

## Instructions to Creditors and Brokers – Fee Entitlements

To: The CVA Creditors and the SFHG Creditors and brokers

Cc: The Supervisors

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From: Steinhoff Europe AG (“SEAG”)  
Steinhoff Finance Holding GmbH (“SFHG”)  
Steinhoff International Holdings N.V. (“SIHNV”).

*Defined terms used but not otherwise defined in this announcement shall have the same meaning as in the company voluntary arrangement pursuant to Part I of the Insolvency Act 1986 proposed in relation to SEAG and approved by the CVA Creditors on 14 December 2018, as amended from time to time, (the “SEAG CVA”) and/or the company voluntary arrangement pursuant to Part I of the Insolvency Act 1986 proposed in relation to SFHG and approved by the SFHG Creditors on 14 December 2018, as amended from time to time, (the “SFHG CVA”) (as applicable and as the context dictates). The documentation relating to the SEAG CVA and SFHG CVA can be downloaded at [www.lucid-is.com/steinhoff](http://www.lucid-is.com/steinhoff).*

### 1 Introduction

- 1.1 Since 14 December 2018, the Company has entered into extensive discussions with Lucid Issuer Services Limited (“Lucid”) advisers to SEAG Creditors Group and the SFHG Creditors Group and other financial brokers and intermediaries to determine an alternative methodology to identify those creditors who are entitled to receive Lock-Up Fees, Lock-Up Early Bird Fees and/or Support Letter Consent Fees.
- 1.2 The methodology agreed as a result of those discussions is set out in this document and the Company intends to seek the consent of the requisite majorities of CVA Creditors under the SEAG CVA and SFHG Creditors under the SFHG CVA (as applicable) to adopt such methodology by way of a consent request under the CVAs.
- 1.3 **In the meantime, creditors and brokers are requested to take the steps set out in the Instructions to Creditors at Section 2 below.**
- 1.4 Pursuant to the SEAG CVA and SFHG CVA, in order for a creditor to have its Lock-Up Agreement fees and/or its Support Letter Consent Fees paid to it and its Final Entitlement calculated, it will be required to submit an Entitlement Letter to Lucid in due course.
- 1.5 The Entitlement Letter sets out, among other things, the basis on which the creditor has a claim against either SEAG or SFHG, the principal amount of such claim and the principal amount that is eligible to receive a Lock-Up Fee, Lock-Up Early Bird Fee and/or Support Letter Consent Fee. It will also confirm details of any nominated recipient who is to receive all or a portion of that creditor’s Final Entitlement once calculated and reconciled by Lucid.

- 1.6 Creditors will receive instructions as to when and how to complete an Entitlement Letter in due course. Examples of populated Entitlement Letters will be available at [www.lucid-is.com/steinhoff](http://www.lucid-is.com/steinhoff) in due course.
- 1.7 The high level of trading in Steinhoff debt makes confirmation of entitlements challenging. Therefore, the methodology for identifying which creditors are entitled to receive Lock-Up Fees, Lock-Up Early Bird Fees and Support Letter Consent Fees is set out in Section 3 (*Lock-Up Fee and Lock-Up Early Bird Fee*) and Section 4 (*Support Letter Consent Fee*) below. The methodology reflects the approach agreed following extensive discussions between SEAG, SFHG, the Company, Lucid, advisers to SEAG Creditors Group and the SFHG Creditors Group and other financial brokers and intermediaries.

