

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please immediately consult your broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant, tax or other professional advisor.

Action required

1. **No action is required if you want to receive the cash dividend.**
2. If, instead of the cash dividend, you wish to elect to receive a **capitalisation issue share award** and you are holding certificated Steinhoff International Holdings Limited ("Steinhoff") shares, you must complete the accompanying **Form of Election** in respect of all or part of your shareholding in accordance with the instructions contained in the Form of Election and lodge it with, or post it to, the transfer secretaries or fax it to +27 11 688 5210 so as to be received by them by no later than **12:00 on Friday, 13 November 2015**. Forms of Election received after this date and time will not be accepted. You are not required to pay for the shares to which you are entitled in terms of this capitalisation issue share award.
3. Steinhoff shareholders who have already **dematerialised** their shares through a CSDP or broker and wish to receive a **capitalisation issue share award** *in lieu* of the cash dividend must **instruct their CSDP or broker** accordingly. This should be done in terms of the agreement in existence between the dematerialised shareholder and the CSDP or broker.
4. If you have disposed of all your shares in Steinhoff on or before Friday, 6 November 2015, but those shares are included in the number shown in Block (2) on the accompanying Form of Election, you should consult your broker or other professional advisor immediately for advice on how to deal with the Form of Election.



STEINHOFF INTERNATIONAL HOLDINGS LIMITED

Incorporated in the Republic of South Africa
(Registration number: 1998/003951/06)
Ordinary share code: SHF ISIN code: ZAE000016176
("Steinhoff" or "the Company" or "the Group")

Directors

Executive

MJ Jooste (*Chief Executive Officer*)
DM van der Merwe (*Chief Operating Officer*)
AB la Grange (*Chief Financial Officer*)
FJ Nel (*Financial Director*)
HJK Ferreira
SJ Grobler
JNS du Plessis*
KJ Grové*
M Nel*

Independent Non-Executive

D Konar (*Chairman*)
SF Booysen
DC Brink
CE Daun
MT Lategan
JF Mouton
HJ Sonn

Non-Executive

TLJ Guibert
BE Steinhoff
PDJ van der Bosch
CH Wiese
A Krüger-Steinhoff*
* *Alternate Directors*

COMPANY SECRETARY

Steinhoff Africa Secretarial Services (Pty) Ltd

CIRCULAR TO ORDINARY SHAREHOLDERS OF STEINHOFF

regarding

the declaration of a cash dividend of 165 cents per share, and the election to receive non-renounceable capitalisation issue shares *in lieu* of the cash dividend, to be paid or issued to shareholders recorded in the register of the Company at the close of business on Friday, 13 November 2015. The rounded number of capitalisation issue shares to which a shareholder will be entitled in terms of the capitalisation issue share award will be determined in accordance with paragraph 2 of this circular. If no action is taken by shareholders, they will receive the cash dividend.

IF YOU DO NOT COMPLETE AND SUBMIT THE ATTACHED FORM OF ELECTION, YOU WILL RECEIVE THE CASH DIVIDEND

SPONSOR



PSG CAPITAL

Date of issue: 23 October 2015

This circular is available in English only. Copies may be obtained from the registered office of Steinhoff from 23 October 2015 until 13 November 2015. The circular will also be available in electronic form on the Company's website (www.steinhoffinternational.com).

CORPORATE INFORMATION AND ADVISORS

Steinhoff International Holdings Limited

Company secretary and registered office
Steinhoff Africa Secretarial Services Proprietary Limited
28 Sixth Street, Wynberg
Sandton, 2090
South Africa
(PO Box 1955, Bramley, 2018)

Date and place of incorporation

1998, South Africa

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)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5210

