

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this circular apply, *mutatis mutandis*, throughout this document including this cover page.

Steinhoff shareholders are referred to page 3 of this circular, which sets out the action required of them with regard to the rights offer, full details of which are set out in this circular. If you are in any doubt as to the action that you should take, please consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all of your Steinhoff ordinary shares, this circular should be forwarded to the purchaser to whom, or the CSDP, broker, banker or agent through whom you disposed of such shares. In particular, if you are a shareholder who is not a resident of South Africa, you should consult your legal advisor or other professional advisor immediately to ascertain whether there are any restrictions relating to this rights offer in the jurisdiction in which you are resident.

Steinhoff does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Steinhoff ordinary shares to notify such beneficial owner of the rights offer set out in this circular.

The rights that are represented by the letter of allocation are valuable and may be renounced or sold on the JSE. Letters of allocation can, however, only be traded in dematerialised form and, accordingly, Steinhoff has issued all letters of allocation in dematerialised form. The electronic record for holders of certificated shares is being maintained by the transfer secretaries which has made it possible for holders of certificated shares to enjoy the same rights and opportunities as holders of dematerialised shares in respect of the letters of allocation. Instructions on how to renounce or sell the rights represented by the letters of allocation are set out in paragraph 2 of this circular.

Only whole numbers of Steinhoff ordinary shares will be issued in terms of the rights offer and shareholders will be entitled to rounded numbers of shares once the ratio of entitlement has been applied. Excess applications will be allowed.



Steinhoff International Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1998/003951/06)  
Ordinary share code: SHF ISIN: ZAE000016176  
Preference share code: SHFF ISIN: ZAE000068367  
("Steinhoff" or "the Company")

## CIRCULAR TO STEINHOFF SHAREHOLDERS

relating to:

- a **renounceable rights offer of up to 350 million Steinhoff ordinary shares** in the ratio of 16.58862 rights offer shares for every 100 Steinhoff ordinary shares held on the record date **at a subscription price of R52.00 per share;**

and including:

- a **form of instruction (yellow) in respect of a letter of allocation (to be completed by holders of certificated shares only).**

**Rights offer opens at 9:00**

**Monday, 21 July 2014**

**Rights offer closes at 12:00**

**Friday, 1 August 2014**

The Directors whose names appear in paragraph 5 of this circular, collectively and individually accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this circular contains all information required by South African law and by the Listings Requirements.

ABSA Bank Limited (acting through its Corporate and Investment Banking Division), which is regulated in terms of the Listings Requirements, is acting for Steinhoff and no one else in relation to the preparation of this circular and will not be responsible to anyone other than the JSE and Steinhoff in relation to the preparation and content of this circular.

Transaction  
sponsor



Independent reporting  
accountants and auditors



South African  
legal advisor



International  
legal advisor



Independent  
sponsor



Date of issue: 15 July 2014

This circular is available in English only. Copies may be obtained from 15 July 2014 until 1 August 2014, both days inclusive, from the registered office of Steinhoff, the independent sponsor and the transfer secretaries whose addresses are set out in the "Corporate Information and Advisors" section of this circular. The circular will also be available in electronic form from the Company's website ([www.steinhoffinternational.com](http://www.steinhoffinternational.com)) from Tuesday, 15 July 2014 until Friday, 1 August 2014.

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## IMPORTANT LEGAL NOTES

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### APPLICABLE LAWS AND FOREIGN SHAREHOLDERS DISCLAIMER

The release, publication or distribution of this circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This circular does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

The transactions, which are the subject of this circular (“**transactions**”), may be affected by the laws of the relevant jurisdictions of the non-resident shareholders. Such non-resident shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any non-resident shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the transactions, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any transfer or other taxes or other requisite payments due in such jurisdiction.

The transactions comply with and are governed by the laws of South Africa and are subject to any applicable laws and regulations, including the South African exchange control regulations.

The rights offer is made solely in terms of this circular which includes details of how the offer may be accepted. The rights offer is not being made in any jurisdiction in which it is unlawful to propose such an offer.

Any non-resident shareholder will be responsible for any transfer or other taxes or other requisite payments by whomsoever payable. Steinhoff and any other person acting on its behalf shall be fully indemnified and held harmless by non-resident shareholders for any such transfer or other taxes as such person may be required to pay.

Any shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

### NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The securities mentioned herein to be issued pursuant to the transactions have not been and will not be registered under the US Securities Act of 1933 (the “**Securities Act**”) or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

Accordingly, the Company is not extending the transactions into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this circular nor Form C: Registration Application Form attached hereto (the “**Application Form**”) constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, the securities mentioned herein in the United States. Subject to certain exceptions, neither this circular nor the Application Form will or should be sent to any person with a registered address in the United States. **Consequently, subject to certain exceptions, please do not send this circular or the Application Form to any person with a registered address in the United States.**

Subject to certain exceptions, any Application Form sent from, or post-marked in, the United States will be deemed to be invalid, and all persons acquiring the securities mentioned herein and wishing to hold such securities must provide an address outside the United States. Subject to certain exceptions, any person who acquires the securities mentioned herein will be deemed to have declared, warranted and agreed, by accepting delivery of this circular and the Application Form that they are not, and that, at the time of acquiring the securities mentioned herein, they will not be, in the United States or applying for the securities mentioned herein on behalf of, or for the account or benefit of, persons in the United States on a non-discretionary basis.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the acceptance of the securities mentioned herein, or where the Company believes acceptance of such Application Form may infringe upon applicable legal or regulatory requirements. The Company will not be bound to issue any new securities to any person or to any person who is acting on behalf of, or for the account or benefit of, any person on a non-discretionary basis with an address in, or who is otherwise located in, the United States.

Notwithstanding the foregoing, the securities mentioned herein may be made available under the transactions to shareholders that are, or who are acting on behalf of, or for the account or benefit of, “qualified institutional buyers” (as such term is defined in Rule 144A under the Securities Act) pursuant to an available exemption from registration under the Securities Act or, in the sole discretion of the Company, to others who may be offered the securities mentioned herein pursuant to an available exemption from such registration.

### FORWARD-LOOKING STATEMENTS

This circular contains statements about Steinhoff and/or the Steinhoff Group that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditure, acquisition strategy, and expansion prospects for future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Steinhoff cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Steinhoff operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this document.

All these forward-looking statements are based on estimates and assumptions, as regards Steinhoff, made by Steinhoff as communicated in publicly available documents issued by Steinhoff, all of which estimates and assumptions, although Steinhoff believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Steinhoff or not currently considered material by Steinhoff.

Shareholders should keep in mind that any forward-looking statement made in this circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Steinhoff not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Steinhoff has no duty to, and does not intend to, update or revise the forward-looking statements contained in this circular after the date of issue of this circular, except as may be required by law.

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## CORPORATE INFORMATION AND ADVISORS

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### Executive Directors

Markus Johannes Jooste (CEO)  
Daniël Maree van der Merwe (COO)  
Andries Benjamin la Grange (CFO)  
Fredrik Johannes Nel  
Hendrik Johan Karel Ferreira  
Stephanus Johannes Grobler  
Thierry Louis Joseph Guibert  
Johannes Nicolaas Stephanus du Plessis\*  
Karel Johan Grové\*  
Mariza Nel\*

### Independent Non-Executive Directors

Deenadayalen Konar (Chairman)  
Stefanes Francois Booysen  
David Charles Brink  
Claas Edmund Daun  
Marthinus Theunis Lategan  
Johannes Fredericus Mouton  
Heather Joan Sonn

### Non-Executive Directors

Paul Denis Julia van den Bosch  
Christo Wiese  
Angela Krüger-Steinhoff\*  
Bruno Ewald Steinhoff

\* Alternate Directors

### Registered office

28 Sixth Street  
Wynberg  
Sandton, 2090  
(PO Box 1955, Bramley, 2018)

### Website

[www.steinhoffinternational.com](http://www.steinhoffinternational.com)

### Company Secretary

Steinhoff Africa Secretarial Services Proprietary Limited  
28 Sixth Street  
Wynberg  
Sandton, 2090  
(PO Box 1955, Bramley, 2018)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
Registration number: 2004/003647/07  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
Telephone: + 27 11 370 5000  
Facsimile: + 27 11 688 5210

### Transaction sponsor

ABSA Bank Limited  
(acting through its Corporate and Investment Banking Division)  
Registration number 1986/004794/06  
15 Alice Lane  
Sandton, 2196  
(Private Bag X10056, Sandton, 2146)

### Independent sponsor

PSG Capital Proprietary Limited  
Registration number: 2006/015817/07  
1st Floor, Building 8  
Inanda Green Business Park  
54 Wierda Road West  
Wierda Valley  
Sandton, 2196  
(PO Box 650957, Benmore, 2010)  
and at  
1st Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7599  
(PO Box 7403, Stellenbosch, 7599)

### Independent reporting accountants and auditors

Deloitte & Touche  
Registered Auditors  
River Walk Office Park, Block B  
41 Matroosberg Road  
Ashlea Gardens X6  
Pretoria, 0081  
(PO Box 11007, Hatfield, 0028)

### South African legal advisor

Werksmans Attorneys  
18th Floor  
1 Thibault Square  
Cape Town, 8001  
(PO Box 1474, Cape Town, 8000)

### International legal advisor

Linklaters LLP  
One Silk Street  
London, EC2Y 8HQ  
England

### Date of incorporation

3 March 1998

### Place of incorporation

Johannesburg

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## TABLE OF CONTENTS

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<b>IMPORTANT LEGAL NOTES</b>	<b>IFC</b>
<b>CORPORATE INFORMATION AND ADVISORS</b>	<b>1</b>
<b>ACTION REQUIRED BY STEINHOFF SHAREHOLDERS</b>	<b>3</b>
<b>SALIENT DATES AND TIMES</b>	<b>5</b>
<b>DEFINITIONS AND INTERPRETATIONS</b>	<b>6</b>
<b>CIRCULAR TO STEINHOFF SHAREHOLDERS</b>	<b>8</b>
<b>1. INTRODUCTION</b>	<b>8</b>
<b>2. PARTICULARS OF THE RIGHTS OFFER</b>	<b>8</b>
2.1 Background to and rationale for the accelerated bookbuild and rights offer	8
2.2 Proposed Frankfurt listing	8
2.3 Terms of the rights offer	9
2.4 Rights offer period	9
2.5 Rights offer entitlement	9
2.6 Fractional entitlements	9
2.7 Holdings of odd lots in multiples other than 100 shares	9
2.8 Underwriting and irrevocable undertakings	9
2.9 Minimum subscription	9
2.10 Excess applications	10
2.11 Procedures for acceptance of rights offer entitlement	10
2.12 Procedures for sale or renunciation of rights offer entitlement	10
2.13 Payment	10
2.14 <i>Pro forma</i> financial effects	11
2.15 Exchange control regulations	12
2.16 Applicable law	12
2.17 Tax consequences	12
2.18 Documents of title	12
2.19 JSE listings	13
2.20 Estimated expenses	13
<b>3. THE BUSINESS OF STEINHOFF</b>	<b>13</b>
3.1 Nature of business	13
3.2 Prospects	13
<b>4. SHARE CAPITAL</b>	<b>14</b>
4.1 Authorised and issued share capital	14
4.2 Share price history	14
<b>5. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT</b>	<b>14</b>
5.1 Directors	14
5.2 Directors' interests in shares	14
5.3 Directors' interests in transactions	15
5.4 Directors' remuneration	15
5.5 Corporate governance	15
<b>6. GENERAL INFORMATION</b>	<b>15</b>
6.1 Litigation statement	15
6.2 Experts' consents	15
6.3 Directors' responsibility statement	15
<b>7. DOCUMENTS AVAILABLE FOR INSPECTION</b>	<b>15</b>
<b>ANNEXURES</b>	
ANNEXURE 1 TABLE OF ENTITLEMENT	16
ANNEXURE 2 <i>PRO FORMA</i> FINANCIAL INFORMATION	17
ANNEXURE 3 INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE <i>PRO FORMA</i> FINANCIAL INFORMATION	20
ANNEXURE 4 SHARE PRICE HISTORY	21
ANNEXURE 5 DIRECTORS' INFORMATION	22
ANNEXURE 6 CORPORATE GOVERNANCE	26

**FORM OF INSTRUCTION**

**ENCLOSED**

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## ACTION REQUIRED BY STEINHOFF SHAREHOLDERS

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If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately. In particular, if you are a Steinhoff shareholder who is not a resident of South Africa, you should consult your legal advisor or other professional advisor immediately to ascertain whether there are any restrictions relating to this rights offer in the jurisdiction in which you are resident. If you have disposed of all of your Steinhoff ordinary shares, this circular should be forwarded to the purchaser to whom, or the CSDP, broker, banker or agent through whom you disposed of such shares.