## 2 Instructions to Creditors and Brokers

- 2.1 To facilitate the reconciliation of the entitlements of CVA Creditors and SFHG Creditors to the Lock-Up Fee, Lock-Up Early Bird Fee and/or Support Letter Consent Fee, market brokers and other financial intermediaries will be invited by the Company to populate a short acknowledgment form (“**Acknowledgement Form**”). The Acknowledgment Form will outline the details of each trade counterparty and will include the key details of the trade (including the date, ISIN, notional amount of debt traded together with the commercial agreement reached with respect to the Lock-Up Fee, Lock-Up Early Bird Fee and/or Support Letter Consent Fee). A template Acknowledgement Form is available at [www.lucid-is.com/steinhoff](http://www.lucid-is.com/steinhoff).
- 2.2 Brokers are kindly requested to assist by compiling a full inventory of Acknowledgement Forms to be provided to Lucid. The Acknowledgement Forms will assist to confirm entitlements based on trading history. **The fully populated inventory of Acknowledgement Forms will be provided by brokers on a confidential basis to Lucid and should be submitted to [steinhoffdata@lucid-is.com](mailto:steinhoffdata@lucid-is.com) by 5.00pm (London time) 10 May 2019.** Acknowledgement Forms may be submitted after 10 May 2019 and, if received after 10 May 2019, may still be used to assist with reconciling entitlements. However, a delay in submitting Acknowledgement Forms (to the extent it is not possible to carry out such reconciliation without the relevant Acknowledgement Form) may result in such entitlements being issued to the CVA Holding Period Nominee and held by the CVA Holding Period Nominee until the earlier of (i) such time as the relevant entitlements can be reconciled and transferred to the relevant creditor or (ii) the CVA Holding Period Expiry Date (being 12 months from the completion of the Restructuring).
- 2.3 We would kindly request the cooperation of CVA Creditors and SFHG Creditors (with their respective broker teams and Lucid) to:
- 2.3.1 authorize their brokers to provide prompt disclosure of the relevant details of any trades as part of the completion of any Acknowledgement Forms;
  - 2.3.2 provide any details or evidence of any trades to Lucid; and
  - 2.3.3 confirm to Lucid what such creditor considers to be their entitlement to Lock-Up Fees, Lock-Up Early Bird Fees and/or Support Letter Consent Fees.
- 2.4 **Creditors are encouraged to submit any of the above information by email to [steinhoffdata@lucid-is.com](mailto:steinhoffdata@lucid-is.com) by 5.00pm (London time) on 10 May 2019.**

- 2.5** Providing this information in advance of completing the Entitlement Letters will assist in facilitating the prompt allocation of the appropriate Final Entitlements to Lock-Up Fees, Lock-Up Early Bird and/or Support Letter Consent Fees to the relevant CVA Creditors and/or SFHG Creditors on or before the Restructuring Effective Date in accordance with the terms of the SEAG CVA and/or SFHG CVA (as applicable).
- 2.6** Lucid will not be able to confirm the value of any entitlements as part of this Acknowledgment Form and early submission process. Instead, the full inventory of Acknowledgment Forms and submissions by creditors and brokers will be used to assist creditors and Lucid with identifying any gaps in the chain of trading history and any other supporting information which may need to be reconciled prior to the calculation of that particular creditor's final entitlement when the Entitlement Letter process is formally launched.
- 2.7** Creditors should be aware that any entitlement not reconciled by the restructuring implementation date will be issued to the CVA Holding Period Nominee as set out in the CVA. SEAG and SFHG will continue to work with Lucid to resolve those matters.

### **3 Lock-Up Fee and Lock-Up Early Bird Fee**

#### **3.1 CB Creditors and (SEAG) Notes Creditors**

THIS SECTION IS ONLY RELEVANT IF:

I YOU ARE THE BENEFICIAL HOLDER OF:

- (a) ANY SERIES OF THE CONVERTIBLE BONDS ISSUED BY SFHG;  
AND/OR
- (b) ANY OF THE EUROBONDS ISSUED BY SEAG,

AND

II SUCH DEBT HAS BEEN LOCKED-UP IN ACCORDANCE WITH THE LOCK-UP AGREEMENT AND IS ELIGIBLE TO RECEIVE THE LOCK-UP FEE AND/OR THE LOCK-UP EARLY BIRD FEE;

AND

III YOU (OR THE RELEVANT BENEFICIAL HOLDERS OF SUCH DEBT) INSTRUCTED THE RELEVANT ACCOUNT HOLDERS TO VOTE IN FAVOUR OF THE SEAG CVA AND/OR THE SFHG CVA (AS APPLICABLE)

**3.1.1** SEAG and SFHG have access to the following information via Lucid:

- (i) An accession report to the Lock-Up Agreement which lists those beneficial holders of the Convertible Bonds and the Eurobonds who have acceded to the LUA (the "**LUA Notes Report**"); and
- (ii) A CVA report detailing the beneficial holders of the Convertible Bonds and the Eurobonds who voted in favour of the SFHG CVA and/or the SEAG CVA (as the case may be) and the amount of Convertible Bonds and the Eurobonds held by those beneficial holders as verified by the blocking of the Convertible Bonds and the Eurobonds on the relevant clearing systems on

or before 5.00pm (London time) on 12 December 2018 (the “**CVA Notes Report**”).