SALIENT DATES AND TIMES

2015

Record date in order to receive the election circular	Friday, 16 October
Finalisation announcement confirming ratio of entitlement and issue price of shares for capitalisation issue share award on SENS	Wednesday, 21 October
Circular and form of election posted to shareholders	Friday, 23 October
Last day to trade in order to be eligible for cash dividend/capitalisation issue share award	Friday, 6 November
Shares trade ex-entitlement	Monday, 9 November
Provisional listing of maximum number of shares for the capitalisation issue share award at commencement of trade on the JSE Limited	Monday, 9 November
Last day to elect to receive capitalisation issue share award by 12:00	Friday, 13 November
Record date	Friday, 13 November
Payment date or issue date	Monday, 16 November
Announcement of the results of the cash dividend/capitalisation issue share award on SENS	Monday, 16 November
Adjustment of number of new shares listed on or about	Tuesday, 17 November

No shares will be dematerialised or rematerialised between Monday, 9 November 2015 and Friday, 13 November 2015 (both days inclusive). All times quoted in this circular are South African times.

Steinhoff shareholders who have already dematerialised their shares through a CSDP or broker must not complete the Form of Election but should instruct their CSDP or broker as to their capitalisation issue share award election. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their capitalisation issue share award election in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her/its CSDP or broker.



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(Registration number: 1998/003951/06)

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("Steinhoff" or "the Company" or "the Group")

CIRCULAR TO ORDINARY SHAREHOLDERS OF STEINHOFF

1. INTRODUCTION

In the announcement regarding the Company's audited results for the year ended 30 June 2015 published on the Securities Exchange News Service ("SENS") on 8 September 2015 and in the press on 9 September 2015, and the announcement regarding the terms of the capitalisation issue share award published on SENS on 21 October 2015, shareholders were advised that the directors declared a cash dividend from retained earnings of 165 cents per share. However, shareholders will be entitled to elect to receive a capitalisation issue share award in respect of all or part of their shareholdings.

2. THE ELECTION TO RECEIVE CAPITALISATION ISSUE SHARES *IN LIEU* OF RECEIVING THE CASH DIVIDEND

2.1 Terms of the capitalisation issue share award

- 2.1.1 Subject to the terms contained in this circular and the accompanying Form of Election, ordinary shareholders recorded in the register of Steinhoff at the close of business on the record date will receive a cash dividend of 165 cents per share, provided that such shareholders have not elected to instead receive the capitalisation issue share award in respect of all or part of their shareholdings. The new ordinary shares of no par value to be issued pursuant to the elections received under the capitalisation issue share award will be issued at the issue price as described in paragraph 2.1.4 below, as fully paid-up by way of capitalisation of retained earnings and will, upon their issue, rank *pari passu* in all respects with the other Steinhoff shares then in issue.
- 2.1.2 Based on the 3 738 272 079 shares in issue as at 20 October 2015, being the last practicable date before the finalisation of this circular ("last practicable date") and the cash dividend of 165 cents per share, the maximum cash dividend will amount to R6 168 148 930.35. This maximum amount is clearly subject to the extent to which elections are made by shareholders to instead receive the capitalisation issue share award.
- 2.1.3 The **ratio of entitlement** of shareholders in respect of the capitalisation issue share award will be **1.98270 capitalisation issue shares for every 100 Steinhoff shares held** at the record date ("the ratio of entitlement"). Therefore, based on the shares in issue as at the last practicable date of 3 738 272 079, the maximum number of potential capitalisation issue shares that will be issued by the Company, if all shareholders elect to receive such capitalisation issue shares, is 74 118 721 shares.
- 2.1.4 The ratio of entitlement is based on the volume weighted average traded price per Steinhoff share on the JSE over the **five trading days up to and including Tuesday, 20 October 2015** of **8 322** cents per share, which will be the issue price per Steinhoff share ("the issue price").

2.2 Fractions

The settlement and clearing system (Strate) used by the JSE does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0.5 and rounded down to the nearest whole number where the fraction is less than 0.5. Shareholders are referred to the relevant table of entitlement in the Annexure to this circular.

2.3 Section 46 and 47 of the Companies Act, No 71 of 2008

A resolution of the board of directors has been passed authorising the distribution and confirming that the company has passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group.

