

SdK e.V. - Hackenstraße 7b - 80331 München

Newsletter 2 | Steinhoff International Holdings N.V.

### **Further information**

Dear Sir or Madam,

we would like to get back to you in the case of Steinhoff International Holdings N.V.

### **Mobilization of the owners of the convertible bond**

According to several media reports, holders of convertible bonds have mobilized and formed a community of interest. The group is led by financial investors Centerbridge, Farallon, Och-Ziff, Silver Point and York Capital. The business law firm Kirkland & Ellis and the investment bank Houlihan Lokey are supporting the group.

In the estimation of the SdK, the interest group pursues the goal, to set the convertible bond better against the 800 million bond. Thus, the holders of the large bond would be worse off than the holders of the convertible bond in a bankruptcy or restructuring. We already warned about this development in our last newsletter.

### **Particular bondholders seek legal advice**

In addition, some bondholders of the 800 million bond - according to our information this group includes also owners of the convertible bond - have already sought legal advice by the investment bank PJT Partners and the law firm Latham & Watkins. Please note that these represent only particular bondholders and not all bondholders. A joint representative may only be elected by a vote at a convened noteholders' meeting.

In our estimation, it cannot be ruled out, that the bondholders, who hold both the convertible bond and the 800 million bond, will reach an agreement that will set the convertible bond better than the 800 million bond. What they lose on the one hand, the 800 million bond, they would be overcompensated on the other hand (convertible bond). Thus, you would be disadvantaged as a bond holder holding the 80 million bond. Otherwise it is unexplainable in our view, that the law firm Latham & Watkins has not yet advised its clients to support the convening of a bondholders' meeting.

### **Convening of a meeting of noteholders**

The majority of the bondholders are still not represented in the negotiations with the Steinhoff Group. Therefore, the SdK, plans to address a request for a convening of a meeting of noteholders to the Issuer, with the aim of electing a joint representative

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of the bondholders. The joint representative, as the official representative of the bondholders, can be involved in discussions with the Issuer and the Steinhoff Group and represent the interests of all bondholders. A joint representative may only be elected at a convened noteholders' meeting.

The noteholders' meeting is to be convened by the issuer, if noteholders who together hold 5 per cent of the outstanding notes request such convocation in writing for the purpose of appointing a joint representative (§ 9 (1) SchVG). This is what the SdK intends.

Currently, bondholders with a volume of around 3 % of the outstanding bonds are already supporting the SdK. In order to achieve the necessary quorum of 5 %, we ask you again to grant the SdK an appropriate power of attorney for the call for the bondholders' meeting. The power of attorney is only valid for this purpose and has no binding effect on the further proceedings. The power of attorney form can be found at [www.sdk.org/steinhoff](http://www.sdk.org/steinhoff) on the right in the box "Unterlagen/documents". There are no costs for you.

Please send the fully completed and signed **original** form and an up-to-date proof of ownership of Steinhoff bonds (deposit, screenshot or bank confirmation) **by 2018/02/02** to

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The proxy voting as well as the call for convening is free of charge for you.

For further information, please feel free to contact the SdK at [info@sdk.org](mailto:info@sdk.org).

Munich, 2018/01/25  
SdK Schutzgemeinschaft der Kapitalanleger e.V.