

SETTLEMENT PROPOSAL FREQUENTLY ASKED QUESTIONS

Steinhoff Investment Holdings Limited (“SIHL”) non-redeemable perpetual preference share holders

No.	Question	Answer
1	Why weren't the SIHL preference shareholders included in the proposed settlement?	<ul style="list-style-type: none"> • The settlement is not adverse to the interests of the SIHL preference shareholders for the following reasons. • The consideration that will be made available for the settlement of the claims against Steinhoff International Holdings Proprietary Limited (“SIHPL”) is capped by the quantum of the intercompany debts payable to SIHPL by SIHL and Steinhoff Africa Holdings Proprietary Limited (“SAHPL”). • Because SIHPL's intercompany debt claims against SAHPL and SIHL rank senior or are structurally senior to the SIHL preference shares, their repayment for the purposes of settling claims against SIHPL should be economically neutral (or based on the benefits below, positive) for the SIHL preference shareholders. Moreover, the settlement will result in a deferral of any demand in full by SIHPL on the SIHL payable to SIHPL, giving SIHL time to settle the outstanding payable to SIHPL that it would not otherwise have. • Similarly, SIHL's distribution of cash to Steinhoff International Holdings N.V. (“SIHNV”) to fund the proposed global settlement will eliminate the SIHL / SIHNV intercompany loan and, therefore, an additional debt claim that ranks senior to the preference shareholders will be reduced or even eliminated, thereby improving the balance sheet position of SIHL for the preference shareholders. • The preference shares will be covered, in any event, by SIHL's residual assets, given the proposed continuing 50+ per cent holding in Pepkor Holdings Limited (“PPH”) and other remaining assets to be realised in South Africa. • There are also benefits for preference shareholders that flow from a successful settlement which removes the contingent liabilities and related uncertainty from Steinhoff, as this is expected to have a positive impact on PPH valuations and the liquidity in PPH stock over time.

No.	Question	Answer
2	The SIHPL settlement value appears to be higher than the assets of SIHPL, how is the settlement being funded?	<ul style="list-style-type: none"> As described above, the consideration available for the settlement of claims against SIHPL is capped by the receivables due to SIHPL by SIHL and SAHPL. These receivables are existing assets of SIHPL and, therefore, the SIHPL settlement value proposed as part of the global settlement does not exceed SIHPL's assets.
3	How will SIHNV fund the cash portion of the proposed settlement (c. EUR 250 million) and will it require SIHL to declare a dividend?	<ul style="list-style-type: none"> The SIHNV settlement will be funded by repayment of the intragroup claim owing to SIHNV from SIHL and a distribution to SIHNV. An indicative overview of what the assets of SIHL would look like following the proposed global settlement is set out below.
4	What will the balance sheet look like after the proposed settlement?	<ul style="list-style-type: none"> 100% shareholding of SAHPL, high level balance sheet of which as follows: <ul style="list-style-type: none"> a minimum of 50+% stake in PPH (worth c. ZAR 21bn at current spot price) 26% holding in IEP Group (worth c. EUR 138m) intercompany receivable from Retail GmbH (ZAR 3.4bn) no material liabilities Intercompany payable to SIHPL (c. ZAR 16bn outstanding) Preference shares (ZAR 1.5bn outstanding)
5	Why is the cash sweep feature being introduced?	<ul style="list-style-type: none"> The cash sweep is a condition of support of the financial creditors for the settlement. The cash sweep mechanism specifically excludes sufficient cash to allow payment of the SIHL preference share dividends.
6	What will be the impact on the ability to pay the preference share dividends?	<ul style="list-style-type: none"> The proposed global settlement would not impact SIHL's ability to pay the preference share dividends.