- 3.1.2 Taken together, the LUA Notes Report and the CVA Notes Report will enable SEAG, SFHG and Lucid to establish which CVA Creditors and SFHG Creditors holding Convertible Bonds and/or Eurobonds qualify for the Lock-Up Fee and/or the Lock-Up Early Bird Fee.

**PLEASE NOTE:**

- 3.1.3 If the debt you hold was locked-up in accordance with the Lock-Up Agreement prior to 8.00pm (London time) on 18 July 2018 (the “**Lock-Up Early Bird Fee Deadline**”), then such debt may be eligible to receive the Lock-Up Fee and the Lock-Up Early Bird Fee.
- 3.1.4 If the debt you hold was locked-up in accordance with the Lock-Up Agreement after the Lock-Up Early Bird Fee Deadline and before the Lock-Up Fee Deadline, then such debt may be eligible to receive the Lock-Up Fee but not the Lock-Up Early Bird Fee.
- 3.1.5 Any beneficial holder of the Convertible Bonds and/or the Eurobonds who acceded to the Lock-Up Agreement but did not vote in favour of the SFHG CVA and/or the SEAG CVA (as the case may be) will NOT be eligible to receive the Lock-Up Fee and/or the Lock-Up Early Bird Fee.
- 3.1.6 Any beneficial holder of the Convertible Bonds and/or the Eurobonds who did not accede to the Lock-Up Agreement prior to the Lock-Up Early Bird Fee Deadline but has (i) since purchased debt which qualifies for the Lock-Up Fee and/or the Lock-Up Early Bird Fee and (ii) instructed their relevant account holder to vote in favour of the SFHG CVA and/or the SEAG CVA (as the case may be), is kindly reminded to notify Lucid of the transfer in accordance with the terms of the LUA. If a transfer is not notified, Lucid, SFHG and SEAG will not be able to identify such SFHG Creditor and/or CVA Creditor as being eligible for a Lock-Up Fee and/or Lock-Up Early Bird Fee in respect of such debt.

**NOTE ENTITLEMENT LETTER AND SFHG NOTE ENTITLEMENT LETTER**

- 3.1.7 It is the intention of SEAG and SFHG to seek the consent of the requisite majorities of CVA Creditors and SFHG Creditors pursuant to the terms of the SEAG CVA and the SFHG CVA respectively to amend the form of the Note Entitlement Letter and the SFHG Note Entitlement Letter such that beneficial holders of the Eurobonds and/or the Convertible Bonds will be required to specify the amount of Eurobonds and/or Convertible Bonds they hold which are eligible to receive the Lock-Up Fee and/or the Lock-Up Early Bird Fee.

**3.2 SEAG Bank Debt**

THIS SECTION IS ONLY RELEVANT IF:

- I YOU HOLD ANY DEBT ISSUED BY SEAG PURSUANT TO AN EXISTING SEAG FACILITY AGREEMENT (THE “**SEAG BANK DEBT**”)

AND

II SUCH DEBT HAS BEEN LOCKED-UP IN ACCORDANCE WITH THE LOCK-UP AGREEMENT AND IS ELIGIBLE TO RECEIVE THE LOCK-UP FEE AND/OR THE LOCK-UP EARLY BIRD FEE;

AND

III YOU VOTED IN FAVOUR OF THE SEAG CVA AND/OR THE SFHG CVA (AS APPLICABLE)

3.2.1 SEAG and SFHG have access to the following information via Lucid:

- (i) An accession report to the Lock-Up Agreement which lists those beneficial holders of the SEAG Bank Debt who have acceded to the Lock-Up Agreement (the “**LUA Bank Debt Report**”); and
- (ii) A CVA report detailing the Lenders of Record of the SEAG Bank Debt who voted in favour of the SFHG CVA and/or the SEAG CVA (as the case may be) and the amount of SEAG Bank Debt held by such Lenders of Record as verified by the blocking of the relevant debt instruments on or before 5.00pm (London time) on 12 December 2018 (the “**CVA Bank Debt Report**”).

**PLEASE NOTE:**

3.2.2 If the debt you hold was locked-up in accordance with the Lock-Up Agreement prior to the Lock-Up Early Bird Fee Deadline, then such debt may be eligible to receive the Lock-Up Fee and the Lock-Up Early Bird Fee.

