



Steinhoff Europe AG

(a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Republic of Austria, having its seat in Brunn am Gebirge, Austria)

€800,000,000 1.875% Notes due 2025

ISIN XS1650590349, Common Code 165059034, WKN A19LXV

unconditionally and irrevocably guaranteed by

Steinhoff International Holdings N.V.

(a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands)

Steinhoff Europe AG, Brunn am Gebirge, Austria (the “**Issuer**”), will issue on or about 24 July 2017 (the “**Issue Date**”) €800,000,000 1.875% Notes due 2025 (the “**Notes**”). The Notes will bear interest at a rate of 1.875% per year. The Issuer will pay interest on the Notes annually in arrears on 24 January, commencing on 24 January 2018 (short first coupon). The Notes, which are governed by the laws of the Federal Republic of Germany (“**Germany**”), will be issued in a denomination of €100,000.

The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Notes (the “**Terms and Conditions**”), the Notes will be redeemed at their principal amount on 24 January 2025 (the “**Maturity Date**”). The Notes may be redeemed before this date, in whole but not in part, at their principal amount, together with, if applicable, accrued interest, notably in the event of any change in taxation or during a period of three months prior to the Maturity Date, see “*Terms and Conditions of the Notes—§ 6 Redemption—(2) Early Redemption for Reasons of Taxation*” and “*Terms and Conditions of the Notes—§ 6 Redemption—(3) Early Redemption at par at the Option of the Issuer*”. The Issuer will have the option to redeem the Notes prior to maturity, in whole but not in part, at a premium, see “*Terms and Conditions of the Notes—§ 6 Redemption—(4) Early Redemption at the Option of the Issuer (Make Whole)*”. If a change of control occurs, each holder of the Notes (“**Holder**”) will have the option to require the Issuer to redeem or, at the Issuer’s option, repurchase all or part of the Notes held by such Holder at their principal amount together with, if applicable, accrued interest, see “*Terms and Conditions of the Notes—§ 6 Redemption—(5) Early Redemption at the Option of the Holders upon a Change of Control*”.

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Steinhoff International Holdings N.V. (the “**Guarantor**” and the “**Guarantee**”).

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list (the “**Official List**”) of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (the “**Listing**”). The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on Markets in Financial Instruments, as amended. Only for purposes of the Listing, this prospectus (the “**Prospectus**”) constitutes a prospectus within the meaning of the Prospectus Directive, i.e. a listing prospectus according to Article 3.3 of the European Union’s Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). By approving a prospectus, the Commission de Surveillance du Secteur Financier (the “**CSSF**”) in its capacity as competent authority assumes no responsibility as to the economic and financial soundness of the operation or the quality or solvency of the issuer pursuant to Article 7(7) of the Luxembourg law dated 10 July 2005 on prospectuses for securities (loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières), as amended.

The Issuer has made a credit rating application to Moody's Investors Service Ltd ("**Moody's**") in respect of the Notes. Moody's has announced that it will assign a "Baa3 (stable outlook)" credit rating to the Notes. At the date of this Prospectus, the Guarantor has a long-term corporate rating of "Baa3 (stable outlook)" assigned by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. At the date of this Prospectus, Moody's is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with the CRA Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and are being offered and sold in transactions outside the United States of America ("**United States**") to non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S under the Securities Act.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. The Notes are subject to U.S. tax law requirements and may, subject to certain exceptions, not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the sale of the Notes and on the distribution of this Prospectus, see "*Sale of the Notes*" below.

The Notes will initially be represented by a temporary global bearer note (the "**Temporary Global Note**"), without interest coupons. The Notes are issued in new global note ("**NGN**") form and will be delivered on or around the Issue Date to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A., Luxembourg ("**CBL**", and, together with Euroclear, the "**Clearing System**"). The Temporary Global Note will be exchangeable in whole or in part for a permanent global bearer note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Global Notes are intended to be eligible collateral for Eurosystem monetary policy. Whether NGNs are recognisable as eligible collateral for Eurosystem monetary policy and intra-day credit operations will depend upon satisfaction of the Eurosystem eligibility criteria.

Prospective investors should be aware that an investment in the Notes involves risks and that if certain risks, in particular those described under "*Risk Factors*", occur, the investors may lose all or a very substantial part of their investment.

None of the Issuer or the Joint Bookrunners has authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Bookrunners which constitute the final placement of the Notes contemplated in this Prospectus.

Global Coordinators and Joint Bookrunners

BNP PARIBAS **Crédit Agricole CIB** **HSBC**

Joint Bookrunners

BofA Merrill Lynch **Commerzbank** **Erste Group** **Mizuho Securities** **MUFG**
NATIXIS **NatWest Markets** **Société Générale** **UniCredit Bank**

The date of this Prospectus is 19 July 2017

RESPONSIBILITY STATEMENT

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This Prospectus should be read and understood in conjunction with all documents incorporated herein by reference.

Each of the Issuer and the Guarantor further confirm that (i) this Prospectus contains all information with respect to the Issuer and the Guarantor and its subsidiaries and affiliates taken as a whole ("**Steinhoff**" or the "**Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and the Guarantor and of the Notes, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and Steinhoff and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor, Steinhoff and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor, Steinhoff or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer, the Guarantor or BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole CIB**"), Erste Group Bank AG, HSBC Bank plc, Merrill Lynch International, Mizuho International plc, MUFG Securities EMEA plc, NATIXIS S.A., Société Générale, The Royal Bank of Scotland plc (trading as NatWest Markets) or UniCredit Bank AG (collectively, the "**Joint Bookrunners**"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer or the Guarantor which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Joint Bookrunners nor any other person mentioned in this Prospectus, except for the Issuer and the Guarantor, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Bookrunners have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Guarantor. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Bookrunners to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Guarantor or the Joint Bookrunners to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

For a further description of certain restrictions on the sale of the Notes and the distribution of this Prospectus (or of any part thereof) see "*Sale of the Notes*".

The legally binding language of this Prospectus is English. Any part of the Prospectus in the German language constitutes a translation, except for the Terms and Conditions and the Guarantee in respect of which German is the legally binding language.

