


STEINHOFF INTERNATIONAL HOLDINGS LIMITED

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

GENESIS INTERNATIONAL HOLDINGS N.V.

(Incorporated in the Netherlands)
(Registration number 63570173)
Share code: SNH ISIN code: NL0011375019
("Genesis" or "Steinhoff NV")

JOINT ANNOUNCEMENT OF A FIRM INTENTION BY GENESIS TO MAKE AN OFFER TO ACQUIRE 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF STEINHOFF BY WAY OF A SCHEME OF ARRANGEMENT AND THE LISTING OF GENESIS ON THE FRANKFURT AND JOHANNESBURG STOCK EXCHANGES

1. Introduction

- 1.1 The board of directors of Steinhoff ("Steinhoff board") received a firm intention from Genesis on 7 August 2015 to make an offer to acquire the entire issued share capital of Steinhoff ("scheme shares" or "Steinhoff shares") held by shareholders of Steinhoff on the record date of the scheme ("scheme participants") by way of a scheme of arrangement ("scheme") in terms of section 114 of the South African Companies Act, No 71 of 2008 ("Companies Act"), at a consideration of one Genesis share for each scheme share held ("scheme consideration").
- 1.2 Steinhoff announced on SENS on 2 July 2014 that Steinhoff received approval from the Financial Surveillance Department of the South African Reserve Bank ("SARB") to facilitate the inward listing of Genesis on the JSE Limited ("JSE"), accompanied by a listing on the prime standard of the Frankfurt Stock Exchange ("FSE"), and that Genesis would use its shares for the purposes of acquiring the Steinhoff shares.
- 1.3 The scheme is conditional upon the fulfilment or waiver (where appropriate) of the conditions precedent set out in paragraph 4 below.
- 1.4 Prior to the implementation of the scheme, Genesis will become the owner of the kika-Leiner retail businesses conducted in Austria and certain Central and eastern European countries.
- 1.5 Upon implementation of the scheme, Genesis will be listed on the prime standard of the FSE with an inward secondary listing on the main board of the JSE (collectively "the listings") in terms of the existing Exchange Control Regulations of the SARB in respect of inward listings.
- 1.6 Genesis intends to have its name changed to Steinhoff International Holdings N.V. on the implementation of the scheme. Genesis is registered as a South African tax resident and will be managed from South Africa.
- 1.7 The scheme requires, *inter alia*, two primary sets of public documents: (i) a scheme circular ("scheme circular") accompanied by a South African prospectus which has been registered by the South African Companies and Intellectual Property Commission ("SA prospectus"); and (ii) a prospectus approved by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ("AFM") to be passported into Germany, for admission to trading and listing of the Steinhoff NV shares on the FSE ("EU prospectus").

2. Rationale

- 2.1 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 has developed into an integrated retailer with revenues from its international operations comprising the majority of its global revenues.
- 2.2 Given that the majority of Steinhoff's revenues are generated outside South Africa, a listing on a major European stock exchange would more accurately reflect the geographic location of its revenues, customers and store locations, accompanied by an enhanced ability to access global capital markets.
- 2.3 Steinhoff NV's listing on the prime standard of the FSE together with an inward listing on the JSE is expected to raise the international profile of Steinhoff. The Steinhoff board is of the opinion that enhanced access to international capital markets on terms which are better reflective of its spread of activities and revenues is a pre-requisite to sustain and grow its business. By virtue of its equity being traded on the FSE and JSE, Steinhoff NV will become accessible to a wider investor base that could include emerging and developed market investors, and be able to adapt its existing share incentive schemes to become more relevant, appropriate and valuable for its participating senior European executives.

3. Mechanics of the scheme

- 3.1 The scheme is proposed by the Steinhoff board between Steinhoff and the scheme participants pursuant to which Steinhoff NV will acquire ownership of all of the Steinhoff shares from scheme participants for the scheme consideration.
- 3.2 Upon the implementation of the scheme, Steinhoff NV will be listed on the prime standard of the FSE and on the main board of the JSE as an inward secondary listing, and Steinhoff will delist from the main board of the JSE.

