals and any legal entities related to or controlled by any Excluded Individual; and

2.100.7 Christoffel Hendrik Wiese, any legal entities related to or controlled by him and all persons that have or had in the past a direct or indirect shareholding in Upington;



- 2.101 **"SIHPL MPC Relevant Claim"** – a claim -
- 2.101.1 against SIHPL in relation to the Events and/or the Allegations, arising as a result of a person Purchasing (as defined below):
- 2.101.1.1 SIHPL Shares listed on the JSE between open of business on 02 March 2009 and prior to 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
- 2.101.1.2 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
- 2.101.2 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:
- 2.101.3 a "**Purchase**" will have the meaning ascribed thereto in the Steinhoff Allocation Plan and "**Purchasing**" will have a corresponding meaning; and
- 2.101.4 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;
- 2.102 **"SIHPL Shares"** – ordinary shares in the issued share capital of SIHPL listed on the JSE;



- 2.103 **"SoP"** - the suspension of payments (*surseance van betaling*), including a provisional suspension of payments (*voorlopige surseance van betaling*), under the Dutch Bankruptcy Act (*Faillissementswet*) to be requested by SIHNV;
- 2.104 **"SoP Settlement Fund"** – shall have the meaning ascribed thereto in clause 20.2;
- 2.105 **"South African Sub-Group"** – SIH and each of its direct and indirect subsidiaries;
- 2.106 **"SRF"** - the Dutch foundation (*stichting*) established by SIHNV called the Stichting Steinhoff Recovery Foundation, as more fully set out in clause 21.1 of this Proposal;
- 2.107 **"SRF and Claims Administration Conditions"** – the provisions governing the supervision, monitoring, administration and distribution of, *inter alia*, the SoP Settlement Fund 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 3 (*SRF and Claims Administration Conditions*);
- 2.108 **"SRF Articles of Association"** – the articles of association of the SRF (as amended from time to time) annexed to the SRF and Claims Administration Conditions as Schedule 2 (*Articles of Association of SRF*);
- 2.109 **"SRF Costs"** – shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.110 **"SRF Costs Allocation"**– shall have the meaning ascribed thereto in the SIHNV Composition Plan;
- 2.111 **"SRF Settlement Document"** – has the meaning ascribed thereto in the SRF and Claims Administration Conditions;
- 2.112 **"Steinhoff Allocation Plan"** - the plan pursuant to which the Claim Value and each share of the SoP Settlement Fund in respect of the MPC Relevant Claims timely and validly submitted by the SIHPL Market Purchase Claimants will be determined, annexed to the SIHNV Composition Plan as Schedule 4 available at www.SteinhoffSettlement.com;



- 2.113 **"Steinhoff Finance Documents"** – has the meaning ascribed thereto in the Scheme Explanatory Statement available at www.SteinhoffSettlement.com;
- 2.114 **"Steinhoff Group"** – SIHNV and all entities whose ultimate holding company is, directly or indirectly, SIHNV;
- 2.115 **"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 Steinhoff Group company) in relation to those claims on the terms set out in the Settlement Term Sheet;
- 2.116 **"Suspensive Conditions"** – the suspensive conditions set out in clause 40 of this Proposal;
- 2.117 **"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;
- 2.118 **"Thibault Claims"** – collectively –
- 2.118.1 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
- 2.118.2 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;
- 2.119 **"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;



2.120 **"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 –

2.120.1 Thibault;

2.120.2 Titan; and

2.120.3 Wiesfam,

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

2.121 **"Titan MPC Claims"** - collectively –

2.121.1 a claim in respect of the 100,000 SIHNV shares it purchased at an original transaction value of R75.64 per share;

2.121.2 a claim in respect of the 50,000 SIHNV shares it purchased at an original transaction value of R75.39 per share; and

2.121.3 a claim in respect of the 2,000,000 SIHNV shares it purchased at an original transaction value of R62.34 per share;

2.122 **"Titan Loan"** – an amount of €200,000,000.00 (two hundred million Euros) plus interest thereon owing by Titan to SFH, which was subsequently transferred from SFH to Newco 2A;

2.123 **"Titan Receivable"** - shall have the meaning ascribed thereto in clause 4.24 of this Proposal;

2.124 **"Upington"** - Upington Investment Holdings B.V., registration number 64663426, a company registered and incorporated in accordance with the laws of the Netherlands and which ceased to exist with effect from 28 September 2018;

2.125 **"Valuation Principles"** – the valuation principles as set out in Schedule 9 to the SIHNV Composition Plan;



- 2.126 **"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

- 2.127 **"Wiesfam Claims"** – collectively -
 - 2.127.1 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;

 - 2.127.2 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 Management Accounts attached.



**ANNEXURE C – SIHPL'S ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2019**

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 (SAVE FOR THE TITAN CLAIMANTS) UNDER THIS PROPOSAL

Part I. – BVI

Attached.



Part II. – Cronje et al

Attached.



Part III. - 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.