### ACTION REQUIRED BY HOLDERS OF CERTIFICATED SHARES

A form of instruction for completion by qualifying shareholders who hold certificated shares is enclosed with this circular and the relevant procedure for participation in the rights offer is set out below:

- A letter of allocation will be created in electronic form with the transfer secretaries to afford holders of certificated shares the same rights and opportunities as those who have already dematerialised their Steinhoff ordinary shares;
- If you do not wish to subscribe for all of the rights allocated to you (as reflected in the form of instruction), you may either dispose of or renounce all or part of your entitlement as follows:
  - if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries so as to be received by no later than 12:00 on Friday, 25 July 2014. The transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Steinhoff will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements. Please note that the last day to trade letters of allocation is Friday, 25 July 2014; and
  - if you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 1 August 2014, together with a bank-guaranteed cheque or bank draft for the appropriate amount.

If you are a qualifying shareholder holding certificated shares and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the form of instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rand in the form of a bank-guaranteed cheque or bank draft, with the transfer secretaries as follows:

*By hand to:*

Steinhoff- rights offer  
c/o Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001

*By post to:*

Steinhoff- rights offer  
c/o Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107

so as to be received by the transfer secretaries by no later than 12:00 on Friday, 1 August 2014. Electronic Bank Transfers (EFT) will be accepted, kindly contact Computershare's Call Centre – Corporate Actions on 0861 100 634 to obtain banking details and reference number for the deposits. Election forms and proof of EFT payment may be faxed to +27 11 688 5210 or e-mailed to [corporate.events@computershare.co.za](mailto:corporate.events@computershare.co.za). Kindly note that this is for subscription of the rights only and is not for selling of the rights.

Forms of instruction which are not hand delivered or posted, must be faxed to +27 11 688 5210 or emailed to [corporate.events@computershare.co.za](mailto:corporate.events@computershare.co.za). Computershare will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed forms of instruction owing to forms of instruction being forwarded to any facsimile or email address other than those provided above. Forms of instruction shall be deemed to be received on the date reflected in Computershare's electronic or facsimile systems. Notwithstanding anything to the contrary it is the shareholder's responsibility to ensure that their forms of instruction are received by Computershare.

**PLEASE NOTE THAT THE ORIGINAL ELECTION FORM MUST BE RETURNED. FAXED OR EMAILED ELECTION FORMS WILL BE ACCEPTED WITH PROOF OF PAYMENT ATTACHED.**

Excess applications will be allowed. If you are a holder of a letter of allocation and you wish to apply for excess rights offer shares you should complete blocks 7 and 8 of the attached form of instruction and remit it together with sufficient funds to cover such application in accordance with the above instruction. The right to apply for excess rights offer shares is transferable on renunciation of the letters of allocation.

Cheques in respect of unsuccessful applications for excess rights offer shares by certificated shareholders will be posted by registered post to the relevant applicants, at their risk, on or about Wednesday, 6 August 2014. No interest will be paid on monies received in respect of unsuccessful applications.

**If the required documentation and payment has not been received in accordance with the instructions contained in the enclosed form of instruction (either from the qualifying shareholders or from any person in whose favour the rights have been renounced) by the transfer secretaries by 12:00 on Friday, 1 August 2014, then the rights to those unsubscribed shares will be deemed to have been declined and the rights offer entitlement will lapse.**

Steinhoff together with the transfer secretaries accepts no responsibility and will not be held liable for any failure to allocate any rights offer shares pursuant to payment being made or alleged to have been made by way of electronic transfer and where proof of such payment has not been received or purported proof of such payment being insufficient or defective or Steinhoff together with the transfer secretaries, for any reason, not being able to reconcile a payment or purported payment with a particular application for rights offer shares.

### ACTION REQUIRED BY HOLDERS OF DEMATERIALISED SHARES

If you are a qualifying shareholder and have dematerialised your Steinhoff ordinary shares, you will not receive a printed form of instruction and should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

Your CSDP or broker will credit your account with the number of rights to which you are entitled and you are required to notify your CSDP or broker:

- whether you wish to follow your rights in terms of the rights offer and, if so, in respect of how many rights offer shares; and
- if you do not wish to follow all or any of your rights:
  - whether you wish to sell your rights and, if so, how many rights you wish to sell; or
  - whether you wish to renounce your rights and, if so, how many rights and in favour of whom you wish to renounce those rights.

CSDPs effect payment in respect of dematerialised shareholders on a delivery versus payment basis, therefore qualifying shareholders who hold dematerialised shares and who accept the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or broker. If you are not contacted, you should contact your CSDP or broker and provide them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Steinhoff ordinary shares in terms of the rights offer.

Steinhoff does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

Excess applications will be allowed. If you, as a holder of dematerialised shares, wish to apply for excess rights offer shares you should instruct your CSDP or broker, in terms of the agreement entered into between yourself and your CSDP or broker, as to the number of excess rights offer shares for which you wish to apply and ensure that sufficient funds are deposited with your CSDP or broker. The right to apply for additional rights offer shares is transferable on renunciation of the letters of allocation.

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## SALIENT DATES AND TIMES

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2014

Listing of and trading in Steinhoff ordinary shares (cum-rights) in respect of the accelerated bookbuild commences at 9:00	Thursday, 10 July
Last day to trade in Steinhoff ordinary shares in order to participate in the rights offer ( <i>cum</i> entitlement)	Friday, 11 July
Steinhoff ordinary shares commence trading <i>ex-entitlement</i> at 9:00	Monday, 14 July
Listing of and trading in the letters of allocation under JSE code: SHFN and ISIN: ZAE000192852 on the JSE commences at 9:00	Monday, 14 July
Rights offer circular and form of instruction posted to certificated Steinhoff shareholders	Tuesday, 15 July
Record date for the rights offer	Friday, 18 July
Rights offer opens at 9:00	Monday, 21 July
Letters of allocation credited to an electronic account created by the transfer secretaries in respect of holders of certificated shares	Monday, 21 July
CSDP or broker accounts credited with entitlements in respect of holders of dematerialised shares	Monday, 21 July
Rights offer circular posted to dematerialised shareholders who have elected to receive such documents	Tuesday, 22 July
Last day for trading letters of allocation on the JSE	Friday, 25 July
Listing of rights offer shares and trading therein on the JSE commences at 9:00	Monday, 28 July
Rights offer closes at 12:00	Friday, 1 August
Record date for the letters of allocation	Friday, 1 August
Rights offer shares issued on or about	Monday, 4 August
CSDP or broker accounts in respect of holders of dematerialised shares debited and updated with rights offer shares and share certificates posted to certificated shareholders by registered post on or about	Monday, 4 August
Results of the rights offer released on SENS	Monday, 4 August
Results of the rights offer published in the press	Tuesday, 5 August
CSDP or broker accounts in respect of holders of dematerialised shares debited and updated with any excess shares allocated and share certificates posted to certificated shareholders by registered post on or about	Wednesday, 6 August
Refund cheques posted to holders of certificated shares in respect of unsuccessful applications	Wednesday, 6 August

**Notes:**

1. The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to these salient dates and times.
2. All times shown in this circular are South African local times.
3. Share certificates may not be dematerialised or rematerialised between Monday, 14 July 2014 and Friday, 18 July 2014, both days inclusive.

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## DEFINITIONS AND INTERPRETATIONS

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Throughout this circular and the annexures hereto, unless otherwise stated or the context otherwise indicates, the words and expressions in the first column shall have the meanings stated opposite them in the second column and words and expressions in the singular shall include the plural and vice versa, words importing natural persons shall include corporations and associations of persons and vice versa and any reference to one gender shall include the other genders:

<b>“accelerated bookbuild”</b>	the placing on a cum-rights basis of approximately 150 million of the 175 million renounced shares by way of an accelerated bookbuild to international institutional investors, which shares were placed cum-rights to an additional approximately 25 million Steinhoff ordinary shares in the rights offer;
<b>“associates”</b>	an associate as defined in the Listings Requirements;
<b>“Board” or “Directors”</b>	the board of directors of Steinhoff as at the last practicable date;
<b>“broker”</b>	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
<b>“business day”</b>	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
<b>“cent”</b>	cent, the official currency of South Africa, being one one-hundredth of a Rand;
<b>“certificated shareholders”</b>	shareholders who hold certificated shares;
<b>“certificated shares”</b>	shares which have not yet been dematerialised in terms of Strate, title to which is represented by a document of title;
<b>“circular” or “document”</b>	this bound document, dated 15 July 2014, including its annexures and incorporating a form of instruction, where applicable;
<b>“common monetary area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
<b>“Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended, including the Companies Regulations;
<b>“Companies Regulations”</b>	Companies Regulations, 2011 to the Companies Act;
<b>“CSDP”</b>	Central Securities Depository Participant defined as a “participant” in section 1 of the Financial Markets Act and appointed by individual Steinhoff shareholders for purposes of, and in regard to, dematerialisation of documents of title for the purpose of incorporation into Strate;
<b>“dematerialisation”</b>	the process whereby physical documents of title are dematerialised into an electronic record (and reflected on an electronic share register) for the purposes of the electronic clearing and settlement system operated by Strate;
<b>“Deloitte &amp; Touche”</b>	Deloitte & Touche, Registered Auditors;
<b>“dematerialised shareholders”</b>	shareholders who hold dematerialised shares;
<b>“dematerialised shares”</b>	shares which have been dematerialised and which are no longer evidenced by documents of title but by electronic records for the purposes of Strate;
<b>“documents of title”</b>	share certificates, certified transfer deeds, balance receipts, or any other documents of title to certificated shares of Steinhoff;
<b>“EPS”</b>	earnings per ordinary share;
<b>“exchange control regulations”</b>	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
<b>“Financial Markets Act”</b>	Financial Markets Act, 2012 (Act. 19 of 2012), as amended;
<b>“FSE”</b>	Frankfurt Stock Exchange, an institution under German public law with partial legal capacity;
<b>“HEPS”</b>	headline earnings per ordinary share;
<b>“IFRS”</b>	International Financial Reporting Standards from time to time;
<b>“Independent Sponsor”</b>	PSG Capital Proprietary Limited (registration number: 2006/015817/07), a private company duly incorporated in accordance with the laws of South Africa;
<b>“irrevocable commitments”</b>	irrevocable commitments from existing Steinhoff shareholders not to subscribe for their <i>pro rata</i> entitlements in the rights offer relating to 50% of the rights offer representing 175 million Steinhoff ordinary shares;
<b>“JD Group”</b>	JD Group Limited (registration number 1981/009108/06), a limited liability public company duly incorporated in accordance with the laws of South Africa and listed on the main board of the JSE under equities code: JDG and ISIN: ZAE000030771;
<b>“JSE”</b>	JSE Limited (registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Financial Markets Act;
<b>“last practicable date”</b>	the last practicable date prior to finalisation of this circular, being Monday, 30 June 2014;
<b>“letter of allocation”</b>	a renounceable (nil paid) letter of allocation to be issued to qualifying shareholders in electronic form relating to the rights offer;



