

Steinhoff International Holdings N.V.

(Incorporated in the Netherlands)

(Registration number: 63570173)

Share Code: **SNH**

ISIN: **NL0011375019**

## **STEINHOFF OBTAINS CREDITOR SUPPORT LETTERS FOR SEAG AND HOLDING AND RESTRUCTURING UPDATE**

Steinhoff International Holdings N.V. (the "**Company**" and with its subsidiaries, the "**Group**")

### **Background on SEAG and Holding**

As noted in the Company's presentation to the Group's lenders on 18 May 2018 (the "**18 May Presentation**"), the Group has been in discussions in London with the creditors of Steinhoff Europe AG ("**SEAG**") and Steinhoff Finance Holding GmbH ("**Holding**") to implement stabilisation measures designed to alleviate going concern risks under applicable Austrian laws.

SEAG and Holding are the principal finance companies of the Group's European business and are holding companies with limited operations of their own. These companies were historically used to raise finance to support the Group's European and US businesses and accordingly have large primary debt obligations that need to be resolved as part of any restructuring plan. The going concern risks that SEAG and Holding currently face arise due to their current levels of indebtedness and rules imposed on directors of indebted companies under the relevant local laws.

### **Credit Support Letters for SEAG and Holding**

The Company is pleased to announce that formal letters of support to SEAG and Holding respectively have come into effect today (the "**Support Letters**") with support of the following creditors:

- (i) creditors representing approximately 61% of the external financial indebtedness of SEAG;
- (ii) holders representing a majority of the total convertible bonds issued by Holding (the "**Convertible Bonds**") (Holding has already obtained a majority in relation to its series of convertible bonds due 2022 and is aiming to obtain, as soon as possible, a majority in relation to its series of convertible bonds due 2021 and 2023); and
- (iii) certain Group companies to which SEAG and Holding are indebted pursuant to certain intra-group financing arrangements (such intra-group financing arrangements being the "**Relevant Intra-Group Payable Arrangements**" outlined further below),

((i), (ii) and (iii) together, the "**Relevant Creditors**").

The Support Letters underline the support of the Relevant Creditors to the Group's efforts to agree and implement a restructuring plan, taking into account the features provided for in the restructuring framework outlined in the 18 May Presentation (the "**Restructuring Plan**"). Under the Support Letters, the Relevant Creditors agree to provide SEAG and Holding with a number of interim support measures (the "**Support Measures**") in the period to 30 June 2018 (the "**Support Period**"). The Support Measures are designed to assist to stabilise the financial position of SEAG and Holding during the Support Period and provide the Group and its creditors with sufficient time to progress the terms of the Restructuring Plan.

The Support Measures include (but are not limited to) commitments to standstill and not to: (i) petition for any action that would cause SEAG or Holding to enter into insolvency proceedings; (ii) prematurely declare due and payable or otherwise seek to accelerate payment of all or any part of any debt; (iii) bring legal proceedings against any member of the Group; (iv) enforce any rights under any guarantee or any right in respect of any security; or (v) in respect of Relevant Creditors which are not members of the Group, assign or transfer any of their rights under the financial instruments with SEAG and Holding to which they are a party unless: (aa) in respect of SEAG financial instruments, they use reasonable endeavours to procure that the relevant assignee agrees to accede to the terms of the SEAG Support Letter; and (bb) in respect of Holding financial instruments, either Holding has confirmed that sufficient holders of the Convertible Bonds are party to the Holding Support Letter to meet the requisite majorities to amend the terms of the Convertible Bonds (and following such confirmation by Holding, only where they use reasonable endeavours to procure that the relevant assignee agrees to accede to the terms of the Holding Support Letter), or the transferee has agreed to accede to the terms of the Holding Support Letter.

In addition, the Relevant Creditors have agreed to subordinate in aggregate up to approximately €89 million and €65 million of their contractual rights against SEAG and Holding respectively (totalling approximately €154 million) and the amount of the interest payments accruing to such creditors on their financial instruments during June 2018, to other non-subordinated claims against SEAG and/or Holding to the extent necessary to address any deterioration resulting from any additional liabilities in the event that, notwithstanding the Support Measures, insolvency proceedings under Austrian law are commenced during the Support Period in respect of SEAG and/or Holding respectively (the "**Partial Subordination**").

In return for the Support Measures, SEAG and Holding have agreed to abide by various undertakings during the Support Period which include restrictions on incurring additional indebtedness, granting security, and certain other actions without the prior consent of the Relevant Creditors.