The content of any websites mentioned in this Prospectus, except for the documents incorporated by reference into this Prospectus which are published on the website www.bourse.lu, are for information purposes only and do not form part of the Prospectus.

STABILISATION

In connection with this offering, Crédit Agricole CIB (or person(s) acting on behalf of Crédit Agricole CIB) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of this offering is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by Crédit Agricole CIB (or person(s) acting on behalf of Crédit Agricole CIB) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "predict", "project" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Steinhoff's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Steinhoff's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Steinhoff's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the sections "*General Information About The Guarantor And Its Group*" and "*General Information About The Issuer*". This section includes more detailed descriptions of factors that might have an impact on Steinhoff's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer, the Guarantor nor the Joint Bookrunners assumes any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

SOURCES OF MARKET DATA

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which

Steinhoff operates are based on the Issuer's and the Guarantor's assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies.

In addition to information that has been based on assessments by the management of Steinhoff (the "**Management**"), the following sources were used in the preparation of this Prospectus: Euromonitor International; Möbelmarkt (an information service for the furniture and household goods industry); Bloomberg foreign currency exchange composite rate information; IPEA UK LTD; Verdict Retail, a trading name of Progressive Digital Media Ltd.; and the Australian Bureau of Statistics (<http://www.abs.gov.au>).

It should be noted in particular that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned market studies and other sources. The Issuer and the Guarantor have accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Issuer and the Guarantor, the Issuer and the Guarantor have not independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Issuer makes no representation or warranty as to the accuracy of any such information from third-party studies included or incorporated by reference in this Prospectus. Prospective investors should note that the Issuer's own estimates and statements of opinion and belief are not always based on studies of third parties.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Steinhoff Europe AG Financial Statements

The audited unconsolidated financial statements of the Issuer as of and for the short reporting period beginning on 1 July 2016 and ending 30 September 2016 (the "**Issuer Financial Statements for the Short Financial Year 2016**"), the audited unconsolidated financial statements of the Issuer as of and for the financial year ended 30 June 2016 (the "**Issuer Financial Statements 2016**") and the audited unconsolidated financial statements of the Issuer for the financial year ended 30 June 2015 (the "**Issuer Financial Statements 2015**") and, together with the Issuer Financial Statements for the Short Financial Year 2016 and the Issuer Financial Statements 2016, the "**Issuer Financial Statements**") have been prepared in accordance with the third book of the Austrian Enterprise Code (*Unternehmensgesetzbuch*) ("**Austrian GAAP**"). The Issuer Financial Statements are incorporated by reference into the Prospectus.

Steinhoff International Holdings N.V. Financial Statements

The unaudited consolidated interim financial statements of the Guarantor as of and for the six-month period ending 31 March 2017 (the "**Guarantor Financial Statements H1/2017**") and the audited consolidated financial statements of the Guarantor as of and for the financial year ended 30 September 2016 (15-month reporting period) (the "**Guarantor Financial Statements 2016**") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and with Part 9 of Book 2 of the Dutch Civil Code. At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end from 30 June to 30 September. Accordingly, the extension of the 2016 financial year to 30 September 2016 resulted in a reporting period of 15 months. The Guarantor Financial Statements 2016 include restated comparative figures for the financial year ended 30 June 2015 which were derived from the SIHL Financial Statements 2015 (as defined below). The restatement is due to the change in the Guarantor's presentation and functional currency from South African rand to euro which was implemented following the reverse acquisition of Steinhoff International Holdings Limited ("**SIHL**"), the former top company of the Group, by Steinhoff International Holdings N.V. in 2015. The Guarantor Financial Statements H1/2017 and the Guarantor Financial Statements 2016 are incorporated by reference into the Prospectus.

Steinhoff International Holdings Limited Financial Statements

The audited consolidated financial statements of Steinhoff International Holdings Limited as of and for the financial year ended 30 June 2015 (the "**SIHL Financial Statements 2015**") have been prepared in accordance with IFRS and the requirements of the South African Companies Act No. 71 of 2008, as amended. The SIHL Financial Statements 2015 are incorporated by reference into the Prospectus.

Non-GAAP Financial Measures

This Prospectus contains certain measures and ratios which are not defined by IFRS (the “**Non-GAAP Measures**”) and which are used by the Group’s management or which the Group’s management regards as being useful for investors as financial measures to monitor the financial position and financial and operating performance of the Group. These figures are not recognized measures under IFRS and should, for this reason, not be considered as an alternative to the applicable measures as defined by IFRS (the “**GAAP Measures**”).

These Non-GAAP Measures have been derived from the Guarantor Financial Statements 2016 or taken or derived from the Company’s accounting records or management reporting systems. The Group has provided these Non-GAAP Measures and other information because it believes they provide investors with additional information to measure its financial position and financial and operating performance. However, the usefulness of these Non-GAAP Measures is subject to the following limitations: The Group may use these Non-GAAP Measures differently than other companies, which use similar Non-GAAP measures. The Non-GAAP Measures may not be comparable to measures used by other companies due to differences in the way of calculation even if such measures use similar terminology. The measures the Group uses should not be considered as an alternative to any other performance measure derived in accordance with IFRS. Furthermore, the Non-GAAP Measures are not meant to be indicative of future results. The Non-GAAP Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Group’s results as reported under IFRS. They may exclude or include amounts that are excluded or included, as applicable, in the calculation of the most directly comparable GAAP measures in accordance with IFRS. The Non-GAAP Measures should be considered in conjunction with the Guarantor Financial Statements 2016 prepared in accordance with IFRS and the respective notes thereto.

For additional information regarding Non-GAAP Measures see “*General Information About the Guarantor and its Group—Selected Financial Information—Alternative Performance Measures (APM)*”.

EXCHANGE RATES

The Issuer Financial Statements, the Guarantor Financial Statement H1/2017 and the Guarantor Financial Statements 2016 were prepared in the single European currency adopted by certain participating member states of the European Union, including Austria and The Netherlands, referred to in this Prospectus as “euro” or “€”, while the SIHL Financial Statements were prepared in the legal currency of the Republic of South Africa referred to in this Prospectus as “South African rand” or “R”. Furthermore, in the course of the financial year 2016 and until the date of this Prospectus, the Group acquired several entities reporting in the official currencies of the Commonwealth of Australia, the United Kingdom of Great Britain and Northern Ireland or the United States of America, referred to in this Prospectus as “Australian dollar” or “AUS\$”, “British pound” or “GBP” and “U.S. dollar” or “US\$”, respectively.