4. Conditions precedent

- 4.1 The implementation of the scheme is subject to the fulfilment or, if capable of waiver, waiver of the following conditions precedent:
 - 4.1.1 a special resolution approving the scheme ("scheme resolution") having been passed in general meeting ("scheme meeting") by the requisite majority of Steinhoff shareholders;
 - 4.1.2 in the event that it becomes necessary to do so in terms of the Companies Act, a court having approved the scheme either unconditionally or upon conditions acceptable to Steinhoff and Steinhoff NV;
 - 4.1.3 Steinhoff shareholders holding less than 5% of the scheme shares, having validly exercised their appraisal rights in terms of the Companies Act in respect of the scheme resolution;
 - 4.1.4 the secondary listing of Steinhoff NV on the JSE having been approved by an ordinary resolution of shareholders at the scheme meeting, and the JSE having granted such secondary listing of Steinhoff NV on the main board of the JSE;
 - 4.1.5 Genesis (whilst it is still a private company) having effected such amendments to its Articles of Association as are appropriate for the purposes of the listings;
 - 4.1.6 any third party consents having been obtained, to the extent required as a result of Steinhoff's existing contractual obligations which become applicable in the event of a change of control in Steinhoff, including the consent of Steinhoff's bankers and relevant licensors, lessors and suppliers;
 - 4.1.7 the Takeover Regulation Panel having issued a compliance certificate in relation to the scheme;
 - 4.1.8 the AFM having approved the EU prospectus and all such other approvals as may be required from the AFM having been obtained, followed by the acknowledgement from the FSE that the Steinhoff NV shares will be listed on the FSE; and
 - 4.1.9 no adverse change (including in market conditions) and no circumstance having arisen which would or might be expected to result in any adverse change in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Steinhoff group ("Group") which is material in the context of the Group. For purposes of this condition precedent, to be material in the context of the Group, the adverse change or circumstance in question must result (or be reasonably expected to result) in a decrease of 5% or more in the Steinhoff share price on the JSE from the closing price on 29 July 2015, being the last practicable date in respect of the scheme circular and the SA prospectus.
- 4.2 An announcement will be released on SENS as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of the conditions precedent.
- 4.3 To the extent that any condition precedent is capable of waiver, such condition precedent may be waived (in whole or in part) by agreement between Genesis and the independent board of Steinhoff ("Steinhoff independent board").

5. Scheme consideration

The scheme consideration is one Steinhoff NV share for each Steinhoff share held. As at the operative date, Steinhoff NV will have sufficient unissued shares in its authorised share capital in order to issue so many Steinhoff NV shares as may be required to fully satisfy the scheme consideration.

6. Settlement of the scheme consideration

- 6.1 Settlement of the scheme consideration is subject to the South African Exchange Control Regulations.
- 6.2 The scheme consideration will only be made available in dematerialised form (i.e. no individual share certificates will be issued by Steinhoff NV). Accordingly, certificated scheme participants will be required to move into a dematerialised environment.
- 6.3 Scheme participants will:
 - 6.3.1 if they are resident scheme participants, receive the scheme consideration in the form of JSE traded Steinhoff NV shares; or
 - 6.3.2 if they are non-resident scheme participants, receive the scheme consideration in the form of JSE traded Steinhoff NV shares, unless they have elected to receive the scheme consideration in the form of FSE traded Steinhoff NV shares.

7. Treatment of convertible bonds

- 7.1 Between March 2011 and January 2014, Steinhoff Finance Holdings GmbH ("Steinhoff Finance"), a subsidiary of Steinhoff, issued three series of convertible bonds with maturity dates falling between May 2017 and January 2021. In addition, post 29 July 2015, the last practicable date in respect of the scheme circular and the SA prospectus, Steinhoff Finance issued an additional convertible bond maturing in August 2022 (collectively, "Convertible Bonds"). The Convertible Bonds are convertible into Steinhoff shares at the option of the holders.
- 7.2 The Convertible Bonds are expected, with effect from the scheme (which is an "Exempt Newco Scheme", as defined in the terms and conditions of the Convertible Bonds) becoming operative and subject to certain amendments to the terms and conditions being effected at the same time, to be convertible into Steinhoff NV shares at the election of the bondholders, with conversion prices and adjustments referenced in Euro.

8. Steinhoff executive share rights scheme

In terms of the Steinhoff executive share rights scheme ("share scheme"), if Steinhoff is taken over or delisted during certain measurement periods as stated in the share scheme rules, the rights under the share scheme shall be exchanged for equivalent rights in Steinhoff's successor (as determined and approved by the remuneration committee of the Steinhoff board), provided that all the performance criteria have been duly achieved. The beneficiaries of the share scheme shall accordingly acquire comparable consideration in the form of equivalent rights in Steinhoff NV, in compliance with the provisions of Regulation 87 of the Companies Regulations.

9. Beneficial interests

Genesis does not hold any direct or indirect beneficial interests in Steinhoff shares.

