Will we see a return of traditional financing structures?  
A Corporate View  

Stéhan Grobler  
Steinhoff International Holdings Limited  
Karlsruhe  
Germany  
October 2010
Agenda

• Steinhoff Group
  – Overview
  – Group Operations
  – Performance
  – Sources of Funding

• Asset Backed Structures (ABS)
  – Phaello Finance (South Africa)
  – Hemisphere International Properties BV (Europe)

• Issuers’ drivers for ABS

• Evaluation

• Future of ABS from a corporate perspective
Vertically integrated furniture and household goods business

Vertically integrated diversified industrial business
Organisational structure

Steinhoff International Holdings Ltd

Steinhoff Investments Holdings Ltd

Steinhoff Europe

100%

57% (R27.4 bn) of Group revenue
70%, (R3.6 bn) of Group operating profit

Steinhoff Africa

100%

43% (R20.6 bn) of Group revenue
30%, (R1.5 bn) of Group operating profit
Geographical participation

43% of Group revenue

STEINHOFF AFRICA: OPERATIONAL STATISTICS

<table>
<thead>
<tr>
<th>FACTORIES</th>
<th>Leather</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Raw materials</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Timber</td>
<td>13</td>
</tr>
<tr>
<td>FORESTS (hectares)</td>
<td>Forested</td>
<td>40 000</td>
</tr>
<tr>
<td></td>
<td>Total land</td>
<td>93 000</td>
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<tr>
<td>RETAIL OUTLETS</td>
<td>Building supplies</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Hertz: car rental</td>
<td>37</td>
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<tr>
<td></td>
<td>Vehicles</td>
<td>78</td>
</tr>
<tr>
<td>SAWMILLS</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>UNITRANS PASSENGER DEPOTS</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>USCS DEPOTS</td>
<td></td>
<td>124</td>
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<tr>
<td>WAREHOUSE AND DISTRIBUTION SITES</td>
<td></td>
<td>12</td>
</tr>
</tbody>
</table>
Steinhoff Africa

Retail
Gross revenue: R 12.9 bn

Logistics services
Gross revenue: R 5.1 bn

Manufacturing and sourcing
Gross revenue: R 3.3 bn

Total Africa
Gross revenue: R 21.3 bn
Steinhoff Europe

Retail
Gross revenue: € 1.81 bn*

Logistics services
Gross revenue: € 0.08 bn*

Manufacturing and sourcing
Gross revenue: € 1.75 bn*

Total Europe
Gross revenue: € 3.64 bn#

*Includes intergroup turnover
#Excludes corporate services
Steinhoff Europe
MASS-MARKET VALUE BASED

Traditional

Aspiration

Modern

Discount

Steinhoff retail sales

3%

30%

16%

51%
**Geographical participation**

17% of net revenue*
UK revenue: €753 m

<table>
<thead>
<tr>
<th>CONTINENTAL EUROPE: OPERATIONAL STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factories: furniture incl. beds and mattresses</td>
</tr>
<tr>
<td>Import facilities and administration offices</td>
</tr>
<tr>
<td>Retail outlets: incl. studios</td>
</tr>
<tr>
<td>Warehousing and distribution</td>
</tr>
</tbody>
</table>

35% of net revenue*
Continental Europe revenue: €1 595 m

<table>
<thead>
<tr>
<th>UNITED KINGDOM: OPERATIONAL STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factories: furniture incl. beds and mattresses</td>
</tr>
<tr>
<td>Import facilities and administration offices</td>
</tr>
<tr>
<td>Retail outlets:</td>
</tr>
<tr>
<td>Furniture and household goods</td>
</tr>
<tr>
<td>Specialised: beds and mattresses</td>
</tr>
<tr>
<td>Warehousing and distribution</td>
</tr>
</tbody>
</table>

* Net revenue excludes intersegment eliminations
Geographical participation

PACIFIC RIM: OPERATIONAL STATISTICS

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factories: furniture</td>
<td>2</td>
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<tr>
<td>Import facilities and administration offices</td>
<td>6</td>
</tr>
<tr>
<td>Retail outlets: incl. franchise stores</td>
<td></td>
</tr>
<tr>
<td>Furniture and household goods</td>
<td>86</td>
</tr>
<tr>
<td>Specialised: Beds and mattresses</td>
<td>72</td>
</tr>
<tr>
<td>Warehousing and distribution</td>
<td>2</td>
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</tbody>
</table>

5% of net revenue*
Pacific Rim revenue: €248 m

*Net revenue excludes intersegment eliminations
# Steinhoff Financial performance

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R'm)</td>
<td>48,040</td>
<td>50,869</td>
</tr>
<tr>
<td>Operating Profit (R'm)</td>
<td>5,207</td>
<td>5,153</td>
</tr>
<tr>
<td>Headline earnings (R'm)</td>
<td>3,504</td>
<td>3,226</td>
</tr>
<tr>
<td>EBITDA (R'm)</td>
<td>6,127</td>
<td>6,127</td>
</tr>
<tr>
<td>EPS (cents)</td>
<td>251.5</td>
<td>254.7</td>
</tr>
<tr>
<td>HEPS (cents)</td>
<td>254.6</td>
<td>251.5</td>
</tr>
<tr>
<td>NAV per share (cents)</td>
<td>1,657</td>
<td>1,642</td>
</tr>
<tr>
<td>Distribution per share (cents)</td>
<td>63</td>
<td>60</td>
</tr>
<tr>
<td>ZAR denominated revenue</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Average translation rate ZAR:EUR</td>
<td>10.5954</td>
<td>12.3503</td>
</tr>
</tbody>
</table>
## Steinhoff Capital structure