The following table sets forth the average and closing translation rates of South African rand, Australian dollar, British pound and U.S. dollar per euro for the Group’s financial years ending 30 June 2015 and 30 September 2016 as well as for the six-month period ended 31 March 2017. The Issuer and the Guarantor make no representation that any amount of currencies specified in the table below has been, or could be, converted into euro at the rates indicated or any other rate.

	Average translation rate			Closing translation rate		
	FY 2016 (15M)	FY 2015 (12M)	6M 2017	30 Sep 2016	30 June 2015	31 March 2017
€ to R	16.0376	13.7347	14.5559	15.4493	13.5628	14.3093
€ to AUS\$	1.5137	1.4361	1.4219	1.4657	1.4550	1.3982
€ to GBP	0.7693	0.7625	0.8646	0.8610	0.7114	0.8555
€ to US\$	1.1111	1.2041	1.0718	1.1161	1.1189	1.0691

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SUMMARY

Summaries are made up of disclosure requirements known as “*Elements*”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary (the “**Summary**”) contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of “*not applicable*”.

Element	Section A – Introduction and warnings
A.1	<p>Warning that:</p> <ul style="list-style-type: none"> ▪ this Summary should be read as an introduction to the Prospectus; ▪ any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; ▪ where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating the Prospectus, before the legal proceedings are initiated; and ▪ civil liability attaches only to the Issuer which has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Not applicable. The Issuer does not consent to the use of the Prospectus for the subsequent resale or final placement of the Notes.

Element	Section B – Issuer	
B.1	Legal and commercial name	Steinhoff Europe AG
B.2	Domicile / Legal form / Legislation / Country of incorporation	The Issuer is a stock corporation (<i>Aktiengesellschaft</i>) incorporated under the laws of the Republic of Austria and registered in the companies register (<i>Firmenbuch</i>) of the Republic of Austria under registration number FN 38031 d. The Issuer's business address and registered office is at Rennweg 77, 2345 Brunn am Gebirge, Austria.
B.4b	Known trends affecting the Issuer and the industries in which it operates	See “ <i>Section B – Guarantor—Element B.4b</i> ”. The trends affecting the Guarantor and the Group and the industries in which they operate also apply to the Issuer.
B.5	Description of the Group and the Issuer's position within the Group	The Issuer is an indirect wholly-owned subsidiary of Steinhoff International Holdings N.V., which is the ultimate holding company of the Group.
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate has been made.
B.10	Nature of any qualifications in the audit report on	Not applicable. The audit reports on the unconsolidated financial statements of the Issuer for the financial year ended 30 June 2015, the unconsolidated financial statements of the

	historical financial information	Issuer for the financial year ended 30 June 2016 and the unconsolidated financial statements of the Issuer for the short reporting period ended 30 September 2016 do not include any qualifications.																																																																																		
B.12	<p>Selected historical key financial information</p> <p>At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end of the Guarantor and its subsidiaries, including the Issuer, from 30 June to 30 September. Accordingly, the extension of the 2016 financial year to 30 September 2016 resulted in a reporting period of 15 months. In respect of the Issuer, the 15 months period was split into reporting periods of 12 months and 3 months.</p> <p>The key financial information regarding the Issuer set out in the following tables is extracted from the audited unconsolidated financial statements for the short financial year ended 30 September 2016, the financial year ended 30 June 2016 and the financial year ended 30 June 2015.</p> <p><u>Selected Data from the Income Statement</u></p> <table border="1"> <thead> <tr> <th></th> <th>3 months ended 30 Sep 2016</th> <th>12 months ended 30 June 2016 <i>audited</i> <i>(in € million)</i></th> <th>12 months ended 30 June 2015</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>72.4</td> <td>0.2</td> <td>0.2</td> </tr> <tr> <td>Other operating income</td> <td>2.0</td> <td>201.1</td> <td>95.7</td> </tr> <tr> <td>Personnel expenses</td> <td>(0.1)</td> <td>(0.6)</td> <td>(1.7)</td> </tr> <tr> <td>Other operating expenses</td> <td>(19.1)</td> <td>(114.7)</td> <td>(64.8)</td> </tr> <tr> <td>Operating profit</td> <td>55.1</td> <td>86.0</td> <td>29.4</td> </tr> <tr> <td>Financial result</td> <td>7.0</td> <td>103.5</td> <td>263.1</td> </tr> <tr> <td>Profit before taxation</td> <td>62.1</td> <td>189.5</td> <td>292.5</td> </tr> <tr> <td>Taxation</td> <td>(18.3)</td> <td>(51.3)</td> <td>(21.7)</td> </tr> <tr> <td>Profit for the period</td> <td>43.8</td> <td>138.2</td> <td>270.8</td> </tr> </tbody> </table> <p><u>Selected Data from the Statement of Financial Position</u></p> <table border="1"> <thead> <tr> <th></th> <th>As at 30 Sep 2016</th> <th>As at 30 June 2016 <i>audited</i> <i>(in € million)</i></th> <th>As at 30 June 2015</th> </tr> </thead> <tbody> <tr> <td>Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total non-current assets</td> <td>4,960.5</td> <td>4,960.5</td> <td>2,784.1</td> </tr> <tr> <td>Total current assets</td> <td>5,679.4</td> <td>5,693.6</td> <td>4,546.9</td> </tr> <tr> <td>Total assets</td> <td>10,703.4</td> <td>10,654.2</td> <td>7,331.7</td> </tr> <tr> <td>Equity and Liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total equity</td> <td>3,447.0</td> <td>3,403.2</td> <td>3,265.0</td> </tr> <tr> <td>Provisions</td> <td>12.2</td> <td>15.1</td> <td>3.8</td> </tr> <tr> <td>Total current liabilities</td> <td>7,203.8</td> <td>7,235.9</td> <td>4,062.9</td> </tr> <tr> <td>Total equity and liabilities</td> <td>10,703.4</td> <td>10,654.2</td> <td>7,331.7</td> </tr> </tbody> </table>					3 months ended 30 Sep 2016	12 months ended 30 June 2016 <i>audited</i> <i>(in € million)</i>	12 months ended 30 June 2015	Revenue	72.4	0.2	0.2	Other operating income	2.0	201.1	95.7	Personnel expenses	(0.1)	(0.6)	(1.7)	Other operating expenses	(19.1)	(114.7)	(64.8)	Operating profit	55.1	86.0	29.4	Financial result	7.0	103.5	263.1	Profit before taxation	62.1	189.5	292.5	Taxation	(18.3)	(51.3)	(21.7)	Profit for the period	43.8	138.2	270.8		As at 30 Sep 2016	As at 30 June 2016 <i>audited</i> <i>(in € million)</i>	As at 30 June 2015	Assets				Total non-current assets	4,960.5	4,960.5	2,784.1	Total current assets	5,679.4	5,693.6	4,546.9	Total assets	10,703.4	10,654.2	7,331.7	Equity and Liabilities				Total equity	3,447.0	3,403.2	3,265.0	Provisions	12.2	15.1	3.8	Total current liabilities	7,203.8	7,235.9	4,062.9	Total equity and liabilities	10,703.4	10,654.2	7,331.7
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	Statement of	Not applicable. Steinhoff Europe AG is a wholly-owned indirect																																																																																		