2.4 Nominee companies

Arrangements have been made with the transfer secretaries to treat applications from nominee companies as separate applications on the submission of a breakdown of the beneficial owners of shares registered in the name of the nominee companies.

2.5 Tax implications

The cash dividend will be paid out of retained earnings and subject to South African Dividends Withholding Tax ("Dividends Tax") at a rate of 15%, resulting in a net cash dividend of 140.25 cents per share, unless the relevant shareholder is exempt from Dividends Tax or is entitled to a reduced rate in terms of the applicable double tax agreement.

The capitalisation issue share award is not subject to Dividends Tax. However, there are possible tax implications, for both resident as well as non-resident shareholders, of electing to receive shares under the capitalisation issue share award and shareholders are advised to obtain their own professional advice in this regard.

The company's income tax reference number is 9599003713. At the last practicable date the company had 3 738 272 079 ordinary shares in issue.

3. PROCEDURE FOR SHAREHOLDERS WHO ELECT TO RECEIVE THE CAPITALISATION ISSUE SHARE AWARD

- 3.1 Shareholders, who are holding certificated Steinhoff shares and wish to elect to receive the capitalisation issue share award, must complete the attached Form of Election in accordance with the instructions contained therein and lodge it with, or post it to Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) or fax it to +27 11 688 5210 so as to be received by them by no later than 12:00 on Friday, 13 November 2015.
- 3.2 Shareholders who have already dematerialised their Steinhoff shares through a CSDP or broker **must not** complete the Form of Election attached but should instruct their CSDP or broker as to their election in the manner and time stipulated by the CSDP or broker.
- 3.3 Shareholders may make the election in respect of all or any of their shares held on the record date. If an election is made in respect of part of a shareholding, shareholders will receive the cash dividend in respect of the ordinary shares for which the election to receive the capitalisation issue share award is not made, subject to any fractions arising which will be dealt with as set out in paragraph 2.2 above.

4. **POSTING OF SHARE CERTIFICATES, DISTRIBUTION CHEQUES AND UPDATING/CREDITING OF CSDP OR BROKER ACCOUNTS**

4.1 Share certificates, where applicable, in respect of the capitalisation issue share award and dividend cheques will be posted to certificated shareholders by registered post and ordinary mail, respectively, at the risk of such shareholders, on or about Monday, 16 November 2015 to their registered addresses or in accordance with instructions given to the transfer secretaries.

4.2 Dematerialised shareholders' CSDP/broker accounts will be credited/updated, according to the election made, on Monday, 16 November 2015.

5. **LISTING OF NEW STEINHOFF SHARES**

Application has been made to the JSE for the maximum possible number of capitalisation issue shares to be issued in terms of the capitalisation issue share award to be listed with effect from the commencement of business on Monday, 9 November 2015. An adjustment of the capitalisation issue shares listed will be made on or about Tuesday, 17 November 2015, in accordance with the actual elections made.

The maximum amount to be capitalised from income reserves of Steinhoff in order to be able to issue the capitalisation issue shares as fully paid up will be R6 168 148 930.35.

6. **EXCHANGE CONTROL**

The following summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your CSDP, broker, attorney, accountant, banker or other professional adviser immediately.

Please note that shareholders may not elect, directly or indirectly, to receive the capitalisation issue share award if they are subject to regulations of overseas jurisdictions which do not permit them to receive the capitalisation issue share award unless certain exemptions from requirements of those jurisdictions are applicable. Restrictions must be applied at beneficial owner level, therefore, should an instruction be received to elect the capitalisation issue share award, it will be deemed that the beneficial owner is entitled to participate in such award.

In terms of the Exchange Control Regulations of the Republic of South Africa:

6.1 **In the case of certificated shareholders:**

- any share certificate that might be issued to non-resident shareholders will be endorsed “non-resident”;
- any new share certificates and cash dividend payments based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such new share certificates will be endorsed “non-resident”; and
- cash dividend payments due to non-residents are freely transferable from South Africa. In respect of all non-residents of the common monetary area (collectively the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland), the cash dividend payments due will be sent to the registered address of the shareholder concerned or in accordance with instructions given to the Transfer Secretaries.