<b>“Listings Requirements”</b>	the Listings Requirements of the JSE in force as at the last practicable date;
<b>“NAV”</b>	net asset value;
<b>“own name dematerialised shareholders”</b>	dematerialised shareholders who have instructed their CSDP or broker to register their dematerialised shares in their “own name” in the sub-register maintained by the CSDP or broker;
<b>“qualifying shareholder”</b>	a Steinhoff shareholder on the register as at 17:00 on the record date excluding those Steinhoff shareholders who irrevocably renounced their rights but including those international institutional investors who subscribed for Steinhoff ordinary shares in the accelerated bookbuild ;
<b>“R” or “Rand”</b>	Rand, the official currency of South Africa;
<b>“ratio of entitlement”</b>	the number of rights offer shares to which qualifying shareholders are entitled in terms of the rights offer, and/or such proportionate lower number of shares in respect of a holding of less than 100 Steinhoff ordinary shares held on the record date;
<b>“record date”</b>	the last day for shareholders to be recorded in the register in order to participate in the rights offer, being close of business on Friday, 18 July 2014;
<b>“register”</b>	the register of certificated shareholders maintained by Steinhoff and the sub-register of dematerialised shareholders maintained by the relevant CSDPs;
<b>“renounced shares”</b>	the 175 million Steinhoff ordinary shares the subject of the irrevocable commitments;
<b>“rights”</b>	the entitlement to subscribe for Steinhoff ordinary shares pursuant to the rights offer;
<b>“rights offer”</b>	this rights offer of up to 350 million ordinary shares in Steinhoff, at the rights offer share price in the ratio of 16.58862 rights offer shares for every 100 Steinhoff ordinary shares held on the record date and including the accelerated bookbuild;
<b>“rights offer share price”</b>	the price per new Steinhoff ordinary share to be offered to Steinhoff shareholders in terms of the rights offer being R52.00 per Steinhoff ordinary share being the same price achieved in the accelerated bookbuild;
<b>“rights offer shares”</b>	the 350 million Steinhoff ordinary shares, which are the subject of the rights offer;
<b>“SARB”</b>	the South African Reserve Bank;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Steinhoff” or “Company”</b>	Steinhoff International Holdings Limited (registration number 1998/003951/06), a limited liability public company duly incorporated in accordance with the laws of South Africa and listed on the main board of the JSE under equities code SHF and ISIN: ZAE000016176;
<b>“Steinhoff Group” or “Group”</b>	Steinhoff and its subsidiaries for the time being, collectively or individually as the context may require and, where the context requires, their respective predecessors in title;
<b>“Steinhoff ordinary shares”</b>	ordinary shares with a par value of R0.005 each in the issued share capital of Steinhoff;
<b>“Steinhoff shareholders” or “shareholders”</b>	registered holders of Steinhoff ordinary shares;
<b>“Strate”</b>	the settlement and clearing system used by the JSE, managed by Strate Limited (registration number 1998/022242/06), a limited liability public company duly incorporated in South Africa;
<b>“subsidiary”</b>	a subsidiary as defined in the Companies Act;
<b>“TNAV”</b>	tangible net asset value; and
<b>“transfer secretaries” or “Computershare”</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa, being the transfer secretaries of Steinhoff.



**Steinhoff International Holdings Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 1998/003951/06)  
Ordinary share code: SHF ISIN: ZAE000016176  
Preference share code: SHFF ISIN: ZAE000068367  
("Steinhoff" or "the Company")

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## CIRCULAR TO STEINHOFF SHAREHOLDERS

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### 1. INTRODUCTION

Steinhoff shareholders are referred to the announcements on SENS on 2 July 2014 and 3 July 2014 in which Steinhoff announced, *inter alia*, that:

- Steinhoff had received formal approval from the Financial Surveillance Department of the SARB ("FinSurv") within the framework of the Exchange Control Inward Listing Rules, to seek a listing on the prime standard of the Frankfurt Stock Exchange;
- Steinhoff would be listed on the JSE through an inward listing;
- the launch of a rights offer of up to 350 million Steinhoff ordinary shares;
- the irrevocable renunciation by Steinhoff shareholders representing 50% of the Company's issued share capital of their rights;
- the concurrent placing by way of an accelerated bookbuild to international institutional investors of approximately 150 million Steinhoff ordinary shares cum the right to subscribe for an additional 25 million Steinhoff ordinary shares in the rights offer; and
- the rights offer and bookbuild would be undertaken at the same price.

In terms of the rights offer, 350 million Steinhoff ordinary shares will be offered for subscription to Steinhoff shareholders recorded in the register at the close of trade on Friday, 18 July 2014. Qualifying shareholders will receive rights to subscribe for rights offer shares on the basis of 16.58862 new Steinhoff ordinary shares for every 100 Steinhoff ordinary shares held, for subscription at R52.00 per rights offer share.

Excess applications will be allowed.

The rights offer share price was determined with reference to the accelerated bookbuild and represents a discount of 6.8% to the 30-day volume-weighted average price of Steinhoff ordinary shares on the JSE at the close of trading on the day preceding the launch of the accelerated bookbuild on Wednesday, 2 July 2014.

Only whole numbers of shares will be issued and Steinhoff shareholders will be entitled to rounded numbers of shares once the ratio has been applied. The JSE has agreed to the listing of the rights offer shares.

The purpose of this circular is to furnish Steinhoff shareholders with relevant information relating to the rights offer, the action required and the implications thereof, in accordance with the Listings Requirements.

### 2. PARTICULARS OF THE RIGHTS OFFER

#### 2.1 Background to and rationale for the accelerated bookbuild and rights offer

Steinhoff was listed on the JSE in 1998 through the merger of European and South African furniture and household goods businesses under Steinhoff as their common holding company. Steinhoff is an investment holding company with profits from its international operations currently comprising in excess 90% of its global profits, while its investments in South Africa are held through three separately listed companies.

Given that the majority of Steinhoff's profits are generated outside South Africa, a listing on a major European stock exchange would more accurately reflect the geographic location of Steinhoff's revenues, customers and store locations and enhance the Company's ability to access global capital markets, to further support the expansion of its European operations and growth opportunities available in the international markets.

To date, Steinhoff has funded the growth of its European operations through a combination of equity, debt and convertible bond issuances, raised both in the South African and international capital markets. Over the years, Steinhoff has, with the approval of SARB, expatriated certain funds from its South African operations to fund certain of its European acquisitions and provide funding to support the growth of its European subsidiaries. Steinhoff has given an undertaking to SARB to repatriate certain funds as a step towards the proposed Frankfurt listing announced on 23 June 2014. Further details regarding the proposed Frankfurt listing are set out below. In order to facilitate this undertaking, the Company has secured irrevocable commitments from existing shareholders not to subscribe for their *pro rata* entitlements in the rights offer to enable an accelerated bookbuild, such that the Company can place these new shares with international institutional investors and repatriate these funds as part of its undertaking to SARB.

The net proceeds of the accelerated bookbuild coupled with the rights offer proceeds received from foreign participants will be repatriated to South Africa and used to strengthen the balance sheet and will give the Company greater flexibility to continue the growth of its retail operations.

#### 2.2 Proposed Frankfurt listing

In order to achieve the proposed Frankfurt listing, Steinhoff has engaged with the FinSurv to facilitate the inward listing of "Holdco AG", a company incorporated in Europe, on the JSE. Steinhoff has received formal approval from FinSurv that Holdco AG will utilise its shares as acquisition currency for the purpose of acquiring the entire issued share capital of Steinhoff and within the framework of the Exchange Control inward listing rules seek a listing on the JSE, accompanied by a listing on the prime standard of the Frankfurt Stock Exchange. Holdco AG intends to commence with the listing process as soon as possible, subject to prevailing market conditions and the required level of support from Steinhoff shareholders, after the release of Steinhoff's 30 June 2014 audited annual results in early September 2014. Holdco AG will become a South African tax resident before acquiring Steinhoff. Once the Frankfurt listing and inward JSE listing have been implemented, Holdco AG (including 100% of Steinhoff) will be managed from South Africa.

### 2.3 Terms of the rights offer

Steinhoff will be issuing up to 350 million Steinhoff ordinary shares (in aggregate) for subscription to raise approximately R18.2 billion, as follows:

- 150,100,412 Steinhoff ordinary shares issued pursuant to the accelerated bookbuild and listed on the JSE on Thursday, 10 July 2014;
- 175,000,001 letters of allocation issued to existing Steinhoff shareholders excluding the holders of the renounced shares pursuant to the rights offer and listed on the JSE on Monday, 14 July 2014;
- 24,899,587 letters of allocation issued to shareholders of the 150,100,412 Steinhoff ordinary shares issued pursuant to the accelerated bookbuild above and listed on the JSE on Monday, 14 July 2014; and
- up to 199,899,588 Steinhoff ordinary shares to be issued pursuant to the rights offer and to be listed on Monday, 28 July 2014.

The rights offer is made by way of renounceable rights, at a subscription price of R52.00 per Steinhoff ordinary share on the basis of 16.58862 rights offer shares for every 100 Steinhoff ordinary shares held by shareholders at the close of trade on the record date. Pursuant to the irrevocable commitments and the accelerated bookbuild approximately 150 million Steinhoff ordinary shares have been placed with international institutional investors cum-rights to an additional approximately 25 million Steinhoff ordinary shares.

#### **EXISTING STEINHOFF SHAREHOLDERS, EXCLUDING THOSE WHO PROVIDED THE IRREVOCABLE COMMITMENTS, WILL NOT BE DILUTED IN THE RIGHTS OFFER SHOULD THEY FOLLOW THEIR RIGHTS.**

Qualifying shareholders recorded in the register of Steinhoff at the close of trade on Friday, 18 July 2014 will be entitled to participate in the rights offer.

Upon the closing of the rights offer on Friday, 1 August 2014 the letters of allocation (and the allocation rights) will lapse without value, and the holders of unexercised rights will not be entitled to any compensation. The Directors reserve their right to procure a placement of the rights offer shares not taken up in the rights offer at a subscription price of no less than the rights offer price of R52.00.

The enclosed form of instruction contains details of the rights to which holders of certificated shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights. Holders of dematerialised shares will be advised of the rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights by their CSDP or broker in terms of the agreement entered into between the shareholder concerned and his CSDP or broker, as the case may be.

The subscription price is payable in full, in Rands, by qualifying shareholders holding certificated shares on acceptance of the rights offer. CSDPs will make payment, on a delivery versus payment basis, in respect of qualifying shareholders holding dematerialised shares who have accepted the rights offer. Qualifying shareholders holding dematerialised shares who have accepted the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

The rights offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends.

The rights offer has not been underwritten.

Excess applications will be allowed in accordance with the provisions of paragraph 2.10 of this circular.

### 2.4 Rights offer period

The rights offer will open at 9:00 on Monday, 21 July 2014 and will close at 12:00 on Friday, 1 August 2014.

### 2.5 Rights offer entitlement

The number of rights offer shares to which qualifying shareholders will be entitled is set out in the table of entitlement in Annexure 1 to this circular. The entitlement of each qualifying shareholder holding certificated shares is reflected in the appropriate block in the form of instruction, which is enclosed with this circular. If you are a qualifying shareholder and hold dematerialised shares, you will not receive a printed form of instruction. Qualifying shareholders holding dematerialised shares will have their accounts automatically credited with their entitlements in accordance with Annexure 1.

### 2.6 Fractional entitlements

The whole number of rights to subscribe for rights offer shares to which shareholders will become entitled will be determined by the ratio of entitlement. Only whole numbers of shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Steinhoff ordinary shares once the ratio of entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and fractional entitlements of less than 0.5 will be rounded down.

### 2.7 Holdings of odd lots in multiples other than 100 shares

Shareholders holding less than 100 Steinhoff ordinary shares, or not a whole multiple of 100 Steinhoff ordinary shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with the table of entitlement in Annexure 1 to this circular.

### 2.8 Underwriting and irrevocable undertakings

The rights offer has not been underwritten and no irrevocable undertakings have been received from Steinhoff shareholders to follow their rights.

