

ISLG

International Steinhoff
Litigation Group

The STEINHOFF SCANDAL

Coordinated Shareholder Compensation Efforts Around the World

The Steinhoff Scandal

On 8 August 2018, LHL Attorneys Inc., the South African member of the International Steinhoff Litigation Group, started a class action procedure by filing a motion for class action certification against over 40 defendants, including Steinhoff International Holdings NV, Steinhoff International Holdings Ltd, its directors (both past and present), its auditors (Deloitte) and others involved in the Steinhoff Scandal. LHL Attorneys, together with other law firms of the International Steinhoff Litigation Group, are pursuing this matter globally on behalf of current and former shareholders who have suffered losses as a result of Steinhoff's lack of corporate governance and failure to properly and adequately inform investors about its true financial condition.

The International Steinhoff Litigation Group brings together leading law firms and experts from South Africa, the United States, the Netherlands and Germany, to form a unified front across several jurisdictions in an effort to obtain a comprehensive solution for all shareholders who have suffered losses related to their Steinhoff investments, all at no cost or risk, by:

1. pursuing litigation in the three most important jurisdictions (South Africa (SA), Netherlands (NL), and Germany (DE));
2. working together as a unified litigation group, in a coordinated fashion, in order to maximise the loss recovery chances against a multitude of defendants by providing settlement solutions that ensure finality and closure for all claims against all defendants for the benefit of all investors alike;
3. ensuring the strong arguments are before the most appropriate court for both jurisdiction and substantive claims against the Steinhoff entities, as well as all other defendants, thereby helping to maximising the possible recovery in a situation of a distressed defendant with limited resources;
4. utilizing the cross-border litigation and local substantive law expertise in shareholder compensation cases brought in by the various group members; and
5. pursuing the litigation on a no-win no-fee basis for all shareholders alike, including retail investors, pensioners and institutions.

There are material advantages to bringing litigation in South Africa

We are convinced that the South African opt-out class action, unlike litigation in other jurisdictions such as Germany or the Netherlands, allows compensation for claims for investment losses incurred by shareholders pre- and post-Steinhoff's re-incorporation in the Netherlands (December 2015), thereby helping "old" Steinhoff shareholders as well as "new" Steinhoff shareholders to recover as much of their losses as possible. Claims may be available to:

1. shareholders who purchased shares of Steinhoff International Holdings Limited listed on the Johannesburg Stock Exchange ("JSE") before Steinhoff NV was incorporated in the Netherlands;
2. shareholders who purchased shares of Steinhoff International Holdings NV listed on the JSE after its incorporation in the Netherlands; and
3. shareholders who purchased shares of Steinhoff International Holdings NV listed on the Frankfurt Stock Exchange ("FSE").

The International Steinhoff Litigation Group's South African action names over 40 defendants including:

1. Steinhoff International Holdings NV and several of its subsidiaries;
2. Current and former members of Steinhoff International Holdings Limited and Steinhoff International Holdings NV's board of directors;
3. Major financial institutions; and
4. Steinhoff's auditing partners, Deloitte.

Pursuing claims against multiple alleged wrongdoers provides a strong basis for substantial settlement and acts as an 'insurance' against Steinhoff insolvency risks.

To date, cases launched in the Netherlands have only cited Steinhoff International Holdings NV (the “new” entity) as a defendant.

We are convinced that the South African class action lawsuit provides the best possible avenue for litigation and dispute resolution by ensuring personal jurisdiction over most of the defendants who are based in South Africa and the associated claims that flow therefrom. This includes the majority of individual directors, as well as the auditors, consultants and several of the banks that played a role in presenting the false picture to its shareholders and the general public of Steinhoff’s financial prosperity. Furthermore, more than 70% of Steinhoff’s share capital was traded over the JSE, and only 0.25% of shares were purchased by Dutch shareholders, rendering the Dutch litigation largely irrelevant. We therefore believe that, because South Africa has stronger jurisdictional arguments than other venues or jurisdictions, the South African courts will accept jurisdiction over all relevant Defendants.

Recap: Why the International Steinhoff Litigation Group is the superior choice for shareholders to pursue recovery of their losses?

Litigation already underway – while law firms in other jurisdictions have professed their readiness to launch legal proceedings, our litigation process is already well underway, with proceedings launched in South Africa, Germany and the Netherlands. The German proceedings were the first proceedings launched against Steinhoff in December 2017, and the South African proceedings launched in August 2018 are the only class proceedings in South Africa.

Greater number of Defendants – Applications filed in other jurisdictions have focused their litigation on one Defendant, namely Steinhoff International Holdings NV (SIHNV). This significantly limits the amount of money that can realistically be retrieved, especially from a company currently undergoing debt restructuring. We have chosen not to limit our application to SIHNV. We also pursue damages from the former South African issuer of shares, SIHL, as well as the directors and auditors of SINV, and the banks involved in the creation of the 2015 prospectus.

Scope of Lawsuit – other litigation has limited their claim to moneys lost between June 26th 2013 and December 6th, 2017. Our claim goes further back to include wrongdoing prior to these dates that may have caused loss and given rise to claims. The greater scope of wrongdoing covered by claims in our lawsuit means a potentially greater damage claim and a potentially larger piece of a limited pie for reimbursement purposes. Thus, the International Steinhoff Litigation Group, through its South African class action, is the only avenue through which investors are covered for losses incurred on purchases of shares issued by the “old” SIHL company.

Multi-jurisdictional appeal – having litigation partners in Germany, the Netherlands and the United States means that we are the only litigation group that can negotiate on behalf of all Steinhoff shareholders. Should the defendants/respondents wish to negotiate a settlement agreement, we would be the smart and convenient choice for both defendants and shareholders alike. Moreover, the collective experience and expertise in capital market claims within this group is unparalleled.

Steinhoff operates in South Africa and most directors being sued are in South Africa – while Steinhoff may have re-incorporated in the Netherlands, it started its business in and is from South Africa; the majority of its directors are South African; the majority of its securities are listed on South Africa’s Johannesburg Stock Exchange; and the majority of the losses have been experienced by South Africans in South Africa. National and international law agree that jurisdiction should follow convenience. Convenience dictates that South Africa is likely the only appropriate jurisdiction for much of this litigation.

No risk, high reward – The litigation being run by the International Steinhoff Litigation Group is fully funded by our funding partners, DRRT and Therium and South African lawyers are permitted and willing to work on a success fee basis. This means that class members who sign up to take part in our litigation will be fully indemnified against any adverse findings. Potential class members therefore have no financial commitment to or financial risk involved in this case.

WHAT DO INVESTORS NEED TO DO?

Please register your interest and support for the class action here:

<http://www.steinhoffclassactions.com/>

By registering, you will ensure that we have your details on hand should any settlement be reached. The website also contains important information regarding this case that may answer questions you may have and registering will ensure that you are provided with important updates regarding the International Steinhoff Litigation Group's ongoing class actions.

Regarding being a part of this proposed class action:

- If you purchased or held shares Steinhoff shares from or as at 26 June 2013, then you are automatically part of our proposed class action unless you opt out; and
- If you purchased or held shares between 26 June 2013 and 5 December 2017, then you are automatically part of our proposed class action unless you opt out.

If you have any other questions, please email us at info@lhllaw.co.za.