3.2.3 If the debt you hold was locked-up in accordance with the Lock-Up Agreement after the Lock-Up Early Bird Fee Deadline and before the Lock-Up Fee Deadline, then such debt may be eligible to receive the Lock-Up Fee but not the Lock-Up Early Bird Fee.

3.2.4 Any beneficial holder of the SEAG Bank Debt who acceded to the Lock-Up Agreement but did not instruct the relevant Lender of Record to vote in favour of the SFHG CVA and/or the SEAG CVA (as the case may be) will NOT be eligible to receive the Lock-Up Fee and/or Lock-up Early Bird Fee.

3.2.5 Any beneficial holder of the SEAG Bank Debt who did not accede to the Lock-Up Agreement prior to the Lock-Up Early Bird Fee Deadline but has (i) since purchased debt which qualifies for the Lock-Up Fee and/or the Lock-Up Early Bird Fee and (ii) instructed the relevant Lender of Record to vote in favour of the SFHG CVA and/or the SEAG CVA (as the case may be), is kindly reminded to notify Lucid of the transfer in accordance with the terms of the LUA. If a transfer is not notified, Lucid and SEAG will not be able to identify such CVA Creditor as being eligible for a Lock-Up Fee and/or Lock-Up Early Bird Fee in respect of such debt.

**3.3 Lenders of Record and Beneficial Holders of SEAG Bank Debt**

3.3.1 The Lock-Up Agreement was entered into by Beneficial Owners of Debt whereas Lenders of Record of the SEAG Bank Debt voted in relation to the SEAG CVA. Consequently, in order to determine which Beneficial Owners should be credited with Lock-Up Fees and/or Lock-Up Early Bird Fees, and the quantum of such fees, SEAG will instruct Lucid to approach those Lenders of Record who voted in favour of the

SEAG CVA and request that they disclose the identities of the Beneficial Owners as at 5.00pm (London time) on 12 December 2018 and confirm which of those Beneficial Owners instructed the relevant Lender of Record to vote in favour of the SEAG CVA. The relevant Lenders of Record will be provided with a short-form instruction letter to populate with the requested information.

- 3.3.2 We would be grateful if Lenders of Record would kindly cooperate with any request of Lucid to authorise the disclosure of the identity of the underlying Beneficial Owner. This will facilitate the prompt allocation of the appropriate entitlements to Lock-Up Fees and/or Lock-Up Early Bird Fees on or before the Restructuring Effective Date (in accordance with the terms of the SEAG CVA and/or the SFHG CVA (as applicable)).

#### **NON-NOTE ENTITLEMENT LETTERS**

- 3.3.3 It is the intention of SEAG to seek the consent of the requisite majorities of CVA Creditors pursuant to the terms of the SEAG CVA to amend the Non-Note Entitlement Letter such that Lenders of Records of the SEAG Bank Debt will be required to specify the amount of SEAG Bank Debt which is held beneficially by a third party creditor (based on settled trades only) and the proportion of such SEAG Bank Debt which is eligible to receive the Lock-Up Fee and/or the Lock-Up Early Bird Fee. Where SEAG Bank Debt is held beneficially by a third party creditor based on an unsettled trade, Lenders of Record will be required to provide details of the buyer of such unsettled trade in the Non-Note Entitlement Letter to assist Lucid in facilitating eligibility to receive the Lock-Up Fee, the Lock-Up Early Bird Fee and/or the Support Letter Consent Fee. Where necessary, Lucid will also refer to the Acknowledgment Forms process set out in Section 1 (*Instructions to Creditors and Brokers*) above to reconcile any unsettled trades.

## **4 Support Letter Consent Fees**

THIS SECTION IS ONLY RELEVANT IF:

- I YOU ARE THE BENEFICIAL HOLDER OF:
- (a) ANY SERIES OF THE CONVERTIBLE BONDS ISSUED BY SFHG;
  - (b) ANY OF THE EURO BONDS ISSUED BY SEAG;
  - (c) ANY SEAG BANK DEBT,

AND

- II ALL OR PART OF SUCH DEBT WAS SUBORDINATED PURSUANT TO THE TERMS OF THE ORIGINAL SUPPORT LETTER AND/OR THE AMENDED SUPPORT LETTER AND IS CONSIDERED ELIGIBLE TO RECEIVE SUPPORT LETTER CONSENT FEES.