	dependency upon other entities within the group	subsidiary of Steinhoff International Holdings N.V. and is not dependent on other entities within the Group.
B.15	Principal activities	<p>The Issuer is an integrated discount retailer and serves as a holding company for its subsidiaries that manufacture, source and retail furniture, household goods and general merchandise in Europe and Australasia. It holds all investments of the Group outside Africa and the United States and acts as primary borrower in respect of all material debt of the Issuer and its subsidiaries (the "Issuer Sub-Group"). The Group's integrated business model of sourcing and manufacturing products in low-cost locations and retailing them in developed markets has underpinned the Issuer's growth. The retail operations are positioned towards price-conscious (value) consumer segments, providing customers with affordable products through the Issuer's vertically integrated supply chain.</p> <p>Since the business of the Issuer Sub-Group is influenced by the business of other parts of the Group, e.g. with regard to global strategies of the Group, the business of the Issuer Sub-Group has to be seen in the context of the Group's business (see <i>Section B – Guarantor – Element B.12</i> below).</p>
B.16	Major shareholders	The sole direct shareholder of the Issuer is Steinhoff Möbel Holding Alpha GmbH, which is an indirect wholly-owned subsidiary of the Guarantor.
B.17	Credit ratings of the Issuer or its debt securities	<p>The Issuer is not rated.</p> <p>The Issuer has made a credit rating application to Moody's in respect of the Notes. Moody's has announced that it will assign a "Baa3 (stable outlook)" credit rating to the Notes.</p>
B.18	Nature and scope of the Guarantee	<p>The Notes issued by Steinhoff Europe AG will have the benefit of a guarantee (the "Guarantee") granted by Steinhoff International Holdings N.V. (the "Guarantor").</p> <p>The Guarantee constitutes an irrevocable, unconditional, unsecured and unsubordinated obligation of the Guarantor ranking <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Guarantor. The terms of the Guarantee contain a negative pledge of the Guarantor. The Guarantee will be governed by German law. The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to section 328 paragraph 1 of the German Civil Code (<i>Bürgerliches Gesetzbuch – BGB</i>).</p>
B.19	Summary information about the Guarantor	See " <i>Section B – Guarantor</i> " below.

Element	Section B – Guarantor	
B.1	Legal and commercial name	Steinhoff International Holdings N.V.
B.2	Domicile / Legal form / Legislation / Country of incorporation	The Guarantor is a public company with limited liability (<i>naamloze vennootschap</i>) incorporated under the laws of The Netherlands and registered with the Dutch Trade Register of the Chamber of Commerce (<i>Handelsregister van de Kamer van Koophandel</i>) under number 63570173. The Guarantor's registered office is at Herengracht 466, 1017 CA, Amsterdam, The Netherlands. The Guarantor is resident in South Africa for

		tax purposes.
B.4b	Known trends affecting the Guarantor and the industries in which it operates	<p>The results of operations and financial condition of the Guarantor and the Group are affected by a number of factors. Management believes that the following factors are likely to continue to influence the Group's results of operations and financial condition:</p> <ul style="list-style-type: none"> • the growth in the discount and value market segments; • control, scale and flexibility of the Group's supply chain; • rationalisation of the Group's supply chain; • the Group's expansion of its retail business and consolidation of the household goods market in Europe; • e-commerce and omni-channel developments; • exchange rate fluctuations; and • corporate activity.
B.5	Description of the Group and the Guarantor's position within the Group	<p>The Guarantor is the ultimate holding company of the Group. In 2015, the former holding company of the Group, Steinhoff International Holdings Limited, was acquired by Steinhoff International Holdings N.V., which thereby became the new ultimate holding company of the Group. The Guarantor is listed on the Frankfurt Stock Exchange and has a secondary listing on the Johannesburg Stock Exchange.</p> <p>The Group's business is primarily conducted by the Guarantor's subsidiaries, which are grouped into three segments, including the "Household Goods" segment, the "General Merchandise" segment and the "Automotive" segment.</p>
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate has been made.
B.10	Nature of any qualifications in the audit report on historical financial information	Not applicable. The audit reports on the consolidated financial statements of the Guarantor for the financial year ended 30 September 2016 and for SIHL's financial year ended 30 June 2015 do not include any qualifications.
B.12	<p>Selected historical key financial information</p> <p>At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end from 30 June to 30 September. Accordingly, the extension of the 2016 financial year to 30 September 2016 resulted in a reporting period of 15 months.</p> <p><i>Audited financial information for the 15-month reporting period ended 30 September 2016</i></p> <p>The following tables set out the key financial information regarding the Group extracted from the audited consolidated financial statements of the Guarantor for the 15 months period ended 30 September 2016, which include restated comparative figures for the financial year ended 30 June 2015. The restatement is due to the change in the Guarantor's presentation and functional currency from South African rand to euro which was implemented following the reverse acquisition of SIHL, the former top company of the Group, by Steinhoff International Holdings N.V. in 2015.</p>	