Existing Steinhoff shareholders relating to 50% of the rights offer or 175 million Steinhoff ordinary shares provided irrevocable commitments to Steinhoff not to subscribe for their *pro rata* entitlements in the rights offer in order to facilitate the accelerated bookbuild. These Steinhoff shareholders have further committed that their aggregate shareholdings as at the last day to trade will be at least equal to their shareholding as at the date the irrevocable commitment was entered into.

The irrevocable letters of renunciations are available for inspection as set out in paragraph 7 below.

### 2.9 Minimum subscription

The rights offer is not conditional on a minimum subscription.

## 2.10 Excess applications

All rights offer shares not taken up in terms of the rights offer will be available for allocation to Steinhoff shareholders who wish to apply for a greater number of rights offer shares than those offered to them in terms of the rights offer. Accordingly, Steinhoff shareholders may also apply for rights offer shares in excess of the rights offer shares allocated to that shareholder in terms of the rights offer on the same terms and conditions as those applicable to the rights offer entitlement.

The right to apply for excess rights offer shares is transferable on renunciation.

The pool of rights offer shares available to meet excess applications will be dealt with as set out below:

- if all the rights offer shares are taken up in the rights offer no additional rights offer shares will be made available for allocation to applicants;
- if the rights offer shares taken up in the rights offer and the excess applications together are less than or equal to 100% of the number of rights offer shares available, the Directors will allocate any or all excess applications in an equitable manner; or
- if the rights offer shares taken up in the rights offer and the excess applications together exceed 100% of the number of rights offer shares available, the Directors reserve the right to abate any or all excess applications on an equitable basis.

The allocation of rights offer shares in respect of excess applications will be equitable and will take cognisance of the number of Steinhoff ordinary shares held by each applicant prior to such allocation, including Steinhoff ordinary shares taken up as a result of the rights offer and the number of excess rights offer shares for which application is made.

Non-equitable allocations of excess shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 shares.

## 2.11 Procedures for acceptance of rights offer entitlement

2.11.1 If you are a qualifying shareholder holding certificated shares and/or have had rights renounced in your favour, and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with payment of the subscription price, with the transfer secretaries at the addresses set out in paragraph 2.13.1 of this circular, so as to be received by the transfer secretaries by no later than 12:00 on Friday, 1 August 2014. Once received by the transfer secretaries, the acceptance is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 on Friday, 1 August 2014, the day of the closing of the rights offer, the qualifying shareholder or renounee concerned will be deemed to have declined the offer to acquire rights offer shares pursuant to the rights offer.

**Qualifying shareholders holding certificated shares are advised to take into consideration postal delivery times when posting their forms of instruction, as no late postal deliveries will be accepted. Qualifying shareholders are advised to deliver their completed forms of instruction together with their bank-guaranteed cheques or bankers' drafts by hand or by courier, where possible.**

2.11.2 If you are a qualifying shareholder and have dematerialised your Steinhoff ordinary shares you will not receive a printed form of instruction. You should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or broker.

**Steinhoff does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.**

## 2.12 Procedures for sale or renunciation of rights offer entitlement

2.12.1 If you are a qualifying shareholder holding certificated shares and do not wish to subscribe for all of the rights allocated to you (as reflected in the form of instruction), you may either dispose of or renounce all or part of your entitlement as follows:

- if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 25 July 2014. Note that the transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Steinhoff will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements; and
- if you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 1 August 2014, together with a bank-guaranteed cheque or bank draft for the appropriate amount.

2.12.2 If you are a qualifying shareholder holding dematerialised shares and wish to sell some or all of the rights allocated to you as a holder of dematerialised shares, you should make the necessary arrangements with your CSDP or broker in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or broker.

## 2.13 Payment

The amount due on acceptance of the rights offer is payable in Rand.

2.13.1 Payment by holders of certificated shares must be made by a bankers' draft drawn on a registered bank or a bank-guaranteed cheque drawn on a South African bank (each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted) in favour of "Steinhoff- rights offer" in respect of the amount due and, together with a properly completed form of instruction, should be clearly marked "Steinhoff- rights offer" and delivered by hand to:

### Steinhoff- rights offer

c/o Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001

so as to be received by no later than 12:00 on Friday, 1 August 2014, or may be posted, at the risk of the shareholder or his renounee, to:

### Steinhoff- rights offer

c/o Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107

so as to be received by no later than 12:00 on Friday, 1 August 2014.

All bank-guaranteed cheques or bankers' drafts received by the transfer secretaries will be deposited immediately for payment. The payment will constitute an irrevocable acceptance by the shareholder or renounee of the rights offer upon the terms and conditions set out in this circular and in the enclosed form of instruction. In the event that any cheque or bankers' draft is dishonoured, Steinhoff, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights offer shares to which it relates against payment in cash of the issue price for such shares.

Money received in respect of an application that is rejected or otherwise treated as void by Steinhoff, or which is otherwise not validly received in accordance with the terms stipulated, will be posted by registered post by way of a cheque drawn (without interest) in Rand to the applicant concerned, at the applicant's risk, on or about Wednesday, 6 August 2014. If the applicant concerned is not a shareholder and gives no address in the attached form of instruction, then the relevant refund will be held by Steinhoff until collected by the applicant and no interest will accrue to the applicant in respect thereof.

Electronic Bank Transfers (EFT) will be accepted, kindly contact Computershare's Call Centre – Corporate Actions on 0861 100 634 to obtain banking details and reference number for the deposits. Election forms and proof of EFT payment may be faxed to +27 11 688 5210 or e-mailed to corporate.events@computershare.co.za. Kindly note that this is for subscription for the rights offer shares only and is not for selling of the rights.

Forms of instruction which are not hand delivered or posted, must be faxed to +27 11 688 5210 or emailed to corporate.events@computershare.co.za. Computershare will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed forms of instruction owing to forms of instruction being forwarded to any facsimile or email address other than those provided above. Forms of instruction shall be deemed to be received on the date reflected in Computershare's electronic or facsimile systems. Notwithstanding anything to the contrary it is the shareholder's responsibility to ensure that their forms of instruction are received by Computershare.

- 2.13.2 Payment by holders of dematerialised shares will be effected on the shareholder's behalf by the CSDP or broker on a delivery versus payment basis. Qualified shareholders who hold dematerialised shares and who accept the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

## 2.14 Pro forma financial effects

The *pro forma* statement of financial position as at 31 December 2013 and statement of comprehensive income for the interim 6 month period ended 31 December 2013 are set out in Annexure 2 to this circular.

The *pro forma* financial effects set out below have been prepared to assist Steinhoff shareholders to assess the impact of the rights offer on the EPS, HEPS, NAV per ordinary share and TNAV per ordinary share of Steinhoff. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the Group's financial position, changes in equity, results of operations or cashflows after the rights offer.

The *pro forma* financial effects have been prepared in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants, and are the responsibility of the Board. The material assumptions on which the *pro forma* financial effects are based are set out in the notes following the table. The *pro forma* financial effects set out below should be read in conjunction with the report of the independent reporting accountants, which is included as Annexure 3 to this circular.

### Pro forma financial effects for the interim period ended 31 December 2013

	Unaudited 6 months ended 31 December 2013 <sup>(1)</sup>	Pro forma adjustments relating to the accelerated bookbuild and the rights offer <sup>(2)</sup>	Pro forma adjustments relating to the accelerated bookbuild and the rights offer	Percentage change
HEPS (cents)	243.0	(17.1)	225.9	(7.0%)
Fully diluted HEPS (cents)	217.9	(11.5)	206.4	(5.3%)
Basic EPS (cents)	242.0	(17.0)	225.0	(7.0%)
Fully diluted EPS (cents)	217.1	(11.4)	205.7	(5.3%)
NAV per share (cents)	3 576	224	3 800	6.3%
TNAV per share (cents)	266	712	978	267.7%
Ordinary shares in issue (million)	2 022	350	2 372	17.3%
Weighted average number of ordinary shares in issue basic (millions)	1 851	350	2 201	18.9%
Weighted average number of ordinary shares in issue diluted (millions)	2 326	359	2 685	15.4%

#### Notes and assumptions:

1. The column titled "Unaudited 6 months ended 31 December 2013" is the published interim results for Steinhoff for the 6 months ended 31 December 2013.
2. The "Pro forma adjustments relating to the accelerated bookbuild and the rights offer" column refers to the impact of the accelerated bookbuild and the rights offer.
3. Net proceeds from the rights offer of R17 837 million, being the issue value of R18 200 million (350 million ordinary shares at R52.00 each), less once-off transaction costs of R363 million, is applied to reduce interest bearing borrowings. The related reduction in financial charges is R535 million assuming an interest rate of 6%.
4. It is assumed that 350 million Steinhoff ordinary shares are issued in terms of accelerated bookbuild and the rights offer.
5. It is assumed that the net proceeds and reduction in interest bearing borrowings occur on 1 July 2013 for statement of comprehensive income purposes and on 31 December 2013 for statement of financial position purposes.
6. The average tax rate of 11.1% for the 6 month period ended 31 December 2013 has been applied to profit before taxation resulting in a taxation effect of R60 million.
7. All the adjustments are of a continuing nature except once-off transaction costs.
8. There are no other post balance sheet events which necessitate adjustment to the *pro forma* financial information.
9. Upon the rights offer's closing and the results having been determined, the Company will issue updated *pro forma* financial effects based on the actual outcome of the rights offer.

#### 2.15 Exchange control regulations

The following summary is intended only as a guide and is, therefore, not comprehensive. If shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.

Pursuant to the exchange control regulations of South Africa and upon specific approval of the SARB, non-residents, excluding former residents, of the common monetary area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "non-resident".

Where a right in terms of the rights offer becomes due to a former resident of the common monetary area, which right is based on shares blocked in terms of the exchange control regulations of South Africa, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any rights offer share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of letters of allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

Any qualifying shareholder resident outside the common monetary area who receives this circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

New share certificates issued pursuant to the rights offer to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the exchange control regulations of South Africa. Where the emigrant's shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

Steinhoff shareholders holding Steinhoff ordinary shares on behalf of persons who are non-qualifying shareholders are responsible for ensuring that taking up the rights offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

#### 2.16 Applicable law

All transactions arising from the provisions of this circular and the accompanying form of instruction will be governed by and be subject to the laws of South Africa.

#### 2.17 Tax consequences

Steinhoff shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their rights in terms of the rights offer.

#### 2.18 Documents of title

New share certificates to be issued to qualifying shareholders holding certificated shares in respect of those rights offer shares to which they were entitled and for which they have subscribed, will be posted to persons entitled thereto, by registered post, at the risk of the Steinhoff shareholders concerned, on or about, Monday, 4 August 2014.

**Qualifying shareholders holding certificated shares and receiving the rights offer shares must note that such certificated shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.**

Qualifying shareholders holding Steinhoff ordinary shares in dematerialised form who have applied for, and been allotted, rights offer shares will have their accounts updated with the rights offer shares to which they are entitled and in respect of which they have accepted the rights offer, on Monday, 4 August 2014.

## 2.19 JSE listings

The Issuer Regulation Division of the JSE has approved the listings of:

- approximately 150 million Steinhoff ordinary shares issued in terms of the accelerated bookbuild from the commencement of trade on Thursday, 10 July 2014;
- the letters of allocation in respect of approximately 200 million rights offer shares with effect from the commencement of trade on Monday, 14 July 2014 to the close of trade on Friday, 25 July 2014, both days inclusive; and
- approximately 200 million rights offer shares with effect from the commencement of trade on Monday, 28 July 2014.

## 2.20 Estimated expenses

It is estimated that Steinhoff's expenses relating to the rights offer and the accelerated bookbuild will amount to approximately R363 million. These expenses will be paid from the proceeds of the rights offer.