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equity (R’m)</td>
<td>27,061</td>
<td>24,924</td>
</tr>
<tr>
<td>Ordinary shareholders’ funds (R’m)</td>
<td>23,323</td>
<td>21,021</td>
</tr>
<tr>
<td>Preference share capital (R’m)</td>
<td>1,042</td>
<td>1,042</td>
</tr>
<tr>
<td>Minority interest (R’m)</td>
<td>2,696</td>
<td>2,861</td>
</tr>
<tr>
<td>Net debt (R’m)</td>
<td>9,201</td>
<td>8,834</td>
</tr>
<tr>
<td>Gearing</td>
<td>34%</td>
<td>35%</td>
</tr>
<tr>
<td>Interest cover (times)</td>
<td>5.4</td>
<td>5.2</td>
</tr>
<tr>
<td>EBITDA cover (times)</td>
<td>6.4</td>
<td>6.1</td>
</tr>
<tr>
<td>Average tax rate</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Closing rate ZAR:EUR</td>
<td>9,3781</td>
<td>10.8265</td>
</tr>
</tbody>
</table>

Percentage decrease in closing rate = 13.4%
Sourcing of Funding and Capital

- Listed equity – SHF
- Listed convertible instruments
- Listed perpetual preference shares
- Listed and unlisted Notes and Bonds
- “US” Note Purchase Program
- Syndicated term and revolving facilities
- Term and revolving bilateral facilities
- General Corporate Banking facilities
Sourcing of Funding and Capital cont.

• Listed convertible instruments
  – 2006 – ZAR1,5bn
  – 2007 – ZAR1,6bn
  – 2010 – €390 mio

• Listed perpetual preference shares
  – 2005
Sourcing of Funding and Capital cont.

- Listed and unlisted Notes and Bonds
  - UTR
  - Phaello

- “US” Note Purchase Program
  - 2005:
    » maturing 2012
    » maturing 2015
Sourcing of Funding and Capital cont.

- Syndicated term and revolving facilities
  - 2003 – €175 mio
  - 2004 – €300 mio
  - 2005 – €235 mio + £130 mio
  - 2010 - €340 mio + £47 mio

- Term and revolving bilateral facilities
  - Terms
  - Fixed, floating
  - Revolving

- General Corporate Banking facilities
Phaello leases all of its assets to Unitrans Services in terms of the Master Lease Agreement:

- All obligations under the lease agreement are guaranteed by Steinhoff; and

- All the assets are currently moveable assets.

Phaello is funded via a combination of bank and capital market funding.

Phaello transaction was arranged by Absa Capital – Barclays.
Phaello Finance Company position in the Steinhoff Group

Steinhoff International Holdings Ltd

Steinhoff Investment Holdings Ltd

Steinhoff Africa Holdings (Pty) Ltd

Unitrans Holdings (Proprietary) Limited

“Sub-Lessee”

Unitrans Services (Pty) Ltd “Lessee” “Sub lessor”

Phaello Finance Company (Pty) Ltd “Lessor”

Steinhoff Guarantor provides a guarantee for the master lease obligations
Phaello Finance Company Structure

- **Sub-Lessee**
  - Unitrans Services (Pty) Ltd
    - "Lessee" "Sub-Lessor"
  - 50% owned
  - Master Lease Agreement

- **Phaello Finance Company (Pty) Ltd**
  - "Lessor"

- **Phaello Finance Company Guarantor (Pty) Ltd**
  - 100% owned
  - General Notarial Bond, Mortgage Bond, pledge of shares
  - Counter Indemnity and Security Agreements

- **Bank Lenders**
  - Guarantee provided to Noteholders and Bank Lenders

- **Noteholders (Capital Markets)**
  - Guarantee provided to Noteholders and Bank Lenders
Hemisphere currently rents all its group properties through a head lease to Steinhoff Europe and its subsidiaries:

- All obligations are subject to security arrangements (e.g. mortgages, etc)
- All assets are fixed properties in Europe

Hemisphere is funded through a Bank Club, arranged by HSH Nordbank – with participating lenders HSH Nordbank, Hypovereinsbank (Unicredit), Investec and HSBC.
Hemisphere International Properties’ position in the Steinhoff Group
Hemisphere International Properties: Executive Summary

Steinhoff Subsidiaries

- Steinhoff Europe AG
- Hemisphere BV
- Bank Club

Properties Hungary

Properties Poland

Estates Limited

Rent payments

Procure Rent payment

Assignment of leasing instalments

Senior Facility Agreement

Main Agreement

Domination Agreements

“Briefgrundschulden” and cash upstream

Immobilien VerwaltungsGmbH & Co KG

Immobilien GmbH

Investment GmbH

Immobilien Investment GmbH
Issuers’ drivers for ABS

- Sources of Funding
- Classes of Assets
- Pricing
- Efficiency
- Rating
Evaluation

• Steinhoff Experience
  – Phaello
    • Expectation and Reality
  – Hemisphere
    • Timing
    • Result
Future of Financing Structures

Recent Developments

• Financial Institutions
• Other Corporates
• Valuations
• Impact of Basel III and central banks
• Market Conditions