The obligations of the parties under each Support Letter (other than the Partial Subordination) may be terminated in certain circumstances, including by written notice on behalf of Relevant Creditors holding at least 50.1% of the external financial indebtedness subject to such Support Letter in certain circumstances including in the event that SEAG or Holding become subject to insolvency proceedings. In addition, any lock-up agreement entered into with the Relevant Creditors with respect to a restructuring of the financial liabilities of SEAG and Holding will include provisions dealing with the termination of the Support Letters.

Subject to certain terms and conditions under the relevant Support Letters, the Relevant Creditors will be entitled to a pro rata contingent fee payable in kind upon the successful

implementation and completion of the Restructuring Plan (the "**Consent Fee**"). The Consent Fee is calculated based on 50% of a Relevant Creditor's subordinated claim at a particular date but described further below. The entitlement of Relevant Creditors to the Consent Fee is subject to the following time limits:

- the Consent Fee in respect of the SEAG Support Letter will only be payable to Relevant Creditors who are party to the SEAG Support Letter by 5 p.m. (London time) on Friday 15 June 2018; and
- 50% of the Consent Fee in respect of the Holding Support Letter will only be payable to Relevant Creditors who are party to the Holding Support Letter by 2 p.m. (London time) on Thursday 7 June 2018 and the remaining 50% shall only be payable to Relevant Creditors who are party to the Holding Support Letter by 5 p.m. (London time) on Monday 11 June 2018.

Other creditors of SEAG and Holding may enter into the Support Letters during the Support Period (and by doing so become Relevant Creditors). Creditors who wish to enter into the Support Letters are invited to contact:

- (in respect of all creditors) Richard Heis, the Group's Chief Restructuring Officer, of Festival House, Jessop Avenue, Cheltenham GL50 3SH;
- (in respect of Holding creditors only) Sean Lacey at Kirkland & Ellis International LLP of 30 St Mary Axe, London, EC3A 8AF and Dr. Ansgar Zwick and Manuel Martinez-Fidalgo of Houlihan Lokey EMEA, LLP of 83 Pall Mall, London, SW1Y 5ES; or
- (in respect of SEAG creditors only):
  - (public side creditors) Tom Campbell and David Riddell of PJT Partners, 1 Curzon Street, London, W1J 5HD and Simon Baskerville of Latham & Watkins LLP of 99 Bishopsgate, London, EC2M 3XF; or
  - (private side creditors) Simon Granger of FTI Consulting of 200 Aldersgate, Aldersgate Street, London, EC1A 4HD and Andrew Trahair and Earl Griffith of Allen & Overy LLP of One Bishops Square, London, E1 6AD,

from whom a copy of the Support Letters can be obtained.

### **Restructuring Update**

The Group is grateful for the ongoing support received from its financial creditors and other stakeholders and continues to negotiate with them regarding the restructuring of the Group's indebtedness with the aim of reaching agreement on a term sheet as soon as possible. This will represent a step towards creating stability for our operating companies, and greater certainty for our employees and suppliers.

While the Group remains in constructive discussions with its various financial creditor groups regarding the development of the Restructuring Plan, there can be no assurance that: (i) the Group will be able to agree the Restructuring Plan on terms acceptable to the Group or at all:

or (ii) that SEAG and Holding will avoid the going concern risks for the duration of the Support Period.

Shareholders and other investors in the Company are advised to exercise caution when dealing in the securities of the Group.

Stellenbosch, 6 June 2018

## **THE RELEVANT INTRA-GROUP PAYABLE ARRANGEMENTS**

### **Part A – Relevant Intra-Group Payable Arrangements for Steinhoff Europe AG**

<b>Counterparty</b>	<b>Interest accruing for the period 1 June 2018 to 30 June 2018 on the principal amount of the loan described below is subordinated</b>
Steinhoff Finance Holding GmbH	€1,700,000,000 <sup>1</sup>

### **Part B – Relevant Intra-Group Payable Arrangements for Steinhoff Finance Holding GmbH**

<b>Counterparty</b>	<b>Interest accruing for the period 1 June 2018 to 30 June 2018 on the principal amount of the loans described below is either subordinated or deferred</b>
Steinhoff Investment Holdings Limited	€800,000,000
Steinhoff International Holdings Pty Limited	€1,100,000,000

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<sup>1</sup> For completeness, it is noted that there is an intra-group receivable due from Steinhoff Finance Holding GmbH to Steinhoff Europe AG of an approximate principal amount of €855 million.