- 4.1.1 SEAG and SFHG have access to the following information via Lucid:

- (i) A CVA report detailing those creditors who were eligible to receive a Support Letter Consent Fee (the “**CVA Support Letter Report**”); and

- (ii) The information submitted by creditors and brokers pursuant to the Acknowledgment Forms process detailed in Section 1 (*Instructions to Creditors and Brokers*) above.

#### **NOTE ENTITLEMENT LETTERS AND NON-NOTE ENTITLEMENT LETTERS**

- 4.1.2 It is the intention of SFHG and SEAG to seek the consent of the requisite majorities of SFHG Creditors and CVA Creditors pursuant to the terms of the SFHG CVA and the SEAG CVA respectively to amend the form of the Note Entitlement Letter, the SFHG Note Entitlement Letter, the Non-Note Entitlement Letter and the SFHG Non-Note Entitlement Letter such that SFHG Creditors and CVA Creditors (as applicable) will be required to specify the proportion of Convertible Bonds, Eurobonds and/or SEAG Bank Debt which is eligible to receive Support Letter Consent Fees.
- 4.1.3 As detailed in paragraph 4.1.2 below, where Lucid is unable to reconcile prior to the Implementation Commencement Date the information set out in a Note Entitlement Letter and a Non-Note Entitlement Letter with the information available to Lucid (including the Acknowledgement Forms process set out in Section 1 (*Instructions to Creditors and Brokers*) above), the relevant entitlement will be issued to the CVA Holding Period Nominee.

## **5 General Notes**

THIS SECTION IS RELEVANT TO ALL CVA CREDITORS AND SFHG CREDITORS WHO ARE ELIGIBLE TO RECEIVE LOCK-UP FEES, LOCK-UP EARLY BIRD FEES AND/OR SUPPORT LETTER CONSENT FEE

### **5.1 CVA Holding Period Nominee**

- 5.1.1 Where it is possible to reconcile the information provided by CVA Creditors in their Note Entitlement Letter and/or Non-Note Entitlement Letter and SFHG Creditors in their SFHG Note Entitlement Letter and/or SFHG Non-Note Entitlement Letter (as applicable) and the information available to Lucid, the relevant CVA Creditor or SFHG Creditor shall be paid their proportion of the Lock-Up Fee, Lock-Up Early Bird Fee and/or Support Letter Consent Fee as part of their Final Entitlements on or before the Restructuring Effective Date in accordance with the terms of the SEAG CVA and/or SFHG CVA (as applicable).
- 5.1.2 Where there is any ambiguity around a CVA Creditor's or SFHG Creditor's entitlement such that Lucid is unable to reconcile the information set out in a Note Entitlement Letter, SFHG Note Entitlement Letter, Non-Note Entitlement Letter or SFHG Non-Note Entitlement Letter, with the information available to Lucid, the relevant proportion of Lock-Up Fee, Lock-Up Early Bird Fee and/or Support Letter Consent Fee will be issued to the CVA Holding Period Nominee and held until the CVA Holding Period Expiry Date (being 12 months from the completion of the Restructuring) pursuant to the terms outlined at Clause 11 (CVA Holding Period) of Section 2 (Terms of the CVA) of the SEAG CVA or Clause 11 (SFHG CVA Holding Period) of Section 2 (Terms of the SFHG CVA) (as applicable).

**5.1.3** Any entitlements which have not been claimed as at the completion of the Restructuring (the “**Unclaimed Final Entitlements**”) will be issued to the CVA Holding Period Nominee. Prior to the CVA Holding Period Expiry Date, a CVA Creditor or SFHG Creditor may submit a validly completed and executed Entitlement Letter to Lucid in relation to an Unclaimed Final Entitlement. Where it is possible for Lucid to reconcile the information provided by a CVA Creditor or SFHG Creditor in such an Entitlement Letter, the CVA Holding Period Nominee will transfer the relevant Unclaimed Final Entitlement to the CVA Creditor or SFHG Creditor pursuant to the terms outlined at Clause 11 (CVA Holding Period) of Section 2 (Terms of the CVA) of the SEAG CVA or Clause 11 (SFHG CVA Holding Period) of Section 2 (Terms of the SFHG CVA) (as applicable).