

STEINHOFF INTERNATIONAL HOLDINGS LIMITED ANNOUNCES DEFINITIVE AGREEMENT WITH PPR S.A. ("PPR") TO ACQUIRE CONFORAMA HOLDING S.A. ("CONFORAMA") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Steinhoff shareholders are referred to the announcement published by Steinhoff on the Securities Exchange News Service of the JSE Limited on 9 December 2010, relating to Steinhoff entering into exclusive negotiations with PPR to acquire Conforama, a leading European retailer of furniture and household goods.

Steinhoff is pleased to announce that, following the successful consultation with personnel representative bodies of the Conforama group as required under French law, Steinhoff has reached an agreement with PPR to acquire at least 8 367 629 shares in Conforama, constituting 99.98 per cent of the entire issued share capital of Conforama, for a cash consideration of EUR1 207 million (the "Transaction"). The remaining 0.02 per cent of the issued share capital of Conforama is held by third parties other than PPR and its affiliates, and includes a number of unclaimed shares.

2. DESCRIPTION OF CONFORAMA

Conforama operates a network of 236 stores, of which 186 are in France comprising 161 directly operated stores and 25 franchises. In addition, Conforama operates 50 stores in six other European countries: 18 in Spain and Portugal, 15 in Italy, 13 in Switzerland, three in Croatia and one in Luxembourg.

Conforama's core product lines comprise furniture and white goods with grey and brown goods supporting customer traffic. Conforama employs a multi-style product strategy and carries a large product range, approximately 80 per cent of which is immediately available in store. In addition, Conforama offers products in the higher margin decoration segment, as well as providing warranty and after-sales services.

Furthermore, Conforama sells its products through its online sales channel. The online sales channel is operated through three websites in France (www.conforama.fr), Italy (www.conforama.it) and Switzerland (www.conforama.ch) via a "cash and carry" model which is supported by Conforama's physical store network. Conforama recently acquired La Maison de Valérie, in order to strengthen its online sales channel. La Maison de Valérie is a mail order brand specialising in homeware: furnishings, interior design, household electrical goods, hi-fi and video, DIY and gardening.

A new CEO and executive management team were appointed at Conforama in the second half of 2008. Shortly thereafter, the new management implemented certain business improvement strategies that resulted in substantial once-off restructuring costs, for the purposes of repositioning Conforama to resume its growth and development in the markets which it serves. These restructuring costs are included in their entirety in the *pro forma* financial effects set out in paragraph 6 below. The related benefits are, however, already evident from the historical performance of Conforama as announced by PPR subsequent to 2008 and as summarised in paragraph 7 below.

3. RATIONALE FOR THE TRANSACTION

Steinhoff was founded in 1964, and listed on the JSE Limited ("JSE") in 1998. Steinhoff is a holding company invested predominantly in household goods and diversified related industries. Steinhoff is one of the largest integrated furniture and household goods suppliers in Europe. Steinhoff's growth in Europe is supported by its strategy to supply selective external retailers within Europe and add group-owned retail footprints to the existing manufacturing and sourcing supply chain in Europe. Through Steinhoff's acquisition of Homestyle plc (June 2005) and European Retail Management in continental Europe, the group's retail offering is well represented in the UK and Germanic countries, but the group has no direct retail presence in France (the fourth largest furniture market in Europe) where Steinhoff currently only operates as a supplier. The integrated business model provides the group with a competitive supply advantage particularly in the mass-market consumer segments.

Conforama will give Steinhoff immediate access and scale in the EUR9.3 billion (FY 2009) French furniture retailing market. Conforama's presence in continental Europe (particularly in Switzerland, Portugal, Spain, Italy and Croatia) will be highly complementary to Steinhoff's existing retail geographic footprint, and established supply chain globally.

In addition, Steinhoff's core retail expertise resides in its premium value-orientated proposition similar to that of Conforama and as such the combined business will benefit from the complementary product offering, customer profile, marketing efforts and supply chain expertise.

The increased scale inherent in the enlarged business will result in cost savings and increased knowledge and leverage.

4. TRANSACTION CONSIDERATION AND FUNDING

The transaction consideration will be financed from a mix of available cash resources, acquisition debt facilities and equity that will include a combination of up to 137 million reserved ordinary shares to be vendor placed and unlisted perpetual preference shares. In addition, Steinhoff will procure that Conforama refunds PPR's working capital facility on closing.

The transaction consideration is based on a warranted audited EBITDA of EUR200 million for the year ended 31 December 2010.

5. ARTICLES OF ASSOCIATION OF CONFORAMA

The Transaction will result in Conforama becoming a subsidiary company of Steinhoff and accordingly its articles of association will be amended to conform to Schedule 10 of the JSE Listings Requirements.

6. PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects on Steinhoff as at and for the year ended 30 June 2010 have been prepared in accordance with the JSE Listings Requirements. The *pro forma* effects incorporate the unaudited results of Conforama for the 12 months ended 30 June 2010. Steinhoff is satisfied with the quality of these results of Conforama, as extracted from the unaudited six months accounts to 30 June 2009, the audited accounts for the year ended 31 December 2009 and the reviewed results for the six months ended 30 June 2010.

The *pro forma* financial effects have been prepared for illustrative purposes only and, because of their nature, may not fairly present Steinhoff's financial position, changes in equity, results of operations or cash flows after the Transaction.

The board of directors of Steinhoff is responsible for the *pro forma* financial information.