Selected Data from the Consolidated Income Statement

	6 months ended 31 March 2017 <i>unaudited</i> <i>(in € million)</i>	6 months ended 31 March 2016 <i>unaudited</i> <i>(in € million)</i>	15 months ended 30 Sep 2016 <i>audited</i> <i>(in € million)</i>	Restated 12 months ended 30 June 2015 <i>audited</i> <i>(in € million)</i>
Revenue	10,165	6,889	16,439	9,818
Cost of sales	(6,027)	(4,380)	(10,486)	(6,300)
Operating profit	885	799	1,793	1,297
Profit before taxation	816	743	1,685	1,210
Taxation	(105)	(103)	(238)	(96)
Profit from continuing operations	711	640	1,447	1,114
Profit for the period	711	647	1,442	959

Selected Data from the Consolidated Statement of Financial Position

	As at 31 March 2017 <i>unaudited</i> <i>(in € million)</i>	As at 31 March 2016 <i>unaudited</i> <i>(in € million)</i>	As at 30 Sep 2016 <i>audited</i> <i>(in € million)</i>	Restated as at 30 June 2015 <i>audited</i> <i>(in € million)</i>
Assets				
Total non-current assets	25,857	16,151	23,902	16,123
Total current assets	8,813	7,281	8,279	6,986
Total assets	34,670	23,432	32,181	23,109
Equity and Liabilities				
Total equity	16,635	12,502	15,967	13,428
Total non-current liabilities	12,158	5,918	9,997	5,515
Total current liabilities	5,877	5,012	6,217	4,166
Total equity and liabilities	34,670	23,432	32,181	23,109

Selected Data from the Consolidated Statement of Cash Flows

	6 months ended 31 March 2017 <i>unaudited</i> <i>(in € million)</i>	6 months ended 31 March 2016 <i>unaudited</i> <i>(in € million)</i>	15 months ended 30 Sep 2016 <i>audited</i> <i>(in € million)</i>	Restated 12 months ended 30 June 2015 <i>audited</i> <i>(in € million)</i>
Net cash flow from operating activities	13	324	1,475	1,475
Net cash flow from investing activities	(942)	(595)	(4,185)	(1,536)
Net cash flow from financing activities	1,149	(49)	2,898	1,721
Net increase/decrease in cash and cash equivalents	220	(320)	188	1,660
Effects of exchange rate translations on cash and cash equivalents	33	(76)	(121)	13
Cash and cash equivalents at beginning of the period	2,861	3,237	2,794	1,121
Cash and cash equivalents at end of period	3,114	2,841	2,861	2,794

Complementary financial information for the 12-month period ended 30 September 2016

In addition to the financial information for the 15-month period ended 30 September 2016 set out above, the following tables set out certain unaudited financial information regarding the Group for the 12-month period ended 30 September 2016 as well as certain unaudited comparative figures for the 12-month period ended 30 September 2015 (the “**Complementary Financial Information**”). The Complementary Financial Information was prepared by the Guarantor on a voluntary basis in light of (i) the recent change in the

financial year and the resulting 15-month reporting period and (ii) the acquisitions of Mattress Firm and Poundland in September 2016. Since Poundland and Mattress Firm were acquired in September 2016, these acquisitions were included in the balance sheet only and no income statement numbers were included in this set of Complementary Financial Information. To enhance comparability of results, the below breakdown of revenue and operating profit per segment for the twelve month period ended 30 September 2015 includes the revenue and operating profit of Pepkor for the full period, although the actual acquisition of Pepkor only took place on 31 March 2015 and Pepkor was originally only consolidated in the SIHL Financial Statements 2015 for the three month period beginning 1 April 2015 and ended 30 June 2015. The Complementary Financial Information was prepared in accordance with IFRS and is included in the Group's annual report 2016.

Summarised Consolidated Income Statement

	12 months ended 30 Sep 2016 <i>unaudited</i> (in € million)
Revenue	13,427
Operating profit before depreciation, amortization and capital items (EBITDA)	1,768
Depreciation and amortisation	(258)
Operating profit before capital items	1,510
Capital items	(10)
Earnings before finance charges, dividend income, equity accounted earnings and taxation	1,500
Net finance charges	(161)
Dividend income	3
Share of profit of equity accounted companies	72
Profit before taxation	1,414
Taxation	(192)
Profit for the year from continuing operations	1,222
Profit for the year from discontinuing operations	6
Profit for the period	1,228

Revenue and Operating Profit per Segment

	6 months ended 31 March 2017 <i>unaudited</i> (in € million)	6 months ended 31 March 2016 <i>unaudited</i> (in € million)	12 months ended 30 Sep 2016 <i>unaudited</i> (in € million)	12 months ended 30 Sep 2015 <i>unaudited</i> (in € million)
Revenue				
Household Goods	6,282	4,524	8,645	7,734
General Merchandise	3,181	1,774	3,600	3,418
Automotive	702	591	1,182	1,321
Total Revenue	10,165	6,889	13,427	12,473
Operating Profit				
Household Goods	619	610	1,110	1,013
General Merchandise	263	166	361	334
Automotive	21	21	39	39
Total Operating Profit before capital items per segmental analysis	903	797	1,510	1,386