The expenses (excluding VAT) relating to the rights offer are detailed below:

<b>Nature of expense</b>	<b>Paid/payable to</b>	<b>R</b>
JSE documentation inspection fee	JSE	31 716
JSE listing fee	JSE	1 059 109
Printing, publication and distribution	Greymatter & Finch	165 000
South African legal advisors	Werksmans	325 000
International legal advisors	Linklaters	6 300 000
Transaction sponsor	ABSA Bank Limited	250 000
Independent sponsor	PSG	120 000
Independent reporting accountants and auditors	Deloitte & Touche	215 000
Transfer secretaries	Computershare	100 000
	<b>Total</b>	<b>8 565 825</b>

The expenses (excluding VAT) relating to the accelerated bookbuild are detailed below

<b>Nature of expense</b>	<b>Paid/payable to</b>	<b>R</b>
Joint bookrunner	Barclays	70 228 178
Joint bookrunner	Citi	70 228 178
Joint bookrunner	BNP	70 228 178
Joint bookrunner	Commerzbank	70 228 178
Joint bookrunner	HSBC	70 228 178
South African legal advisor to the joint bookrunners	Bowman Gilfillan	950 000
International legal advisor to the joint bookrunners	Freshfields	2 175 000
	<b>Total</b>	<b>354 265 890</b>

The joint bookrunners' fees include an incentive fee which may not be realised. Save as set out above, Steinhoff has incurred no preliminary expenses in relation to the rights offer in during the three years preceding the date of this circular.

## 3. THE BUSINESS OF STEINHOFF

### 3.1 Nature of business

Steinhoff is an integrated retailer servicing the value-conscious consumer in Continental Europe, the United Kingdom, Southern Africa and Australasia. The Group's integrated business model is based upon a strategy of sourcing and manufacturing products in low-cost locations and distributing them through Group-owned and third-party retailers in developed markets. The Group has significant investments in commercial, industrial and retail properties, primarily with Group entities as tenants.

### 3.2 Prospects

In line with the European strategy to focus on margin enhancement, the various initiatives embarked upon to extract benefits from Steinhoff's global supply chain should continue to enhance group margins and extract more efficiencies. The acquisition of the Fly store network in Switzerland and store rollout initiatives in France and Germany will further support the Group's retail footprint in Europe and the ability of its global supply chain to extract more efficiencies.

In Africa, management has increased its focus on costs, productivity and the retention and growth of market share in its African retail businesses. Despite the increased provisions in the JD Group's consumer finance business, should collections continue to deteriorate, it will result in additional debtors' costs and then the results of this division will remain subdued.

The Steinhoff Group remains well capitalised and comfortable with the diversity of its funding structure. The volatility of the Rand exchange rate will continue to influence the Steinhoff Group's reported earnings.



#### 4. SHARE CAPITAL

##### 4.1 Authorised and issued share capital

The authorised and issued share capital and share premium of Steinhoff, as at the last practicable date and after giving effect to the rights offer, is set out below:

<b>Before the rights offer</b>	<b>R</b>
<i>Authorised share capital</i>	
3 000 000 000 Steinhoff ordinary shares of R0.005 per share	15 000 000
Variable rate 1 000 000 000 cumulative, non-redeemable, non-participating preference shares of R0.001 per share	1 000 000
<i>Issued share capital</i>	
2 109 880 692 Steinhoff ordinary shares of R0.005 per share	10 549 404
Variable rate 15 000 000 cumulative, non-redeemable, non-participating preference shares of R0.001 per share	15 000
Treasury shares (9 963 800)	(49 819)
Share capital	10 514 585
<b>After the rights offer</b>	
<i>Authorised share capital</i>	
3 000 000 000 Steinhoff ordinary shares of R0.005 per share	15 000 000
Variable rate 1 000 000 000 cumulative, non-redeemable, non-participating preference shares of R0.001 per share	1 000 000
<i>Issued share capital</i>	
2 459 880 692 Steinhoff ordinary shares of R0.005 per share	12 299 404
Variable rate 15 000 000 cumulative, non-redeemable, non-participating preference shares of R0.001 per share	15 000
Treasury shares (9 963 800)	(49 819)
Share capital	12 264 585

##### 4.2 Share price history

The price history of Steinhoff ordinary shares on the JSE is set out in Annexure 4 to this circular.

#### 5. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

##### 5.1 Directors

The full names, functions, date of appointment, ages, nationalities, business addresses, qualifications, and experience of the Directors of the Steinhoff Group are set out in Annexure 5 to this Circular.

##### 5.2 Directors' interests in shares

As at the last practicable date, the following Directors (and their associates), including Directors of who have resigned in the last 18 months, had indirect and direct beneficial interests in the Company:

##### Executive Directors

<b>Name</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Total</b>	<b>Percentage holding</b>
HJK Ferreira	–	2 663 090	2 663 090	0.127
SJ Grobler	–	4 291 398	4 291 398	0.204
MJ Jooste	–	65 527 207	65 527 207	3.121
AB la Grange	968 241	–	968 241	0.046
FJ Nel	1 950 181	2 554	1 952 735	0.093
DM van der Merwe	–	5 283 814	5 283 814	0.252
	<b>2 918 422</b>	<b>77 768 063</b>	<b>80 686 485</b>	

##### Non-Executive Directors

<b>Name</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Total</b>	<b>Percentage holding</b>
SF Booysen	–	213 907	213 907	0.010
DC Brink	–	200 000	200 000	0.010
CE Daun	–	2 399 856	2 399 856	0.114
D Konar	356 271	–	356 271	0.017
MT Lategan	142 247	194 759	337 006	0.016
JF Mouton	–	7 000 000	7 000 000	0.333
BE Steinhoff	7 923 741	182 692 813	190 616 554	9.078
PDJ van den Bosch	669 561	–	669 561	0.032
CH Wiese	–	44 729 347	44 729 347	2.130
	<b>9 091 820</b>	<b>237 430 682</b>	<b>246 522 502</b>	

##### Alternate Directors

<b>Name</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Total</b>	<b>Percentage holding</b>
JNS du Plessis	–	688 723	688 723	0.033
KJ Grové	–	1 272 678	1 272 678	0.061
A Krüger-Steinhoff	746 112	63 502	809 614	0.039
M Nel	309 310	–	309 310	0.015
	<b>1 055 422</b>	<b>2 024 903</b>	<b>3 080 325</b>	



Save for transactions relating to the vesting of shares under the share scheme and further share dealings as announced on SENS, there have been no changes in the interests of the Directors, or Directors who have resigned in the previous 18 months, between the end of the preceding financial year and the last practicable date.

### **5.3 Directors' interests in transactions**

None of the directors of the Steinhoff Group, including any director who resigned within the last 18 months, has or had any material beneficial interest, direct or indirect, in any transaction which is or was material to the business of the Group taken as a whole, and which was effected by the Company during the current or immediately preceding financial year or during any earlier financial year and which remains outstanding or underperformed in any respect.

### **5.4 Directors' remuneration**

There will be no variation in remuneration receivable by any of the Directors in consequence of the rights offer.

### **5.5 Corporate governance**

Steinhoff is committed to the principles of openness, integrity and accountability in its dealings with all stakeholders and supports the Code of Corporate Practices and Conduct as recommended by the King Report on Corporate Governance.

Further details of the corporate governance practices adopted by Steinhoff are set out in Annexure 6 to this circular.

## **6. GENERAL INFORMATION**

### **6.1 Litigation statement**

The Company and the Steinhoff Group are not party to any legal or arbitration proceedings, nor, as far as the directors of the Company and the Steinhoff Group are aware, are there any legal or arbitration proceedings pending or threatened against Steinhoff, which may have, or have had in the 12 months preceding the date of this circular, a material effect on the Company and the Steinhoff Group's financial position.

### **6.2 Experts' consents**

Each of the advisors, including the reporting accountants, whose names appear in the "Corporate Information and Advisors" section of this circular have consented and have not, prior to the last practicable date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this circular.

### **6.3 Directors' responsibility statement**

The current Directors, whose names appear on page 1 of this circular, collectively and individually accept full responsibility for the accuracy of the information given in this circular, and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular false or misleading, and that they have made all reasonable enquiries to ascertain such facts, and that this circular contains all information required by law and the Listings Requirements. All the Directors have read, and understand and agree with, the contents of this circular and have authorised Hendrik Johan Karel Ferreira of the company, by way of powers of attorney granted to him, to sign this circular on their behalf.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of Steinhoff during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this circular up to and including 1 August 2014:

- the memorandum of incorporation of Steinhoff and its subsidiaries;
- the annual financial statements of Steinhoff for the three financial years ended 30 June 2013, 30 June 2012 and 30 June 2011;
- the interim financial results for the six months ended 31 December 2013;
- the *pro forma* statement of comprehensive income and statement of financial position of Steinhoff;
- the signed independent reporting accountants' report on the *pro forma* financial information of Steinhoff;
- the irrevocable letters of renunciation;
- the written consents referred to in paragraph 6.2 above;
- copies of all material contracts entered into in the two years prior to this circular;
- a signed copy of this circular and the form of instruction; and
- powers of attorney signed by each of the Directors.

## **SIGNED AT STELLENBOSCH FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF STEINHOFF**

**Hendrik Johan Karel Ferreira**

*Executive Director: Mergers & Acquisitions*

15 July 2014  
Stellenbosch

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**TABLE OF ENTITLEMENT**


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The number of rights offer shares to which qualifying shareholders will be entitled is set out below, based on the assumption that Steinhoff shareholders will be entitled to 16.58862 rights offer shares for every 100 Steinhoff ordinary shares held. Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up, and only whole numbers of rights offer shares will be issued, in accordance with the Listings Requirements.

<b>Number of Steinhoff ordinary shares held</b>	<b>Rights offer shares entitlement</b>	<b>Number of Steinhoff ordinary shares held</b>	<b>Rights offer shares entitlement</b>	<b>Number of Steinhoff ordinary shares held</b>	<b>Rights offer shares entitlement</b>	<b>Number of Steinhoff ordinary shares held</b>	<b>Rights offer shares entitlement</b>
1	0	26	4	51	8	76	13
2	0	27	4	52	9	77	13
3	0	28	5	53	9	78	13
4	1	29	5	54	9	79	13
5	1	30	5	55	9	80	13
6	1	31	5	56	9	81	13
7	1	32	5	57	9	82	14
8	1	33	5	58	10	83	14
9	1	34	6	59	10	84	14
10	2	35	6	60	10	85	14
11	2	36	6	61	10	86	14
12	2	37	6	62	10	87	14
13	2	38	6	63	10	88	15
14	2	39	6	64	11	89	15
15	2	40	7	65	11	90	15
16	3	41	7	66	11	91	15
17	3	42	7	67	11	92	15
18	3	43	7	68	11	93	15
19	3	44	7	69	11	94	16
20	3	45	7	70	12	95	16
21	3	46	8	71	12	96	16
22	4	47	8	72	12	97	16
23	4	48	8	73	12	98	16
24	4	49	8	74	12	99	16
25	4	50	8	75	12	100	17

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## PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information for the six months ended 31 December 2013 has been prepared to reflect the impact of the rights offer had it occurred on 1 July 2013 for statement of comprehensive income purposes and on 31 December 2013 for statement of financial position purposes, respectively.

The *pro forma* financial information is presented for illustrative purposes only and, because of its nature, may not fairly present Steinhoff's financial position, changes in equity, results of operations or cash flows following the rights offer.

The *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies adopted by Steinhoff as at 31 December 2013.

The Board is responsible for the compilation, contents and presentation of the *pro forma* financial information contained in this circular and for the financial results for the six months ended 31 December 2013 from which it has been prepared.

The *pro forma* financial information has been prepared in accordance with the Listings Requirements and the revised Guide on *Pro Forma* Financial Information issued by SAICA.

The *pro forma* financial information as set out below should be read in conjunction with the report of Deloitte & Touche, the independent reporting accountants which is included as Annexure 3 to this circular.