Financial impact of the Transaction:

	Steinhoff	Transaction	<i>Pro forma</i> after the Transaction	% change
Basic headline earnings per share (cents)	254.6	(25.6)	229.0*	(10.1)%
Diluted headline earnings per share (cents)	244.2	(22.1)	222.1*	(9.0)%
Basic earnings per share (cents)	251.5	(113.7)	137.8**	(45.2)%
Diluted earnings per share (cents)	241.4	(101.0)	140.4**	(41.8)%
Net asset value per ordinary share (cents)	1 657		1 695	2.3%
Shares in issue (net of treasury shares) (million)	1 408	137	1 545	
Weighted average shares in issue (million)	1 376	137	1 513	
Weighted average shares in issue (diluted) (million)	1 554	137	1 691	

* The "*Pro forma after the Transaction*" basic and headline earnings per share numbers include non-recurring items, including restructuring costs, of EUR72 million.

** In addition, the "*Pro forma after the Transaction*" basic earnings per share numbers are stated after capital items of Conforama, comprising mainly impairment of goodwill of EUR125 million.

Notes:

The *pro forma* financial effects calculations are based on the following assumptions:

- that the Transaction had been effective on 1 July 2009 for earnings per share and headline earnings per share purposes and on 30 June 2010 for net asset value per share purposes;
- the unaudited results of Conforama for the 12 months ended 30 June 2010 are based on and derived from the three sets of accounts of Conforama mentioned above;
- include the effects of non-recurring items of EUR72 million and goodwill impairment of EUR125 million for Conforama incurred during the 12 months ended 30 June 2010;
- the issue by Steinhoff of 137 million vendor consideration shares;
- an average after-tax funding cost applicable to the banking facilities procured for the purposes of the Transaction; and
- a provision for Steinhoff's transaction costs of EUR14 million.

7. ADDITIONAL MANAGEMENT FINANCIAL INFORMATION ON CONFORAMA

The historical performance of Conforama as announced, as part of PPR's results from time to time, is set out in the table below:

	For the year ended 31 December				
	2009 €'m	2008 €'m	2007 €'m	2006 €'m	2005 €'m
Revenue	2 928	3 168	3 310	3 254	3 137
Recurring operating income	125	118	168	183	177
Recurring EBITDA	198	183	230	243	237

PPR furthermore announced that, for the six months ended 30 June 2010, Conforama generated:

- sales of EUR1 414 million (June 2009: EUR1 331 million);
- recurring operating income of EUR52 million (June 2009: EUR31 million); and
- recurring EBITDA of EUR83 million (June 2009: EUR63 million).

As at 30 June 2010, Conforama had net assets at historical values of EUR449 million.

The results above, as announced by PPR, are stated before non-recurring items of EUR72 million, goodwill impairment of EUR125 million and Steinhoff's provision for transaction costs of EUR14 million. However, the effects of these non-recurring costs and capital items are included in their entirety in the *pro forma* numbers set out in paragraph 6 above.

The directors of Steinhoff consider it meaningful to also provide shareholders with the effects below that exclude the EUR72 million non-recurring items.

The Transaction, had it been effective on 1 July 2009, would have had the following effects on Steinhoff's headline earnings and diluted headline earnings per share, before taking into account the effects of the EUR72 million non-recurring items:

- basic headline earnings per share would have increased by 7.8 per cent from 254.6 cps to 274.4 cps; and
- diluted headline earnings per share would have increased by 7.6 per cent from 244.2 cps to 262.7 cps.

8. CONDITIONS TO CLOSING

The Transaction remains subject to the fulfilment of, inter alia, the following conditions, by no later than 30 June 2011:

- Steinhoff shareholders, in general meeting, passing the resolutions required to approve and implement the Transaction; and
- obtaining of the appropriate authorisations or determinations from the relevant competition authorities in Europe.

9. SHAREHOLDERS' SUPPORT

As stated in the announcement of 9 December 2010, in order to procure the exclusive negotiations with PPR, Steinhoff has secured the support of holders of 53 per cent of its ordinary shares for this transaction.

10. GENERAL MEETING OF SHAREHOLDERS AND DOCUMENTATION

A circular containing details of the Transaction, including a notice convening a general meeting and forms of proxy for the general meeting, will be posted to Steinhoff ordinary shareholders in due course.

The general meeting will be convened for the purposes of seeking shareholders' approval in terms of the JSE Listings Requirements.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders and convertible bond holders of Steinhoff are advised that, as a result of this announcement, caution is no longer required to be exercised when dealing in Steinhoff's securities.

Johannesburg
 31 January 2011

Financial advisors to Steinhoff

Citigroup Global Markets Limited

The Hongkong and Shanghai Banking Corporation Limited –
 Johannesburg Branch (HSBC)

Royal Bank of Scotland International Limited

South African investment bank to Steinhoff
 Standard Bank

Financial advisor to Steinhoff Europe

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Cliffe Dekker Hofmeyr Inc.

Reporting accountants to Steinhoff

Deloitte & Touche, Registered Auditors

Reporting accountants in relation to Conforama

KPMG Inc

Transfer secretaries to Steinhoff

Computershare Investor Services (Proprietary) Limited

JSE sponsor and lead JSE transaction sponsor to Steinhoff

PSG Capital (Proprietary) Limited

Joint JSE transaction sponsor to Steinhoff

Citigroup Global Markets (Proprietary) Limited