		<u>Revenue per Region</u>			
		6 months ended 31 March 2017	6 months ended 31 March 2016	15 months ended 30 Sep 2016	12 months ended 30 June 2015
		<i>unaudited</i> (in € million)		<i>audited</i> (in € million)	
	Europe, including the United Kingdom	5,381	4,258	9,932	6,461
	Africa	2,667	2,165	5,349	2,905
	United States	1,518	–	–	–
	Other	599	466	1,158	452
	Total	10,165	6,889	16,439	9,818
	Prospects of the Guarantor	There has been no material adverse change in the prospects of the Guarantor since 30 September 2016.			
	Significant change in the financial and trading position	There has been no significant change in the financial or trading position of the Guarantor since 31 March 2017.			
B.13	Recent events	Not applicable. There have been no recent events particular to the Guarantor which are relevant to the evaluation of the Guarantor's solvency.			
B.14	See Element B.5.				
	Statement of dependency upon other entities within the group	Not applicable. The Guarantor acts as the holding company for the Group and is not dependent on other entities within the Group.			
B.15	Principal activities	<p>The Steinhoff group retails, sources and manufactures household goods and general merchandise in Europe (including the United Kingdom), the United States of America, Australasia and Africa. Retail operations are positioned towards price conscious (value) consumer segments, providing everyday products at affordable prices and serving customers at their convenience.</p> <p>The Group's integrated retail divisions comprise:</p> <ul style="list-style-type: none"> • Household goods; • General merchandise; and • Automotive. <p>Steinhoff employs approximately 130,000 employees and has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.</p>			
B.16	Major shareholder	<p>To the Guarantor's knowledge, the major shareholders of the Guarantor, which hold directly or indirectly 3 per cent. or more of the Guarantor's capital and/or voting rights, include Dr Christoffel Hendrik Wiese (through Upington Investment Holdings B.V.), Bruno Ewald Steinhoff (directly and indirectly through several entities, including BS Beteiligungs- und Verwaltungs GmbH and BS Vermögensverwaltungs-gesellschaft GmbH), Coronation Fund Managers Ltd and Public Investment Corporation.</p> <p>Christoffel Hendrik Wiese, Bruno Ewald Steinhoff, Angela Krüger-Steinhoff, several members of the Guarantor's Management Board and certain members of the executive management of the Group and their respective associates</p>			

		(together, the “ Voting Pool Parties ”) collectively hold or control approximately 32 per cent. of the total voting rights of the Guarantor.
B.17	Credit ratings of the Guarantor or its debt securities	Moody’s has assigned the long-term credit rating “Baa3 (stable outlook)” to the Guarantor.

Element	Section C – The Notes	
C.1	Class and type of the Notes / ISIN	Class The Notes are unsubordinated and unsecured.
		Fixed Rate Notes The Notes bear a fixed interest income throughout the entire term of the Notes.
		Security codes ISIN: XS1650590349, Common Code: 165059034, WKN: A19LXV.
C.2	Currency	Euro.
C.5	Restrictions on free Transferability	Not applicable. The Notes are freely transferable.
C.8	Rights attached to the Notes (including limitations to those rights and ranking of the Notes)	Early redemption for taxation reasons Early redemption of the Notes for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of the Republic of Austria, or in the event of the Issuer becoming subject to another tax jurisdiction, the laws or regulations of such other tax jurisdiction, affecting taxation or the obligation to pay duties of any kind, the Issuer will become obligated to pay additional amounts on the Notes.
		Early redemption at par at the option of the Issuer The Issuer may, upon not less than 30 days’ nor more than 60 days’ prior notice, redeem, at its option, the Notes during a period of three months prior to the Maturity Date at par together with accrued interest to, but excluding, the relevant redemption date.
		Early redemption at the option of the Issuer (Make Whole) The Notes can be redeemed at the option of the Issuer upon not less than 45 days’ nor more than 60 days’ prior notice on any specified date prior to the stated maturity and at the specified redemption amount, as calculated by a calculation agent, together with accrued interest to, but excluding, the relevant redemption date.
		Early redemption in case of a change of control in respect of the Guarantor The terms and conditions of the Notes (the “ Terms and Conditions ”) provide that under certain circumstances each Holder will have the option to require the Issuer to redeem or at the Issuer’s option, purchase (or procure the purchase of) the Notes held by such Holder in whole or in part at a price equal to 101% of the principal amount of such Notes plus

		<p>interest accrued to (but excluding) the date of redemption or purchase.</p>
		<p>Early redemption in case of minimal outstanding amount The Issuer may, upon not less than 30 days' nor more than 60 days' prior notice, redeem, at its option, the Notes in whole but not in part at the principal amount thereof plus unpaid interest accrued to (but excluding) the date of actual redemption if 80 per cent or more of the aggregate principal amount of the Notes have been redeemed or purchased by the Issuer.</p>
		<p>Change of Control The Terms and Conditions provide for a change of control clause.</p>
		<p>Cross Default The Terms and Conditions provide for a cross default provision.</p>
		<p>Negative pledge The Terms and Conditions contain a negative pledge provision that is subject to exceptions and carve-outs.</p>
		<p>Events of Default The Terms and Conditions provide for events of default entitling Holders to demand immediate redemption of the Notes. However, the Notes provide that the effectiveness of such right of a Holder in some cases is subject to the receipt of default notices from Holders representing at least 10 per cent. of the aggregate principal amount of the Notes then outstanding. Each Holder is entitled to declare his Notes due and demand immediate redemption thereof at par plus accrued interest (if any) accrued to (but excluding) the date of repayment, if an event of default occurs and is continuing.</p>
		<p>Resolutions of Holders In accordance with the German Act on Issues of Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen</i> – "SchVG"), the Notes contain provisions pursuant to which Holders may consent to amend the terms and conditions of the Notes (with the consent of the Issuer) and to decide upon certain other matters regarding the Notes. Resolutions of Holders properly adopted are binding upon all Holders. Resolutions which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 of the SchVG, require a majority of at least 75% of the voting rights participating in the vote ("Qualified Majority"). Resolutions regarding other amendments are passed by a simple majority of the votes cast.</p>
		<p>Holdings' Representative The Holders may by majority resolution provide for the appointment or dismissal of a joint representative (the "Holdings' Representative"), the duties and responsibilities and the powers of such Holdings' Representative, the transfer of the rights of the Holders to the Holdings' Representative and a limitation of liability of the Holdings' Representative. Appointment of a Holdings' Representative may only be</p>

		<p>passed by a Qualified Majority if such Holders' Representative is to be authorized to consent to a material change in the substance of the Terms and Conditions.</p> <p>Status of the Notes (Ranking) The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.</p> <p>Governing Law The Notes will be governed by German law.</p> <p>Jurisdiction Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.</p>
C.9	Please see Element C.8.	
	Interest rate	The Notes shall bear interest on their principal amount at a rate of 1.875% per annum.
	Interest commencement date	24 July 2017
	Interest payment dates	24 January in each year
	Underlying on which interest rate is based	Not applicable. The interest rate is not based on an underlying.
	Maturity date including repayment procedures	Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their principal amount of €800,000,000 on 24 January 2025 (the " Maturity Date ").
		Payment of principal in respect of Notes shall be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
	Indication of yield	1.956% per annum
Name of representative of the Holders	Not applicable. A representative of the Holders is not appointed. The Notes provide that the Holders may by majority resolution appoint a representative.	
C.21	Indication of the market where the Notes will be traded and for which the Prospectus has been published	Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (as amended).