### CONDENSED INCOME STATEMENT

R'million	Unaudited 6 months ended 31 December 2013 <sup>(1)</sup>	<i>Pro forma</i> adjustments relating to the accelerated bookbuild and the rights offer <sup>(2)</sup>	Notes	<i>Pro forma</i> after adjustments
<b>Revenue</b>	<b>67 423</b>			<b>67 423</b>
Operating profit before depreciation, amortisation and capital items	7 779			7 779
Depreciation and amortisation	(1 411)			(1 411)
Operating profit before capital items	6 368			6 368
Capital items	(53)			(53)
Earnings before interest, dividend income, equity accounted earnings and taxation	6 315			6 315
Net finance charges	(1 124)	535	3	(589)
Dividend income	3			3
Share of profit of equity accounted companies	116			116
<b>Profit before taxation</b>	<b>5 310</b>	<b>535</b>		<b>5 845</b>
Taxation	(591)	(60)	4	(651)
<b>Profit for the period</b>	<b>4 719</b>	<b>475</b>		<b>5 194</b>
Attributable to:				
<b>Owners of the parent</b>	4 611	475		5 086
Non-controlling interests	108			108
<b>Profit for the period</b>	<b>4 719</b>	<b>475</b>		<b>5 194</b>
Headline earnings per ordinary share (cents)	243.0	(17.1)		225.9
Fully diluted headline earnings per share (cents)	217.9	(11.5)		206.4
Basic earnings per ordinary share (cents)	242.0	(17.0)		225.0
Fully diluted earnings per ordinary share (cents)	217.1	(11.4)		205.7
Number of ordinary shares in issue (millions)	2 022	350		2 372
Weighted average number of shares in issue basic (millions)	1 851	350		2 201
Earnings attributable to ordinary shareholders (R'million)	4 478	475		4 953
Headline earnings attributable to ordinary shareholders (R'million)	4 497	475		4 972
Average currency translation rate (rand:euro)	13.5482	13.5482		13.5482

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

R'million	Unaudited 6 months ended 31 December 2013 <sup>(1)</sup>	<i>Pro forma</i> adjustments relating to the accelerated bookbuild and the rights offer <sup>(2)</sup>	Notes	<i>Pro forma</i> after adjustments
<b>Profit for the period</b>	4 719	475	3, 4	5 194
<b>Other comprehensive income/(loss)</b>				
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Actuarial (loss)/gain on defined benefit plans	(67)			(67)
Deferred taxation	12			12
	(55)			(55)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translation of foreign subsidiaries	5 633			5 633
Net value gain on cash flow hedges and other fair value reserves	(29)			(29)
Deferred taxation	14			14
Other comprehensive income/(loss) of equity accounted companies, net of deferred taxation	10			10
	5 628			5 628
Other comprehensive income for the period	5 573			5 573
<b>Total comprehensive income for the period</b>	<b>10 292</b>	<b>475</b>		<b>10 767</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	10 185	475		10 660
Non-controlling interests	107			107
<b>Total comprehensive income for the period</b>	<b>10 292</b>	<b>475</b>		<b>10 767</b>

**Assumptions and notes:**

1. The column titled "Unaudited 6 months ended 31 December 2013 unaudited" are the published interim results for Steinhoff for the 6 months ended 31 December 2013.
2. The "*Pro forma* adjustments relating to accelerated bookbuild and the rights offer" column refers to the impact of the accelerated bookbuild and the rights offer.
3. Net proceeds from the accelerated bookbuild and the rights offer of R17 837 million, being the issue value of R18 200 million (350 million ordinary shares at R52.00 each), less once-off transaction costs of R363 million, is applied to reduce interest-bearing borrowings. The related reduction in financial charges is R535 million assuming an interest rate of 6%.
4. The average tax rate of 11.1% for the 6 month period ended 31 December 2013 has been applied to profit before taxation resulting in a taxation effect of R60 million.
5. It is assumed that 350 million Steinhoff ordinary shares are issued in terms of the accelerated bookbuild and the rights offer.
6. All the adjustments are of a continuing nature except once-off transaction costs.
7. The *pro forma* consolidated statement of comprehensive income is based on the assumptions and these assumptions are effective from 1 July 2013.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

R'million	Unaudited <sup>(1)</sup> 31 December 2013	<i>Pro forma</i> adjustments relating to the accelerated bookbuild and the rights offer <sup>(2)</sup>	Notes	<i>Pro forma</i> after adjustments
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill and intangible assets	66 934			66 934
Property, plant and equipment, investment property and biological assets	53 641			53 641
Investments in equity accounted companies	2 826			2 826
Investments and loans	6 999			6 999
Deferred taxation assets	926			926
Other long-term assets	3 164			3 164
	134 490			134 490
<b>Current assets</b>				
Inventories	20 890			20 890
Accounts receivable, short-term loans and other current assets	27 343			27 343
Cash and cash equivalents	10 947			10 947
	59 180			59 180
<b>Total assets</b>	<b>193 670</b>			<b>193 670</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Ordinary share capital and reserves	72 308	17 837	3, 5	90 145
Preference share capital	3 381			3 381
	75 689	17 837		93 526
Non-controlling interests	6 459			6 459
<b>Total equity</b>	<b>82 148</b>	<b>17 837</b>		<b>99 985</b>
<b>Non-current liabilities</b>				
Interest-bearing long-term liabilities	48 607	(17 837)	4	30 770
Deferred taxation liabilities	10 587			10 587
Other long-term liabilities and provisions	4 089			4 089
	63 283	(17 837)		45 446
<b>Current liabilities</b>				
Accounts payable, provisions and other current liabilities	35 430			35 430
Interest-bearing short-term liabilities	8 348			8 348
Bank overdrafts and short-term facilities	4 461			4 461
	48 239			48 239
<b>Total equity and liabilities</b>	<b>193 670</b>			<b>193 670</b>
NAV per share (cents)	3 576	224		3 800
Tangible NAV per share (cents)	266	712		978
Number of ordinary shares in issue	2 022	350		2 372
Closing exchange rate (rand:euro)	14.499			14.499

**Assumptions and notes:**

1. The column titled "31 December 2013 unaudited" are the published interim results for Steinhoff for the 6 months ended 31 December 2013.
2. The "*Pro forma* adjustments relating to the accelerated bookbuild and the rights issue" column refers to the impact of the accelerated bookbuild and the rights offer.
3. Net proceeds from the rights offer of R17 837 million, being the issue value of R18 200 million (350 million ordinary shares at R52.00 each), less once-off transaction costs of R363 million.
4. The net proceeds from the rights offer of R17 837 million are applied to reduce interest-bearing liabilities.
5. It is assumed that 350 million Steinhoff ordinary shares are issued in terms of the accelerated bookbuild and the rights offer.
6. There no other post balance sheet events which necessitate adjustment to the *pro forma* financial information.
7. The *pro forma* statement of financial position is based on the assumptions that the rights offer occurred at 31 December 2013.

## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

"The Directors  
Steinhoff International Holdings Limited  
28 Sixth Street  
Wynberg, Sandton  
2090

Dear Sir(s) / Madam

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Steinhoff International Holdings Limited by the directors. The *pro forma* financial information, as set out in paragraph 2.14 and Annexure 2 of the circular ("the circular"), to be dated on or about 15 July 2014, consists of the statement of financial position and statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the event, described in paragraph 2.3 of the circular, on the company's financial position as at 31 December 2013, and the company's financial performance for the period then ended, as if the event had taken place on 1 July 2013, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 31 December 2013, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's published interim financial statements for the period ended 31 December 2013.

#### Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 2.14 and Annexure 2 of the circular.

#### Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant event on unadjusted financial information of the entity as if the event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 2.14 and Annexure 2 of the circular.

#### Consent

We consent to the inclusion of our report on the *pro forma* financial information and the references thereto in the circular, in the form and context in which they appear.

**Deloitte & Touche**  
Registered Auditors

Per: Xavier Botha  
Partner

1 July 2014

**Deloitte & Touche**  
Riverwalk Office Park  
41 Matroosberg Street  
Ashlea Gardens X6, 0081

**National Executive: LL Bam Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory, NB Kader Tax, TP Pillay Consulting, K Black Clients & Industries, JK Mazzocco Talent & Transformation, MJ Jarvis Finance, M Jordan Strategy, S Gwala Special Projects, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board**

**A full list of partners and directors is available on request"**

## SHARE PRICE HISTORY

Set out in the table below are the aggregate volumes and values and the highest and lowest prices traded in the Steinhoff ordinary shares in respect of:

- each day over the 30 trading days preceding the last practicable date;
- each month over the twelve months prior to the date of issue of this circular; and
- each quarter over the two years prior to the twelve-month period.

Quarterly:	Date	Volume	Value	High	Low	Close
	30-Jun-11	313 768 809	6 744 554 680	2 412	2 035	2 150
	30-Sep-11	372 261 778	7 831 308 250	2 236	1 937	2 104
	30-Dec-11	341 422 081	7 586 637 635	2 463	2 057	2 222
	30-Mar-12	283 041 673	7 526 474 343	2 707	2 213	2 659
	29-Jun-12	349 290 572	8 325 515 429	2 780	2 314	2 384
	28-Sep-12	355 197 039	8 957 465 489	2 678	2 265	2 522
	31-Dec-12	310 885 631	8 527 592 858	2 978	2 519	2 743
	28-Mar-13	348 152 994	8 707 306 380	2 889	2 420	2 501

Monthly:	Date	Volume	Value	Close	High	Low
	30-Apr-13	104 506 111	2 502 921 358	2 395	2 550	2 241
	31-May-13	146 396 410	3 733 108 455	2 550	2 550	2 212
	28-Jun-13	123 359 500	3 024 774 940	2 452	2 524	2 300
	31-Jul-13	111 284 248	2 915 647 298	2 620	2 723	2 430
	30-Aug-13	119 081 895	3 496 244 437	2 936	3 029	2 537
	30-Sep-13	178 548 350	6 383 103 513	3 575	3 575	2 896
	31-Oct-13	132 429 910	5 139 604 807	3 881	4 050	3 535
	29-Nov-13	128 335 073	5 187 303 651	4 042	4 188	3 801
	31-Dec-13	136 429 159	6 157 047 946	4 513	4 536	3 851
	31-Jan-14	157 088 664	7 194 660 811	4 580	4 757	4 430
	28-Feb-14	137 838 874	7 153 837 561	5 190	5 193	4 392
	31-Mar-14	166 998 246	8 516 910 546	5 100	5 476	5 057
	30-Apr-14	243 159 354	13 278 932 322	5 461	5 610	5 090
	30-May-14	136 026 149	7 278 759 233	5 351	5 592	5 238

Daily:	Date	Volume	Value	Close	High	Low
	15-May-14	6 659 010	356 922 936	5 360	5 451	5 312
	16-May-14	5 117 854	272 474 547	5 324	5 391	5 304
	19-May-14	5 209 061	281 237 203	5 399	5 405	5 238
	20-May-14	3 897 540	209 882 529	5 385	5 398	5 317
	21-May-14	4 962 800	266 055 708	5 361	5 372	5 290
	22-May-14	7 648 577	413 788 016	5 410	5 450	5 298
	23-May-14	6 105 835	331 852 132	5 435	5 518	5 410
	26-May-14	2 675 975	145 706 839	5 445	5 473	5 386
	27-May-14	3 855 291	208 185 714	5 400	5 464	5 375
	28-May-14	4 070 633	219 814 182	5 400	5 431	5 350
	29-May-14	3 971 076	214 874 922	5 411	5 435	5 360
	30-May-14	12 989 481	695 067 128	5 351	5 450	5 351
	02-Jun-14	3 279 376	177 381 448	5 409	5 419	5 367
	03-Jun-14	7 297 722	396 266 305	5 430	5 457	5 379
	04-Jun-14	5 118 544	277 936 939	5 430	5 462	5 393
	05-Jun-14	8 701 284	483 791 390	5 560	5 612	5 430
	06-Jun-14	3 264 136	180 506 721	5 530	5 632	5 481
	09-Jun-14	2 770 590	152 243 921	5 495	5 584	5 476
	10-Jun-14	6 472 301	360 960 227	5 577	5 599	5 470
	11-Jun-14	6 962 037	386 810 776	5 556	5 655	5 532
	12-Jun-14	6 413 026	350 471 871	5 465	5 580	5 445
	13-Jun-14	4 474 551	246 547 760	5 510	5 510	5 448
	17-Jun-14	5 979 084	328 132 130	5 488	5 499	5 405
	18-Jun-14	3 749 479	205 808 902	5 489	5 530	5 465
	19-Jun-14	12 815 483	712 540 855	5 560	5 573	5 451
	20-Jun-14	9 633 962	546 534 664	5 673	5 732	5 542
	23-Jun-14	4 870 643	275 873 220	5 664	5 720	5 603
	24-Jun-14	16 422 651	933 463 483	5 684	5 844	5 650
	25-Jun-14	6 070 724	341 963 883	5 633	5 689	5 605
	26-Jun-14	10 519 612	610 137 496	5 800	5 844	5 653
	27-Jun-14	5 849 546	342 724 900	5 859	5 900	5 811
	30-Jun-14	6 561 156	388 748 493	5 925	5 928	5 861