6.2 In the case of dematerialised shareholders:

- any shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area, will be credited to their CSDP or Broker's account and a "non-resident" annotation will appear in the CSDP or Broker's register;
- any cash dividend paid to emigrants from the common monetary area, will be credited to their CSDP or Broker's accounts which will arrange for the same to be credited directly to the shareholder's blocked Rand account held by that shareholder's authorised dealer and held to the order of that authorised dealer; and
- any cash dividend paid to non-resident shareholders who are not emigrants from the common monetary area, will be credited directly to the bank account nominated for the relevant shareholders, by their duly appointed CSDP or Broker.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or Broker.

By order of the Board

STEINHOFF AFRICA SECRETARIAL SERVICES PROPRIETARY LIMITED
Company Secretary

23 October 2015

TABLE OF ENTITLEMENT

The following table sets out the number of new Steinhoff shares to which shareholders will be entitled, should the shareholders elect to receive the capitalisation issue share award. Shareholders shall be entitled to receive 1.98270 capitalisation issue shares for every 100 Steinhoff shares held, as illustrated below:

Number of shares held	Number of shares entitled to	Number of shares held	Number of shares entitled to	Number of shares held	Number of shares entitled to
1	–	42	1	83	2
2	–	43	1	84	2
3	–	44	1	85	2
4	–	45	1	86	2
5	–	46	1	87	2
6	–	47	1	88	2
7	–	48	1	89	2
8	–	49	1	90	2
9	–	50	1	91	2
10	–	51	1	92	2
11	–	52	1	93	2
12	–	53	1	94	2
13	–	54	1	95	2
14	–	55	1	96	2
15	–	56	1	97	2
16	–	57	1	98	2
17	–	58	1	99	2
18	–	59	1	100	2
19	–	60	1	125	2
20	–	61	1	150	3
21	–	62	1	175	3
22	–	63	1	200	4
23	–	64	1	500	10
24	–	65	1	1 000	20
25	–	66	1	5 000	99
26	1	67	1	10 000	198
27	1	68	1	20 000	397
28	1	69	1	50 000	991
29	1	70	1	100 000	1 983
30	1	71	1	200 000	3 965
31	1	72	1	300 000	5 948
32	1	73	1	400 000	7 931
33	1	74	1	500 000	9 914
34	1	75	1	1 000 000	19 827
35	1	76	2	2 000 000	39 654
36	1	77	2	3 000 000	59 481
37	1	78	2	4 000 000	79 308
38	1	79	2	5 000 000	99 135
39	1	80	2	10 000 000	198 270
40	1	81	2	50 000 000	991 350
41	1	82	2	100 000 000	1 982 700

If you are in any doubt as to what action to take, please consult your broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant, tax or other professional advisor immediately.

This Form of Election requires your immediate attention, however is only for use if you hold Steinhoff International Holdings Limited ("Steinhoff") shares in certificated form.

Steinhoff shareholders who have already dematerialised their shares through a CSDP or broker must not complete this Form of Election but should instruct their CSDP or broker as to their capitalisation issue share award election in the manner and time stipulated in the agreement governing their relationship.

If you have disposed of all your shares in Steinhoff on or before Friday, 6 November 2015, this Form of Election should be handed to the purchaser of such shares or the broker or agent through whom you have disposed of such shares.



STEINHOFF INTERNATIONAL HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1998/003951/06)

Ordinary share code: SHF ISIN ZAE000016176

("Steinhoff" or "the Company")

Election offered to Steinhoff shareholders recorded in the register at the close of business on Friday, 13 November 2015 to receive, instead of a cash dividend of 165 cents per share, a capitalisation issue share award of 1.98270 shares for every 100 shares held on the record date, payable or issued as the case may be on Monday, 16 November 2015.