Element	Section D – Risks specific to the Issuer, the Guarantor and the Notes	
D.2	Key information on the key risks that are specific to the Issuer	As the Issuer is a subsidiary of the Guarantor and indirectly operates through its subsidiaries which retail, source and manufacture furniture, household goods and general merchandise in Europe (including the United Kingdom) and Australasia, the risks described below under " <i>D.2—Key information on the key risks that are specific to the Guarantor</i> "

		<p>also apply to the Issuer and the profits generated by its subsidiaries. The occurrence of one or more of these risks may adversely affect the business, financial condition, results of operations and cash flow of the Issuer and its ability to perform its obligations under the Notes.</p>
	<p>Key information on the key risks that are specific to the Guarantor</p>	<p>The following contains a summary of certain risks specific to the Guarantor and its Group which may materially adversely affect the business, financial position and results of operations of the Guarantor and its ability to meet its obligations under the Guarantee:</p> <ul style="list-style-type: none"> • The Group's ability to increase sales, maintain or increase prices and/or to recover fixed costs may be adversely affected by volatile economic conditions. • If the Group fails to integrate its acquisitions effectively, the Group's business and financial results could be adversely affected. • The Group may not be able to manage the continuing expansion of its business effectively. • The Group may not be able to identify opportunities or conclude transactions to expand its business. • The Group operates in highly competitive markets. • The Group faces seasonal and other fluctuations in consumer demand and the risk of product obsolescence. • The Group has potential exposure to product liability claims and to loss of reputation. • The Group may not be adequately insured. • The Group depends on the skills and experience of its senior executive officers and other members of its Management Board and Supervisory Board. • The Group is subject to information technology risk. • The Group depends on efficient logistics systems. • The Group's operations depend on its ability to source and produce finished goods and raw materials of appropriate quality from reliable sources and suppliers. • If the Group's transfer pricing arrangements are determined to be inappropriate, the Group's tax liability may increase. • The Group may not be able to pass on the cost of oil, gas and electricity to its customers. • The vote by the United Kingdom to leave the European Union could adversely affect the Group. • The Group is exposed to fluctuations in currency exchange rates. • The Group is exposed to fluctuations in interest rates. • The Group will require additional capital expenditure to expand and develop. • Natural disasters could adversely affect the Group's business. • The Group may be unable to protect its intellectual property rights. • The Group is subject to a variety of risks as a result of its diverse business operations.

		<ul style="list-style-type: none"> • The Group faces risks in relation to its outstanding loans and borrowings. • Changes in the Group's creditworthiness may affect its ability to meet future liquidity requirements and to access new funding. • Fluctuations in the price, availability or quality of raw materials or sourced products could cause delays or increases in the costs of materials. • The Group is exposed to the risk of default on the part of certain customers or counterparties. • The Group is subject to risks associated with the suppliers from whom certain of its raw materials and products are sourced. • The Group is subject to various government regulations in the markets in which it operates. • The Group's costs may increase as a result of developments in environmental, health and safety and labour laws, and tax regimes. • The South African subsidiaries of the Group are subject to South African exchange control regulations.
D.3	<p>Key information on the key risks that are specific to the securities</p>	<p>An investment in the Notes involves certain risks associated with the characteristics of the Notes which could lead to substantial losses that Holders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include the following:</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors. • If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss. • An investment in the Notes may be subject to inflation risks. • The Holders are subject to exchange rate risks and exchange controls. • The Holders are exposed to risks relating to fixed interest notes. • Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments. • The Holders' only remedy against the Issuer is the institution of legal proceedings to enforce payment or to file an application for insolvency proceedings. • The Notes and the Guarantee will be effectively subordinated to the Issuer's and the Guarantor's debt (as applicable) to the extent such debt is secured by assets that are not also securing the obligations under the Notes or the Guarantee (as applicable). • The Notes may not, or may cease to satisfy the criteria to be recognized as eligible collateral for the Eurosystem. • If the Notes are redeemed, a Holder of such Notes is exposed to the risk of a lower yield than expected. • The Issuer's ability to redeem or repurchase such Notes upon the occurrence of change of control events may be

		<p>limited by its access to funds.</p> <ul style="list-style-type: none"> • There may be no active public trading market for the Notes. • Transfer of the Notes will be restricted, which may adversely affect the value of the Notes. • The development of market prices of the Notes depends on various factors. • The trading market for debt securities may be volatile and may be adversely impacted by many events. • Ratings may not reflect all risks and are subject to change. • Incidental costs related in particular to the purchase and sale of Notes may have a significant impact on the profit potential of the Notes. • Because the Global Notes are held by or on behalf of Euroclear and CBL, potential investors will have to rely on their procedures for transfer, payment and communication with the Issuer. • No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus. • A potential investor may not rely on the Issuer, the Joint Bookrunners or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes. • The Terms and Conditions, including the terms of payment of principal and interest, can be amended by a Holders' resolution and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding. • An Austrian court could appoint a trustee (<i>Kurator</i>) for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited. • The insolvency laws of Austria and The Netherlands may not be as favourable to Holders as the laws of other jurisdictions. • In case of certain events of default, the Notes will only be redeemable if Holders of at least 10% of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration may be rescinded by majority resolution of the Holders. • Since no Holders' Representative will be appointed as from the Issue Date, it will be more difficult for Holders to take collective action with respect to the Notes. • The Holders have no voting rights in shareholders' meetings. • Changes in accounting standards might result in a decrease of the market value of the Notes. • The income under the Notes may be reduced by taxes. • The Financial Transactions Tax could apply to certain dealings in the Notes.
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Element	Section E – Offer of the Notes	
E.4	Any interest that is material to the issue/offer including conflicting interests	<p>The Joint Bookrunners have entered into a contractual relationship with the Issuer in connection with the offering and admission to trading of the Notes.</p> <p>The Joint Bookrunners may from time to time enter into other business relationships with companies of the Group or perform services on their behalf as part of their normal course of business. Accordingly, the Joint Bookrunners may in the future face conflicts of interests with Holders.</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror	<p>Not applicable. The Issuer will not charge any costs, expenses or taxes directly to any investor in connection with the Notes. Each investor has, however, to inform itself about taxes or expenses it may be subject to, e.g. deposit fees.</p>