## DIRECTORS' INFORMATION

### 1. DIRECTORS AND MANAGEMENT OF STEINHOFF AND ITS MAJOR SUBSIDIARIES

The full names, nationalities, ages, business addresses, functions and terms of office of the current directors of Steinhoff up to the last practicable date, are set out below:

Director and Nationality	Age	Business Address	Function
Deenadayalen Konar (SA)	60	42 Wierda Road West, Wierda Valley, Sandton 2196	Chairman
Markus Johannes Jooste (SA)	53	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Chief Executive Officer
Daniël Maree van der Merwe (SA)	55	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Chief Operating Officer
Andries Benjamin La Grange (SA)	39	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Chief Financial Officer
Fredrik Johannes Nel (SA)	54	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Financial Director
Hendrik Johan Karel Ferreira (SA)	59	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Executive Director: Mergers and Acquisitions
Stephanus Johannes Grobler (SA)	54	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Executive Director: Group treasury and financing activities
Thierry Louis Joseph Guibert (French)	43	80 Boulevard du Mandinet, Marne la Vallee, Cedex 2, Lognes, France	Chief Executive Officer of Conforama
Johannes Nicolaas Stephanus du Plessis (SA)	64	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Executive Director: Group Services Alternate executive director to SJ Grobler
Karel Johan Grové (SA)	65	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Alternate executive director to DM van der Merwe
Mariza Nel (SA)	41	Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600	Alternate executive director to HJK Ferreira
Stefanes Francois Booysen (SA)	51	17 Pencarrow Lane, Cornwall Hill Estate, Irene 0157	Non-executive director
Claas Edmund Daun (German)	71	Bahnhof Strasse 21, 26180 Rastede, Germany	Non-executive director
David Charles Brink (SA)	74	34 Ormonde Street, Bryanston, 2191	Non-executive director
Marthinus Theunis Lategan (SA)	57	6th Floor, No. 4 First Place, Bankcity, Simmonds Street, Johannesburg	Non-executive director
Johannes Fredericus Mouton (SA)	67	35 Kerk Street, Ou Kollege, Stellenbosch 7600	Non-executive director
Heather Joan Sonn (SA)	42	11 Bosman Street, Llandudno, Cape Town 8001	Non-executive director
Bruno Ewald Steinhoff (German)	76	Langebrügger Strasse 5, 26655 Westerstede, Germany	Non-executive director
Paul Denis Julia van den Bosch (Belgian)	51	Metaalweg 15, 5527 AE Hapert, The Netherlands	Non-executive director
Christoffel Hendrik Wiese (SA)	72	36 Stellenberg Road, Parow Industria, 7490	Non-executive director
Angela Krüger-Steinhoff (German)	42	Langebrügger Strasse 5, 26655 Westerstede, Germany	Alternate Non-executive director to BE Steinhoff

The full names, nationalities, ages, business addresses and functions of the current directors of Steinhoff Europe AG, Steinhoff UK Holdings Limited, Conforama Holding S.A. and JD Group Limited, Steinhoff's major subsidiaries up to the last practicable date, are set out below:

Director and Nationality	Age	Business Address	Subsidiaries' Executive Management functions
Dirk Bernd Schreiber (German)	41	Langebrügger Strasse 5, 26655 Westerstede, Germany	Chief Financial Officer – Steinhoff Europe
Sean Robin Summers (UK)	60	5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH	Chief Executive Officer: UK Retail
Philip Jean Dieperink (UK)	56	5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH	Chief Executive Officer: UK Group
Alexandre Nodale (French)	35	80 Boulevard du Mandinet, Marne la Vallee, Cedex 2, Lognes, France	Deputy Chief Executive Officer: Conforama
Peter Mark Griffiths (SA)	50	27 Stiemens Street, Braamfontein, Johannesburg 2001	Chief Executive Officer: JD Group
Johannes Henoch Neethling van der Merwe (SA)	54	27 Stiemens Street, Braamfontein, Johannesburg 2001	Chief Financial Officer: JD Group



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## INFORMATION ON DIRECTORS

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### **EXECUTIVE DIRECTORS OF STEINHOFF**

**Markus Johannes Jooste (Markus)** – BAcc, CA(SA)

*Chief Executive Officer – Steinhoff*

Markus was appointed to the Steinhoff board in 1998.

In 1998, Markus joined Gommagomma Holdings Proprietary Limited (now Steinhoff Africa) as Financial Director. In 1998, Markus was appointed as executive director and took responsibility for the European operations of Steinhoff and also for directing its international marketing and financial disciplines. In 2000, Markus was appointed Group Managing Director of Steinhoff and Chairman of Steinhoff Africa and currently acts as Chief Executive Officer for the Steinhoff Group. Markus also serves on the boards of various unlisted group companies and the following listed companies: PSG Group Limited, KAP Industrial Holdings Limited, JD Group and Phumelela Gaming and Leisure Limited. He is a member of the Steinhoff Remuneration committee.

**Daniël Maree Van Der Merwe (Danie)** – BComm, LLB

*Chief Operating Officer – Steinhoff*

Danie was appointed to the Steinhoff International board in 1999.

He was admitted as an attorney of the High Court of South Africa in 1986 and practised as an attorney specialising in the commercial and labour law fields. In 1990, Danie joined the Roadway Transport Group and was instrumental in developing the strategic direction and growth of this group. In early 1998, following the merger of Roadway Transport Group with Steinhoff Africa, Danie joined the Steinhoff Group. He previously acted as chief executive officer for Steinhoff's southern hemisphere operations and was appointed to his current position as chief operating officer on 5 March 2013. Danie holds several other appointments within the group and currently serves on the boards of Steinhoff Asia Pacific Limited, Steinhoff UK Holdings Limited, JD Group Limited and KAP Industrial Holdings Limited (member of the human resources and remuneration, and nomination committees).

**Andries Benjamin la Grange (Ben)** – BComm (Law), CA(SA)

*Chief Financial Officer – Steinhoff*

Ben completed his articles with PricewaterhouseCoopers Inc. and spent two and a half years in their international and corporate tax division. He joined Steinhoff in 2003 as manager of the corporate tax division whereafter he moved to the Steinhoff corporate finance division before his appointment as chief financial officer for the group's southern hemisphere operations. In 2009 Ben was appointed as an alternate director to the Steinhoff International board and was appointed to his current position as chief financial officer on 5 March 2013. He also serves on the boards of KAP Industrial Holdings Limited and JD Group Limited and is an alternate director of PSG Group Limited.

**Fredrik Johannes Nel (Frikkie)** – BCompt (Hons), CA(SA)

*Financial Director*

Frikkie was appointed to the Steinhoff board in 1998.

On his appointment in 1998, Frikkie also acted as company secretary for the group. He qualified as a chartered accountant in 1993 and began his career as an accountant with a private company. He joined Gommagomma Holdings Proprietary Limited (now Steinhoff Africa Holdings Proprietary Limited) as financial manager in 1989, being appointed financial director in 1990.

**Hendrik Johan Karel Ferreira (Piet)** – BCompt (Hons), CA(SA)

*Executive Director: Mergers and acquisition*

Piet was appointed to the Steinhoff board in 2005.

He commenced his career in corporate finance in 1986 and worked at several investment banks before joining Steinhoff International in January 2002, after which he was appointed as an alternate director in December 2005. During his career with South African investment banks, he was involved with various corporate finance transactions, including the group's initial public offering on the JSE Limited (JSE) in 1998. Piet has extensive corporate finance experience and expertise in the field of mergers and acquisitions, fund raising and financing transactions, company restructures and general corporate finance. Since joining Steinhoff International, he has been involved in most of the corporate transactions concluded by Steinhoff. Piet also serves as a member of the issuer services regulation advisory committee of the JSE. Piet was appointed as an executive director of Steinhoff International and Steinhoff Investment Holdings Limited with effect from May 2009.

**Stephanus Johannes Grobler (Stéhan)** – BComm (Hons) (Economics), LLB

*Executive director: Group treasury and financing activities*

Stéhan was appointed to the Steinhoff board in 2005. In December 1999, Stéhan was appointed company secretary of Steinhoff International and joined the group more formally in July 2000. Stéhan was admitted as an attorney of the High Court of South Africa in 1989. He was also admitted as a notary public, conveyancer and to appear in the High Court of South Africa. Stéhan gained extensive experience practicing in the business and corporate law fields advising various listed and unlisted companies on commercial and company law issues. Stéhan also heads the legal department of the group. He acts as director for various group companies. Stéhan was appointed as alternate executive director in December 2005 and became an executive director of Steinhoff International with effect from May 2009.

**Thierry Louis Joseph Guibert (Thierry) – MBA**

*Chief Executive Officer of Conforama*

Thierry was appointed to the board of Steinhoff as an executive director in May 2011. After graduating from the Reims Business School, Thierry began his career in 1995 as an auditor at KPMG. He then joined the previous holding company of Conforama, the French listed Kering Group, in 1999. Following various financial positions held within PPR, Thierry was appointed as chief financial officer and chief operating officer of FNAC, a European retailer within the same group. Since 2008, Thierry has held the position of chairman and chief executive officer of Conforama, which company was acquired by Steinhoff in March 2011.

**Johannes Nicolaas Stephanus du Plessis (Johann) – BComm, LLB**

*Executive Director: Group Services – Alternate executive director to Stephanus Grobler*

Johann was appointed to the board as non-executive director in 2002. He was a member of the Johannesburg and later the Cape Bars. He was admitted as counsel during 1974 and took silk in 1989. During the course of his career, he has been exposed to a wide range of commercial matters and has occasionally acted as judge in the High Court. He advises on and is engaged in matters related to governance, tax, property, competition and the environment. Johann has been an alternate executive director with effect from March 2006. He also serves on the board of Clover Industries Limited.

**Karel Johan Grové (Jo) – AMO (Oxford)**

*Chief Executive Officer of KAP Industrial Holdings Limited – Alternate executive director to Danie van der Merwe*

Jo joined Steinhoff International as a non-executive director in September 2000. He has more than 39 years' experience in the accounting and banking industries. His career began in 1969 when he was appointed cost and works accountant with Shaft Sinkers Proprietary Limited. In 1976, he founded Medical Leasing Services, a company providing specialized financial services, mainly to medical doctors. In 1987, the business was sold to Absa Group Limited. The name was changed to MLS Bank and Jo was appointed chief executive officer, a position he held until 1995. Later that year, he established Imperial Bank and served on the main board of Imperial Holdings until he joined Unitrans Limited as chief executive officer in September 1998. Jo was appointed an executive director of Steinhoff International, following the approval and implementation of the acquisition of the majority shareholding in Unitrans Limited. He also serves on the board of SA PGA Tour. Jo became an alternate executive director with effect from December 2007.

**Mariza Nel – BComm, ACMA**

*Executive Director: Group Services – Alternate director to Piet Ferreira*

Mariza was appointed to the board of Steinhoff as an alternate director in May 2011. She is responsible for the group's stakeholder communication, investor relations and is global head of human resources and information technology. Mariza began her career in 1996 as group financial controller at Edinburgh-based Scottish and Newcastle plc and was appointed general manager for Scandinavia and the Baltic States in 2000. She joined Steinhoff International as part of the group services team in 2004 and has been involved in many operational and corporate functions throughout the group. Since 2007, Mariza has been responsible for the group's stakeholder communication and investor relations functions and was also appointed global head of human resources and information technology in April 2011.

