

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 advisor or other professional advisor immediately.

**Action required**

1. **No action** is required if you want to receive **the non-renounceable capitalisation share award**.
2. If, instead of the capitalisation share award, you wish to elect to receive a **cash distribution** and you are **holding certificated** Steinhoff International Holdings Limited ("Steinhoff") shares, you should 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 so as to be received by them by no later than **12:00 on Friday, 4 December 2009**. 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 share award.
3. Steinhoff shareholders who have already **dematerialised** their shares through a CSDP or broker and wish to receive a **cash distribution in lieu** of the capitalisation share award 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, 27 November 2009, 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)

Share code: SHF ISIN: ZAE000016176

("Steinhoff" or "the Company")

**Directors:**

D Konar# (Chairman), M J Jooste (Chief Executive Officer), D E Ackerman#, D C Brink#, S F Booysen#, Y Z Cuba#, C E Daun# (German), H J K Ferreira, S J Grobler, J F Mouton#, F J Nel, F A Sonn#, B E Steinhoff# (German), I M Topping (British), D M van der Merwe

**Alternate directors:**

J N S du Plessis, K J Grové, A Krüger-Steinhoff# (German)

# Non-executive

**Company secretary:**

S J Grobler

**Circular to ordinary shareholders of Steinhoff**

regarding

**an award of non-renounceable capitalisation shares to shareholders recorded in the register of the Company at the close of business on Friday, 4 December 2009. The rounded number of capitalisation shares to which a shareholder will be entitled in terms of the capitalisation share award will be determined in accordance with paragraph 2 of this circular. Shareholders may elect to receive, instead, a cash distribution of 60 cents per ordinary share in lieu of the capitalisation share award.**

**IF YOU DO NOT COMPLETE AND SUBMIT THE ATTACHED FORM OF ELECTION, YOU WILL RECEIVE CAPITALISATION SHARES.**

**SALIENT DATES AND TIMES**

	<b>2009</b>
Announcement of terms of award of capitalisation shares and right of election to receive cash distribution on SENS	Wednesday, 11 November
Announcement of terms of award of capitalisation shares and right of election to receive cash distribution in the press	Thursday, 12 November
Circular and Form of Election posted to shareholders	Friday, 13 November
Finalisation announcement confirming issue price of capitalisation shares on SENS	Thursday, 19 November
Finalisation announcement confirming issue price of capitalisation shares in the press	Friday, 20 November
Last day to trade in order to be eligible for the capitalisation share award/cash distribution	Friday, 27 November
Shares trade ex-entitlement	Monday, 30 November
Provisional listing of maximum possible number of capitalisation shares commences on the JSE Limited ("JSE") at commencement of business	Monday, 30 November
Last day to elect a cash distribution instead of the capitalisation share award by 12:00 (see note below)	Friday, 4 December
Record date	Friday, 4 December
Share certificates and distribution cheques posted and CSDP/broker accounts credited/updated	Monday, 7 December
Announcement of results of capitalisation share award on SENS	Monday, 7 December
Announcement of results of capitalisation share award in the press	Tuesday, 8 December
Listing of capitalisation shares adjusted on or about	Tuesday, 8 December

**No shares will be dematerialised or rematerialised between Monday, 30 November 2009 and Friday, 4 December 2009 (both days inclusive).**

**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 cash distribution election. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their election in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her/its CSDP or broker.**

Sponsor



PSG CAPITAL

## 1. INTRODUCTION

- 1.1 In the announcement regarding the Company's audited results for the year ended 30 June 2009 published on the Securities Exchange News Service ("SENS") on 8 September 2009 and in the press on 9 September 2009, and the announcement regarding the terms of the capitalisation share award published on SENS on 11 November 2009 and in the press on 12 November 2009, shareholders were advised that the directors have resolved to award capitalisation shares to Steinhoff shareholders recorded in the register on the record date, but subject to shareholders having the right to elect to receive instead, in respect of all or part of their shareholdings, a cash distribution of 60 cents per Steinhoff share.
- 1.2 The reason for making the capitalisation share award is to give shareholders the opportunity to receive additional Steinhoff shares on favourable terms, or at their election to receive a cash distribution of 60 cents per share.

