Steinhoff International Holdings N.V.
Attn Management Board and Supervisory Board
Herengracht 466
PO Box 15803
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The Hague, 6 July 2018

Reference: 2018 025 PK

Subject: VEB questions unaudited 2018 half-year results Steinhoff International Holdings N.V.

BY REGULAR MAIL AND EMAIL

Dear Madams, Sirs,

The Dutch Investors' Association ("**VEB**") writes to Steinhoff International Holdings N.V. ("**Steinhoff**" or the "**Company**") following Steinhoff's half-year report for the six months ended 31 March 2018 including the unaudited 2018 half-year condensed financial statements ("**half-year results**") published on 29 June 2018. This publication also included the unaudited restated half-year condensed financial statements for the six months ended 31 March 2017 and 2016.

VEB appreciates Steinhoff's publishing the aforementioned interim results pending the PwC investigations so that investors are, at least to a certain extent, provided with some information on the state of affairs of the Company.

Although the half-year results contained new information, investors urgently need additional insights to evaluate their position. Therefore, VEB would like to take the opportunity to ask the following questions concerning the aforementioned 2018 half-year results including the restatements for the previous periods.

1. Steinhoff notes that the half-year report "*has not been audited or reviewed*" by its external auditor Deloitte Accountants B.V. ("**Deloitte Nederland**"). To what extent has Deloitte Nederland been involved in the process of preparing these half-year results? For example concerning the selected input variables for the goodwill impairment test, the write-offs on the Hemisphere property portfolio, the assessment of loan recoverabilities and the reclassification of Van den Bosch Beheer B.V. (Habufa).

2. Steinhoff communicated earlier that in case the PwC investigation or other obtained information would indicate any involvement of members of the management board or/and the executive committee, measures would immediately be taken against individuals concerned.

   a. As far as Steinhoff has communicated, no members of the management board and executive committee have stepped down. May we therefore conclude that until now the investigations – either the PwC investigation or other – have not brought any (suspicion of) inappropriate behaviour to light with respect to the individuals concerned?

   b. In addition to the above, have there been any other personnel changes (either voluntarily or forced) as a result of information presented in the half-year report?

3. On page 49 of the half-year report, Steinhoff differentiates between four categories of restatements with a cumulative impact on group equity per 1 October 2016 of more than EUR 10bn. According to Steinhoff the better part of this amount – approximately EUR 6.1bn – comprises "*impairments of overstated assets and the reversal of non-arm's length transactions*". On page 83 this category is then split into six items which are not specified further.

   Could Steinhoff elaborate on these different items, as of this moment with the PwC investigation still in progress, both in qualitative as well as quantitative terms, i.e. the respective impairment and reversals in EURs per item?

4. The goodwill impairment of EUR 1.5bn as well as the EUR 144 mln impairment on trade names for Mattress Firm at the end of September 2017 are the only write-offs that do not relate to prior periods. The half-year report states that the impairment on goodwill was "*mainly*" the result of "*the cancellation of a major supply contract and Mattress Firm's deteriorating profitability*".

   a. Could Steinhoff explain in more detail how it is possible that only one year after the completion of the transaction more than half of the carrying value of goodwill with respect to Mattress Firm needed to be impaired?

   b. Were there any indications during the due diligence process prior to the transaction that in some way pointed towards the root causes of this impairment?

   c. Could Steinhoff share with investors the (exact) assumptions that were used in the goodwill impairment test for Mattress Firm, i.e., margins, (long-term) growth rates, terminal value and the discount rate, and formed the basis for the revised valuation of goodwill?

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5. Steinhoff management concluded that it was appropriate to draw up the accounts on a going concern basis, taking into account three assumptions.

   At the same time, significant impairments on goodwill have been accounted for and it has become clear that asset sales to date, for example kika-Leiner, have been concluded at transaction prices below their respective book values. These developments significantly impacted group equity. Furthermore, both the impairments and divestments indicate that Steinhoff's earnings capacity going forward appears to be seriously hampered. According to Steinhoff's calculations[1], both the net debt to equity ratio (net debt:equity) and the interest cover ratio (EBITDA interest cover) as per 31 March 2018 (12 months rolling basis) came in at a level that indicates an unsustainable debt level.

   In view of the fact that a rights issue seems highly unlikely and asset sales cannot be pursued on a structural basis without further impairing the earnings capacity of the Company, could Steinhoff give investors some more clarity on the necessary strategic, operational and financial actions to be pursued in the coming months?

6. On 29 June 2018 Steinhoff announced that the Company would declare a Preference Dividend of 427.41781 cents per Preference Share, whereas on 30 April 2018 Steinhoff issued a press release that a decision had been taken not to declare a Preference Dividend on these Preference Shares. While we understand the magnitude of the cash-out is relatively small, this revised decision leads us to the following questions.

   a. What caused this sudden change with respect to the decision to declare a Preference Dividend?

   b. The Steinhoff articles of association do not prescribe that a Preference Dividend needs to be declared on the Preference Shares. On what grounds did Steinhoff decide ultimately to declare a Preference Dividend on these shares?

   c. Based on what information did the board conclude that Steinhoff "*is now in a position*" to declare the Preference Dividend?

7. During the AGM held on 20 April 2018 Steinhoff stated that with respect to the PwC investigation the Company would communicate "*any material developments at the appropriate time….*".[2] Doubtlessly, the information presented in the half-year report is material. Why does Steinhoff opine that, despite the multi-billion restatements, the half-year report wasn't the appropriate moment to give a substantive update on the investigation concerning the irregularities in the past?

[1] Page 70, Steinhoff half-year report for the six months periode ended 31 March 2018.
[2] Page 13, Steinhoff AGM presentation 20 April 2018.

We look forward to receiving your answers to the questions above and hold ourselves available for any further clarification, if so desired.

Yours sincerely

P.M. Koster

Director