**NON-EXECUTIVE DIRECTORS OF STEINHOFF**

**Independent Non-Executive Directors**

**Deenadayalen Konar (Len) – BComm, MAS, DComm, CA(SA), CRMA**

*Chairman of the Board*

Len was appointed to the board in 1998. Len is an independent consultant and professional director. Prior positions include executive director of internal audit portfolio and head of investments at the Independent Development Trust, and professor and head of the department of accountancy at the University of Durban-Westville. He is a past patron of the Institute of Internal Auditors South Africa, and a member of the King Committee on Corporate Governance in South Africa, the Corporate Governance Network and the Institute of Directors. He was appointed chairperson of the ministerial panel for the review of the regulation of accountants and auditors in South Africa in 2003 and served as chairman of the audit committee of the International Monetary Fund. Len was appointed chairman of the Steinhoff board in September 2008 and held various committee positions, including chairman of the audit committee. Len is chairman of the risk advisory committee and a member of the nomination and human resources and remuneration committees. Len is also a non-executive director of Lonmin plc, Alexander Forbes Equity Holdings Limited, Mustek Limited, Illovo Sugar Limited, Sappi Limited, Exxaro Resources Limited and Yeboyetu Limited.

**Stefanes Francois Booyesen (Steve) – BCompt (Hons) (Accounting), MCompt, DComm (Accounting), CA(SA)**

Steve was appointed to the Steinhoff board as an independent non-executive director in September 2009. He completed his articles with Ernst & Young and acted as lecturer at the University of South Africa. In 2006, he was appointed as council member of the University of Pretoria. Steve is the former group chief executive officer of Absa Group Limited. He also serves on the boards of Clover Limited, Senwes Limited and Vukile Property Fund Limited. Steve is the chairman of Steinhoff's audit committee and in May 2014 was appointed as an independent non-executive director to the JD Group board of directors.

**David Charles Brink (Dave) – MSc Eng (Mining), DComm (hc), Graduate Diploma in Company Direction**

Dave was appointed to the Steinhoff board as an independent non-executive director in December 2007. Dave is a board member of the National Business Initiative, chairman of the board of the Wits University Foundation and a vice president of the Institute of Directors in South Africa. He is also a member of the Millennium Labour Council, a past chairman of Absa Group Limited, Murray & Roberts Holdings Limited and Unitrans Limited, and a past director of Sanlam, BHP Billiton Limited and Sappi Limited. In 2010, Dave was appointed by the board of Steinhoff International as the senior independent non-executive director. He chairs the remuneration committee, is also a member of the audit committee and in May 2014 was appointed as an independent non-executive director to the JD Group board of directors.

**Claas Edmund Daun** – BAcc, CA

Claas joined Steinhoff Germany in 1992 and was appointed to the Steinhoff International board in 1998. Claas has extensive experience in management and investments worldwide and is a corporate investor in several industries. Claas was instrumental in developing the KAP businesses and acted as chairman of KAP Industrial Holdings Limited for many years. Claas resigned from the KAP board on 25 June 2012. He is currently a member of the boards of KAP AG, Courthiel Holdings Proprietary Limited, Daun and Cie AG, Stöhr AG, Mech Baumwoll-Spinnerei and Weberei AG, and holds several other directorships. Claas is honorary consul of South Africa in Lower Saxony, Germany. He holds a masters degree in business commerce from the University of Cologne and qualified as a chartered accountant in 1975.

**Marthinus Theunis Lategan (Theunie)** – DComm, CA(SA)

Theunie was appointed to the Steinhoff International board in September 2011. Since 2007, Theunie has served as a member of the council of the University of the Witwatersrand. He lectured in accounting and taxation at the University of Johannesburg until 1987, after which he returned to practice at PricewaterhouseCoopers Inc. He joined Rand Merchant Bank in 1994 and later became head of their structured finance unit. In 1999 he became chief executive officer for the corporate banking unit of First National Bank. In 2004 he was appointed to the executive management committee of the FirstRand Group and served on various committees. In 2005, Theunie was appointed chief executive officer for FirstRand Africa and Emerging Markets and, in 2007, he relocated to India to set up FirstRand Banking Group, India. He retired from the FirstRand Group in July 2010. He serves as vice chairman for Absa Corporate and previously acted as chairman of RARE Holdings Limited, an AltX-listed company. In addition to his appointment as an independent non-executive director, Theunie has been appointed as a member of Steinhoff's audit committee and in May 2014 was appointed as an independent non-executive director to the JD Group board of directors.

**Bruno Ewald Steinhoff**

Bruno is the founder of the Steinhoff Group and was chairman of Steinhoff International until the end of September 2008. He relinquished executive duties with effect from 1 April 2008 and continues serving as a non-executive director, assisting with special projects for the group. After studying industrial business, Bruno started his furniture trade and distribution business in June 1964 in Westerstede, Germany. During this period, he also gained furniture retail experience, having spent three years in Berlin. In 1971, he expanded the business into manufacturing with the first upholstery factory in Remels. During the 1980s, Bruno acquired interests in central and eastern Europe and in a joint venture in South Africa with Claas Daun involving Gommagomma Holdings. He has more than 49 years' experience in the furniture business and more than 40 years' manufacturing experience. 1 July 2014 marked Bruno's 50th year in the industry.

**Johannes Fredericus Mouton (Jannie)** – Bcomm (Hons), CA(SA), AEP

Jannie was appointed to the Steinhoff board as an independent non-executive director in October 2002. Jannie started his career with Federale Volksbeleggings Limited as financial manager and after a period as financial director with Kanhym Limited, established Senekal Mouton and Kitshoff Inc, a stockbroking company, and member of the JSE. He served as member of several JSE committees and was instrumental in various corporate transactions. He has more than 35 years' experience in financial management and investment banking. As non-executive chairman of the PSG Group Limited he also serves as a trustee of various trusts administered on behalf of the University of Stellenbosch.

**Heather Joan Sonn (Heather)** – BA (Political Science), MSc (International Business)

Following completion of her studies in 1997, Heather joined Merrill Lynch New York as an investment banking analyst. She returned to South Africa in 1999 and took up a position with Sanlam Investment Management in Cape Town. Heather has served as chief executive for Legae Securities, deputy chief executive for WIP Capital, chief executive for The Citizens Movement, is a former director of Strate and was instrumental in building the basis for Barclays' global integrated bank initiative while at Barclays Bank plc. She currently serves on the board of Prescient Limited and as an alternate director for Macsteel Service Centres SA Limited. She is also a fellow and moderator of the Aspen Institute's Global Leadership Network.

**Non-Executive Directors**

**Paul Denis Julia van den Bosch** – Vecon, MBA

Paul was appointed to the Steinhoff International board as non-executive director in December 2010. Paul joined HabufaMeubelen B.V. in Hapert in 1985 after the completion of his studies at the European University in Antwerp. He is currently the general manager of the Van den Bosch Beheer Group B.V. Paul is the founder of the Henders & Hazel® concept. He is a member of the Round Table of Neerpelt in Belgium which actively drives and promotes activities around social and economic issues in that region.

**Christo Wiese** – BA, LLB, DComm (hc)

Christo was appointed as an independent non-executive director to the Steinhoff International board on 5 March 2013. He practiced at the Cape Bar in the 1970's before joining Pepkor Holdings of which he has been the chairperson and controlling shareholder since 1981. In addition he acts as Chairman and controlling shareholder of Shoprite Holdings Limited, Invicta Holdings Limited, Tradehold Limited and Brait SA Limited and he is a former chairman of the Industrial Development Corporation. Christo has served on the boards of many listed companies over the years and is a past director of the South African Reserve Bank.

**Angela Krüger-Steinhoff** – BComm (Economic Science)

*Non-executive director – Alternate non-executive director to Bruno Steinhoff*

Angela was appointed to the Steinhoff International board as an alternate non-executive director in December 2007. Angela obtained a degree in Economic Science in 1997 at the European business school, Oestrich-winkel, Germany. She joined the Steinhoff Group in 1997 as a financial manager. In 1999 she was seconded to act as managing director of the Australian operations. She resigned from the group at the end of 2005 and now attends to the Steinhoff family investments. She has more than 10 years' experience in the industry, with specific knowledge of and extensive experience in management and investments globally. Angela also holds a position on the advisory committees of Oldenburgische Landesbank AG in Germany, HSH Nordbank AG and Commerzbank AG.

## CORPORATE GOVERNANCE

Steinhoff maintains sound corporate governance as a core business principle. Below is a summary of how Steinhoff has applied the governance principles prescribed by the JSE.

Required Practice	Application
There must be a policy detailing procedures for appointment to the board of directors. Such appointments must be formal and transparent and a matter for the board of directors as a whole, assisted where appropriate by a nomination committee. The nomination committee must constitute only non-executive directors, of whom the majority must be independent, and should be chaired by the chairman of the board of directors.	Complied Refer to pages 117 and 118 of the 2013 Integrated Report which is available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
There must be a policy evidencing a clear balance of power and authority at board of directors' level, to ensure that no one director has unfettered powers of decision-making.	Complied Refer to page 117, read with pages 119 and 121 of the 2013 Integrated Report which is available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
The issuer must have an appointed chief executive officer and a chairman and these positions must not be held by the same person. The chairman must either be an independent director, or the issuer must appoint a lead independent director, in accordance with the King code.	Complied Steinhoff's CEO is MJ Jooste and the position of chairman of the Board is held by D Konar. D Konar is an independent director of the Board. Full details appear in Annexure 3 of this circular. Refer to page 117 and the 2013 Integrated Report which is available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
All issuers must, in compliance with the King code, appoint an audit committee and a remuneration committee and, if required, given the nature of the business and composition of the board of directors, a risk and nominations committee. The composition of such committees, a brief description of their mandates, the number of meetings held and other relevant information must be disclosed in the integrated report.	Complied Refer to pages 122 to 124 of the 2013 Integrated Report and page 6 of the Annual Financial Statements, which are available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
A brief CV of each director standing for election or re-election at a general meeting or the annual general meeting (which election or re-election may not take place at a meeting contemplated in section 60 of the Companies Act) should accompany the notice of the general meeting or annual general meeting.	Complied The brief CV's of the directors are set out in Annexure 5 of this circular and are also available on pages 26 to 33 of the 2013 Integrated Report and were included in the Notice convening the 2013 Annual General Meeting, both of which are available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a> .
The capacity of each director must be categorised as executive, non-executive or independent, using the prescribed guidelines.	Complied The nominations committee annually evaluates the categorisation of all the directors. Full details appear in Annexure 5 of the Circular. Refer to pages 117 to 118 of the 2013 Integrated Report which is available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
All issuers must have an executive financial director.	FJ Nel is the appointed Financial Director and is supported by AB la Grange who is the appointed CFO of the Company both of whom are in the full-time employment of the Company.
The audit committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director. The issuer must confirm this by reporting to shareholders in its annual report that the audit committee has executed this responsibility.	Complied The audit committee annually assesses the appropriateness of the expertise and experience of the financial function and of the FD. In this regard, refer to page 119 of the 2013 Integrated Report available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>
The board must annually consider and satisfy itself on the competence, qualification and experience of the company secretary. The issuer must confirm this by reporting to shareholders in its annual report that the audit committee has executed this responsibility.	Complied The board annually assesses the competence, qualification and experience of the company secretary. In this regard, refer to the report which appears on page 125 of the 2013 Integrated Report available on the Company's website <a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>

### Compliance with the King Code on Corporate Governance (King III)

Where practicable, the Steinhoff Group has complied with and applied the principles contained in King III. Reasons for partial areas of non-compliance are detailed on pages 115 to 116 of the 2013 Integrated Report available on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com), together with, where applicable, details of the progress being made towards compliance. A report on the compliance with the 75 King III principles is available on the Company's website and can be viewed at <http://www.steinhoffinternational.com/3-compliance-with-king-iii.php>.