IF YOU HOLD YOUR STEINHOFF SHARES IN CERTIFICATED FORM AND YOU WISH TO RECEIVE A CAPITALISATION ISSUE SHARE AWARD FOR ALL OR PART OF YOUR SHAREHOLDING YOU MUST COMPLETE THIS FORM OF ELECTION AND RETURN IT TO COMPUTERSHARE INVESTOR SERVICES (PROPRIETARY) LIMITED. IF YOU WISH TO RECEIVE THE CASH DIVIDEND YOU NEED NOT COMPLETE AND RETURN THIS FORM OF ELECTION AND NO FURTHER ACTION IS REQUIRED

FORM OF ELECTION

NO LATE POSTAL DELIVERIES WILL BE ACCEPTED

To: **The Transfer Secretaries**

Computershare Investor Services Proprietary Limited

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61763, Marshalltown, 2107)

I/We

- refer to the election of a non-renounceable capitalisation issue share award *in lieu* of the cash dividend;
- hereby elect to accept the capitalisation issue share award election contained in this Form of Election in respect of the number of ordinary shares reflected in Block (3) overleaf and on the terms and conditions contained in this Form of Election and in the accompanying circular; and

confirm that I/we am/are entitled to an award of capitalisation issue shares. The rounded number of capitalisation issue shares to which I/we will be entitled pursuant to the capitalisation issue share award will be determined in accordance with the formula as described in paragraph 2.1.3 and subject to paragraph 2.2 of the circular dated 23 October 2015 ("the circular") to which this Form of Election is attached and forms part of.

Date

Signature

Assisted by me (where applicable)

Telephone number including area code and international code if outside

South Africa

(Home)

(Work)

Cellphone number

The Transfer Secretaries

Computershare Investor Services Proprietary Limited

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61763, Marshalltown, 2107)

Serial number

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Any enquiries in connection with this form should be directed to the above.

Name and address of registered shareholder		

Account number	Number of Steinhoff shares deemed to be held on the record date, based on your shareholding as at close of business on Friday, 16 October 2015	Maximum cash dividend to which you are entitled
	(2)	

Number of Steinhoff shares for which the capitalisation issue share award is elected – the remaining cash dividend payment will be calculated by the transfer secretaries.	
The maximum number of shares for which the capitalisation issue share award can be made is reflected in Block (2) above	
(3)	
Date of signature	Signature

Instructions on how to complete the Form of Election:

- For the terms and conditions of this election, refer to the accompanying circular.
- If you elect to receive a capitalisation issue share award in respect of all or part of your shareholding, you should complete Block (3) above in accordance with the instructions herein and lodge this Form of Election with Computershare Investor Services Proprietary Limited at its physical address or post it to its postal address or fax it to +27 11 688 5210 so as to reach them by no later than 12:00 on Friday, 13 November 2015.

The non-receipt of Forms of Election by 12:00 on Friday, 13 November 2015 will be construed by Steinhoff as indicating that such shareholders do not wish to receive a capitalisation issue share award *in lieu* of the cash dividend.

NOTES:

- The election may be made in respect of all or any of the Steinhoff certificated ordinary shares registered in the name of the shareholder at the close of business on Friday, 13 November 2015.
- Any person who is required to sign this Form of Election and who is under legal disability shall be assisted by such person’s husband, wife, guardian or legal representatives, as the case may be who shall also sign this Form of Election.
- In order to be valid, this Form of Election must be properly completed and lodged with or posted to the transfer secretaries of Steinhoff at the appropriate address indicated above or fax it to +27 11 688 5210 so as to reach them by no later than 12:00 on Friday, 13 November 2015. Late deliveries of this Form of Election will not be accepted.
- Steinhoff reserves the right in its discretion to:
 - treat as invalid (in which case the cash dividend will be paid) any Form of Election not complying with the terms of the capitalisation issue share award election or any instruction contained herein;
 - require proof of the authority of the person signing this Form of Election where such proof has not yet been lodged with or recorded by Computershare Investor Services Proprietary Limited.
- Fractional entitlements to capitalisation issue shares will not be allocated, but will be dealt with as explained in paragraph 2.2 of the circular.