

Dated 1 December 2015

STEINHOFF INTERNATIONAL HOLDING N.V.

POLICY ON PROFIT AND RESERVES

Adopted by the Management Board and approved by the Supervisory Board on 1 December 2015

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Steinhoff International Holdings N.V.

Policy on profit and reserves

1 Introduction

- 1.1 This policy on distribution of profit and reserves (the “**Policy**”) has been adopted by the Management Board pursuant to clause 17.8 of the Regulations of the Management Board with the approval of the Supervisory Board.
- 1.2 The terms used in this Policy shall have the same meaning as ascribed thereto in the Regulations of the Management Board, except where expressly indicated otherwise.

2 General provisions on distribution of profit and reservations

2.1 Pursuant to the Articles:

- 2.1.1 the Management Board, with the approval of the Supervisory Board, may resolve that the profit realised during a financial year will fully or partially be appropriated to increase and/or form reserves. In determining whether and which part of the profit will be added to the reserves of the Company, the Management Board shall take into account the Company’s financial condition, earnings, cash needs, capital requirements (including requirements of its Subsidiaries, Group Companies and other affiliated companies) and any other factors that the Management Board and the Supervisory Board deem relevant in making such a determination;
- 2.1.2 the allocation of profit remaining after application of clause 2.1.1 shall be determined by the General Meeting, provided that such resolution can only be adopted on a proposal of the Management Board, with the approval of the Supervisory Board. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose with due observance of the provisions of articles 34.5 and 35.5 of the Articles regarding the entitlement of holders of Preference Shares to a distribution of profit or a distribution at the expense of a reserve of the Company on the Preference Shares. A proposal to allocate profit shall be dealt with as a separate agenda item at the General Meeting;
- 2.1.3 if in issue, a Preference Share shall entitle the holder thereof to a premium calculated over the amount of profit that shall be distributed from time to time per Ordinary Share to the holder thereof. The premium shall be a percentage determined by the Management Board at the time of issue of the Preference Share concerned, with the approval of the Supervisory Board, ranging from 1% to a maximum of 10%. The aforementioned premium shall equally apply to an interim distribution. No distribution shall be made on the Preference Shares, whether it be a distribution of profit or a distribution at the expense of any reserve of the Company if and for as long as no such distribution is made on the Ordinary Shares to the holders of Ordinary Shares except where the laws of the Netherlands or the Articles provide otherwise;

- 2.1.4 unless an interim distribution, a distribution of profit shall be made after adoption of the Company's own (non-consolidated) annual accounts (the "**Annual Accounts**") if permissible under the laws of the Netherlands given the contents of the Annual Accounts. The information in the Annual Accounts will be used as the basis for determining if the distribution of profit made with respect to the relevant financial year is legally permitted;
- 2.1.5 if, with respect to any financial year, losses are incurred, no profit can be distributed for that financial year. Subject to the laws of the Netherlands, the Management Board, with the approval of the Supervisory Board, may, however resolve to distribute profit retained from earlier financial years out of the profit reserve, if any;
- 2.1.6 the Management Board, with the approval of the Supervisory Board, may resolve to make interim distributions and/or to make distributions at the expense of any reserve of the Company;
- 2.1.7 distributions on Shares may be made only up to an amount which does not exceed the amount of the distributable equity (i.e. the part of the Company's equity which exceeds the aggregate of the issued capital and the reserves which must be maintained pursuant to the laws of the Netherlands). If it concerns an interim distribution, the compliance with this requirement must be evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the Dutch Trade Register within eight (8) days after the day on which the resolution to make the distribution is published; and
- 2.1.8 no distributions shall be made on Shares held by the Company in its own capital, unless these Shares have been pledged or a usufruct has been created on these Shares and the authority to collect distributions or the right to receive distributions respectively accrues to the pledgee or the usufructuary respectively. For the computation of distributions, the Shares on which no distributions shall be made pursuant to this clause 2.1.8, shall not be taken into account.

3 Profit allocations

- 3.1 The Company intends to target a profit distribution pay-out ratio in line with listed international retailers from time to time, taking into account the composition of the Group's investments and business activities, provided that the Company's business remains stable.
- 3.2 The Company's intentions in relation to profit distributions are subject to numerous assumptions, risks and uncertainties, many of which may be beyond the Company's control. Since the Company does not itself conduct any operating business, its ability to pay profits depends on its operating Subsidiaries, Group Companies and other associated companies making profit and distributing these to the Company. Furthermore, the timing and amount of profit distributions, if any, will depend on the Company's financial performance, including, among other factors, its earnings, its general financial condition and liquidity situation, general conditions in the markets in which it operates, inflow of funds from its Subsidiaries, Group Companies and other associated companies and legal, tax and regulatory considerations, as well as such other factors as the Management Board and the Supervisory Board may consider relevant.

4 Manner and time of payments of distributions

- 4.1** We intend for any distributions on Shares in cash to be paid in euro, unless the Management Board determines that payment shall be made in another currency.
- 4.2** The Management Board may decide that a distribution on Shares shall not take place as a cash payment but as a payment in Shares, or decide that Shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, out of the profit and/or at the expense of reserves, provided that the Management Board is designated by the General Meeting as the body authorised to issue Shares.¹ The Management Board shall determine the conditions applicable to the aforementioned choices.
- 4.3** Profit and other distributions will be made payable from a date to be set by the Management Board.
- 4.4** A claim of a Shareholder for payment of any declared distribution lapses five (5) years after the date those distributions became due. Any distribution that is not collected within this period will be considered to have been forfeited to the Company.
- 4.5** For all profit and other distributions in respect of Shares included in the applicable systems of the Johannesburg Stock Exchange, the Frankfurt Stock Exchange or on any other foreign stock exchange as may be applicable, the Company will be discharged from all obligations towards the relevant Shareholders by placing those profits or other distributions at the disposal of, or in accordance with the regulations of, the relevant systems of the Stock Exchange in Johannesburg, Republic of South Africa, the Stock Exchange in Frankfurt, Federal Republic of Germany, or on any other foreign stock exchange as may be applicable.

5 Miscellaneous

- 5.1** This Policy is reviewed and evaluated by the Management Board annually and any changes are dealt with and explained in the annual General Meeting under a separate agenda item.
- 5.2** In addition to this Policy, the Company may have a policy with respect to profit participation for employees which policy will be adopted by the Management Board.
- 5.3** This Policy was adopted by the Management Board and approved by the Supervisory Board on 1 December 2015 and shall be posted on the Company's website.

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¹ If designated, the Management Board shall under the Articles be authorised to resolve to issue Shares or grant rights to subscribe for Shares at the expense of any reserve of the Company to Shareholders or to third parties.