## 2. THE AWARD OF CAPITALISATION SHARES AND THE ELECTION TO RECEIVE A CASH DISTRIBUTION

### 2.1 Terms of the capitalisation 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 capitalisation shares, provided that such shareholders have not elected to receive instead a cash distribution of 60 cents per share in respect of all or part of their shareholdings. The new ordinary shares of 0.5 cent each to be issued pursuant to the capitalisation share award will be issued at the issue price as described in paragraph 2.1.3 below, as fully paid-up by way of capitalisation of part of Steinhoff's share premium account and will, upon their issue, rank *pari passu* in all respects with the other Steinhoff shares then in issue.
- 2.1.2 The maximum amount by which Steinhoff's share premium account may be debited in the event that all shareholders elect to receive the cash distribution, or, retain the capitalisation share award, will be R855 937 142 (being 1 426 561 904 shares multiplied by 60 cents per share), or, the maximum of 59 487 631 shares multiplied by the issue price (which will be calculated as described in paragraph 2.1.3 below), respectively. This maximum amount is clearly subject to the extent to which elections are made by shareholders to receive the cash distribution.
- 2.1.3 The **ratio of entitlement** of shareholders in respect of the capitalisation share award will be approximately **4 capitalisation shares for every 100 Steinhoff shares held** at the record date ("the ratio of entitlement"). The issue price applicable to the capitalisation shares will be the volume weighted average traded price per Steinhoff share on the JSE over the **five trading days up to and including Wednesday, 18 November 2009** ("the issue price"). The ratio of entitlement will be adjusted in the event that the value of the capitalisation share award, measured at the issue price is:
  - less than R667 per 1 000 Steinhoff shares (resulting in the cash distribution in relation to the value of the equivalent capitalisation share award at a discount of less than 10%) held at the record date; In this event the ratio of entitlement will be increased to a maximum of 4.17 capitalisation shares for every 100 Steinhoff shares held. Therefore, the maximum number of potential capitalisation shares that will be issued by the company is 59 487 631; or
  - more than R800 per 1 000 Steinhoff shares (resulting in the cash distribution in relation to the value of the equivalent capitalisation share award at a discount of more than 25%) held at the record date. In this event the ratio of entitlement will be reduced to the number of capitalisation shares for every 100 Steinhoff shares held that results in the value of the capitalisation award being R80 per 100 Steinhoff shares held at the record date.

### 2.2 Fractions

The settlement and clearing system used by the JSE (Strate) 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 who have not dematerialised their shares and who elect to receive a cash distribution should note that if same amounts to less than R5.00 per individual shareholder, that shareholder will not be paid a distribution and the aggregated amounts of such entitlements will be donated to a charitable institution.

### 2.3 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.

### 2.4 Tax implications

This capitalisation share award or the election to receive a cash distribution may have tax implications for shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

## 3. PROCEDURE FOR SHAREHOLDERS WHO ELECT TO RECEIVE A CASH DISTRIBUTION

- 3.1 Shareholders, who are holding certificated Steinhoff shares and wish to elect to receive a cash distribution, 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) so as to be received by them by no later than 12:00 on Friday, 4 December 2009.
- 3.2 Shareholders who have already dematerialised their Steinhoff shares through a CSDP or broker **must not** complete the attached 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 capitalisation share award in respect of the ordinary shares for which the election to receive a cash distribution 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 shares and distribution cheques will be posted to certificated shareholders by registered post and ordinary mail, respectively, at the risk of such shareholders, on or about Monday, 7 December 2009 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, 7 December 2009.

## 5. LISTING OF NEW STEINHOFF SHARES

Application has been made to the JSE for the maximum possible number of capitalisation shares to be issued in terms of the capitalisation award to be listed with effect from the commencement of business on Monday, 30 November 2009. An adjustment of the capitalisation shares listed will be made on or about Tuesday, 8 December 2009, in accordance with the actual elections made.

## 6. EXCHANGE CONTROL

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

- any share certificates that might be issued to non-resident shareholders will be endorsed "Non-resident";
- any new share certificates, distribution and residual cash 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 share certificates will be endorsed "Non-resident"; and
- distribution and residual cash payments due to non-residents are freely transferable from the Republic of South Africa.

By order of the Board

**S J Grobler**  
Company secretary

13 November 2009

If you are in any doubt as to what action to take, please consult your broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant 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 cash distribution 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, 27 November 2009, 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)  
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, 4 December 2009 to receive instead of capitalisation shares, a cash distribution of 60 cents per ordinary share payable on Monday, 7 December 2009.

**IF YOU WISH TO RECEIVE A CASH DISTRIBUTION 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 CAPITALISATION SHARE AWARD, BEING ORDINARY SHARES IN STEINHOFF, 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 cash distribution *in lieu* of the non-renounceable capitalisation share award;
- hereby elect to accept the cash distribution 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 shares. The rounded number of capitalisation shares to which I/we will be entitled pursuant to the capitalisation share award will be determined in accordance with the formula as described in paragraph 2.1 and subject to paragraph 2.1.3 of the circular dated 13 November 2009 ("the circular") to which this Form of Election is attached and forms part.

**Date**

**Signature**

**Assisted by me (where applicable)**

**Telephone number including area code and international code if outside South Africa**

**(Home) ( )**

**(Work) ( )**

**The transfer secretaries**

Computershare Investor Services (Proprietary) Limited  
 Ground Floor, 70 Marshall Street  
 Johannesburg  
 2001  
 (PO Box 61763, Marshalltown, 2107)

**Serial number**

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

Name and address of registered shareholder
(1)

Bank account details (if applicable)	Number of Steinhoff shares deemed to be held on the record date, based on your shareholding as at close of business on Tuesday, 10 November 2009	Maximum cash payment to which you are entitled
	(2)	(3)

Number of Steinhoff shares for which the cash distribution is elected – the remaining capitalisation share award and residual cash payment will be calculated by the transfer secretaries. The maximum number of shares for which the cash election can be made is reflected in Block (2) above	
(4)	
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 cash distribution 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 so as to reach them by no later than 12:00 on Friday, 4 December 2009.

The non-receipt of Forms of Election by 12:00 on Friday, 4 December 2009 will be construed by Steinhoff as indicating that such shareholders do not wish to receive a cash distribution *in lieu* of the capitalisation share award.

**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, 4 December 2009.
- 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, 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 so as to reach them by no later than 12:00 on Friday, 4 December 2009. 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 capitalisation shares will be awarded) any Form of Election not complying with the terms of the cash 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 shares will not be allocated, but will be dealt with as explained in paragraph 2.2 of the circular.