10. Pro forma financial information

- 10.1 Due to the relative size of Steinhoff in relation to the kika-Leiner retail businesses which will be owned by Genesis prior to implementation of the scheme, Steinhoff shareholders' proportionate shareholdings, attributable earnings, net asset value and dividends, before and after the implementation of the scheme, will remain largely unaffected.
- 10.2 Full details of the *pro forma* financial effects of the scheme, together with the Reporting Accountants' Report thereon are contained in the prospectus.

11. Important dates and times

The important dates and times in respect of the scheme are as follows:

	2015
Circular posted to Steinhoff shareholders, including the notice convening the scheme meeting, on	Friday, 7 August
Last day to trade in Steinhoff shares on the JSE in order to be recorded in the register to participate in and vote at the scheme meeting (see note 4 below) on	Friday, 21 August
Voting record date to be eligible to participate in and vote at the scheme meeting by 17:00 on	Friday, 28 August
Last day to lodge forms of proxy in respect of the scheme meeting by 12:00 on	Thursday, 3 September
Scheme meeting to be held at 12:00 on	Monday, 7 September
Finalisation date expected to be on	Friday, 20 November
Last day to trade Steinhoff shares on the JSE in order to be recorded in the register to receive the scheme consideration on	Friday, 27 November
Suspension of listing from the main board of the JSE of Steinhoff shares at commencement of trading on	Monday, 30 November
Listing and trading of Steinhoff NV shares on the JSE in anticipation of receipt of such shares on the operative date of the scheme with ISIN NL0011375019 under share code SNH on	Monday, 30 November
Scheme record date, being the time and date on which scheme participants must be recorded in the register to receive the scheme consideration, which is expected to be by 17:00 on	Friday, 4 December
Expected operative date of the scheme on	Monday, 7 December
Commencement of trading of Steinhoff NV shares on the FSE with ISIN NL0011375019 under share code SNH on	Monday, 7 December
Termination of listing of Steinhoff shares from the main board of the JSE at the commencement of trading on or about	Monday, 7 December

Notes:

1. All dates and times may be changed by mutual agreement between Steinhoff and Genesis and/or may be subject to the obtaining of certain regulatory approvals. Any change will be published on SENS.
2. All dates and times have been determined on the basis that no court approval or review of the scheme resolution will be required.
3. As the salient dates and times are subject to change, they may not be regarded as consent or dispensation for any time periods which may be required in terms of the Companies Act or the Takeover Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
4. Steinhoff shareholders should note that as transactions in Steinhoff shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore, Steinhoff shareholders who acquire Steinhoff shares after 21 August 2015 will not be eligible to vote at the scheme meeting.
5. Share certificates in Steinhoff may not be dematerialised or rematerialised after 27 November 2015.

12. Independent expert opinion

In accordance with section 114 of the Companies Act, the Steinhoff independent board has appointed PricewaterhouseCoopers Corporate Finance Proprietary Limited ("PWC") to provide an independent expert opinion regarding the scheme. Taking into consideration the terms and conditions of the scheme, PWC is of the opinion that such terms and conditions are fair and reasonable to scheme members. PWC's independent expert report is included in the scheme circular.

13. Documentation

Further details of the scheme and the listings are included in the scheme circular (incorporating a notice of the scheme meeting), which were made available on Steinhoff's website, www.steinhoffinternational.com, and posted to Steinhoff shareholders on 7 August 2015, accompanied by the SA prospectus.

14. Responsibility statements
14.1 Steinhoff independent board responsibility statement

The members of the Steinhoff independent board collectively and individually accept full responsibility for the accuracy of the information contained in this announcement (but only insofar as it relates to Steinhoff and only to the extent that they are required in terms of law and the JSE Listings Requirements to accept such responsibility) and confirm that to the best of their knowledge and belief, the information set out herein is true and this announcement does not omit anything likely to affect the importance of the information included.

14.2 Genesis board responsibility statement

The members of the Genesis board collectively and individually accept full responsibility for the accuracy of the information contained in this announcement (but only insofar as it relates to Genesis and only to the extent that they are required in terms of law and the JSE Listings Requirements to accept such responsibility) and confirm that to the best of their knowledge and belief, the information set out herein is true and this announcement does not omit anything likely to affect the importance of the information included.

For more information, please contact:

Steinhoff International Holdings Limited:

Ben la Grange
+27 (21) 808 0700
Mariza Nel
+27 (21) 808 0711

By order of the Steinhoff independent board and the Genesis board.

7 August 2015

Joint South African Legal Advisors to Steinhoff


International Legal Advisors to Steinhoff

Linklaters

Transaction Sponsor



Independent Expert



Reporting Accountants to Steinhoff

Deloitte

Independent Sponsor



Reporting Accountants to Genesis


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