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantee, respectively. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood or the extent of any such contingency occurring.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes. But the Issuer or the Guarantor may be unable to pay interest, principal or other amounts to or in connection with the Notes or the Guarantee, for other reasons than those described below and the Issuer and the Guarantor do not represent that the statements below are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in the Terms and Conditions shall have the same meanings in this section.

Risks relating to the Group and the Guarantor

Set out below are risks associated with Group and the Guarantor which may have a material impact on its business, financial condition, results of operations and cash flow and therefore its ability to perform its obligations under the Notes.

The Group's ability to increase sales, maintain or increase prices and/or to recover fixed costs may be adversely affected by volatile economic conditions.

Historically, the furniture and household goods and general merchandise industries have been cyclical, generally fluctuating with economic cycles and conditions. Demand is sensitive to general economic conditions, including housing activity, interest rate levels, current economic growth, credit availability, unemployment and other factors that affect consumer spending habits. Due to the discretionary nature of most furniture and household goods and general merchandise purchases, such purchases may be deferred during times of economic uncertainty. General economic factors affect not only the ultimate consumer, but also impact the Group's owned and third-party mass and specialty retailers, which are the Group's primary customers for wholesale and distribution of its manufactured and sourced products. Consequently and notwithstanding general merchandise purchases being more resilient to economic downturns, recessions or prolonged economic downturns in the markets in which the Group operates could have a material adverse effect on its business, financial condition or results of operations.

If the Group fails to integrate its acquisitions effectively, the Group's business and financial results could be adversely affected.

The Group has grown both organically and through a number of strategic acquisitions and joint venture arrangements, such as its recent acquisition of Mattress Firm, Poundland, Tekkie Town and Fantastic Furniture. These acquisitions and joint ventures have historically contributed to the expansion of its business and operations during the periods under review. The Group's ability to continue to grow its business in new markets will depend partly on its success in identifying and making appropriate acquisitions and joint venture arrangements in the future. Moreover, the Group's future operating results will largely depend upon its ability to manage and integrate the operations of past, as well as any future, acquisitions.

These integration plans may be more complex or timely than expected and costs to achieve these plans may be greater than anticipated. Key suppliers or business partners may also choose to change or terminate their relationship with the Group following such acquisitions.

If the Group is unable to successfully integrate acquisitions, this may negatively impact the profitability of the acquired businesses, as well as lead to write-offs of the Group's intangible assets, including goodwill. In the event the Group is forced to write off a portion of the value of its intangible assets, this could have a material adverse effect on its business, financial condition and results of operations.

The Group may not be able to manage the continuing expansion of its business effectively.

The Group's retail and production operations have historically expanded through organic growth across its operating divisions and through the acquisition of other companies. The Group's management structures, systems, procedures or controls may not be adequate or sufficiently developed to support the continued expansion of its operations. Furthermore, Management may not be able to allocate the time and resources necessary to effectively manage this expansion. If the Group is unable to manage the expansion of its business efficiently and effectively, its competitiveness, business, financial condition or results of operations could be materially adversely affected.

The Group may not be able to identify opportunities or conclude transactions to expand its business.

The industry in which the Group operates is characterised by opportunities that arise and may need to be evaluated quickly and, if mutually satisfactory terms can be rapidly agreed, concluded within short periods of time. However, while Management expects to continue to evaluate potential transactions, no assurances can be given that it will be able, at any time, to identify and conclude transactions on acceptable terms or at all.

The Group may also face competition from its competitors and other investors for potential growth opportunities. The Group may face increased competition with other leading retailers for market share growth opportunities or it may be unable to take advantage of perceived consolidation opportunities, either of which may adversely affect its ability to successfully maintain and grow its market share. The failure to identify or conclude potential transactions could materially adversely affect the Group's business, financial condition or results of operations.

The Group operates in highly competitive markets.

The furniture and household goods and general merchandise markets are fragmented and highly competitive, and consist of a large number of manufacturers and retailers that produce and distribute products similar to those of the Group. Moreover, the furniture and household goods markets in many of the geographic areas in which the Group operates are characterised by a limited number of large competitors, which, like the Group, are able to supply the industry by sourcing products globally and by offering products at reduced prices. Notwithstanding the Group's own sourcing abilities, the added competition and flexibility of competitors (and customers) that are now able to supply via a mix of sourced and manufactured products have placed, and will continue to place, additional pressure on the Group's operations and competitive advantages. The Group also faces intensified competition in the e-commerce sector due to lower barriers to entry and the development of the online market for certain classes of products.

Competition is generally based on product quality, timing of delivery, product design, product availability, brand name recognition, price and customer service. In certain of the Group's markets, the Group competes with a limited number of large companies which may have greater financial and other resources at their disposal.

Additionally, the Group also faces competition in the new geographic markets and general merchandise categories where it competes, in particular clothing, footwear and apparel, accessories and household goods. The Group's success in these markets and across these product categories depends in large part on its ability to identify customer preferences and translate such demand into appropriately priced, saleable merchandise in a timely manner. If the Group does not correctly interpret trends and respond appropriately, it may lose its target customers to competing retailers. As a result, the Group may lose market share or be left with excess or slow-moving inventory, in which case it may be forced to rely on markdowns or promotional sales, thereby reducing its revenue and margins.

No assurance can be given that the Group will be able to maintain its competitive position in all or any of the markets in which it operates.

The Group faces seasonal and other fluctuations in consumer demand and the risk of product obsolescence.

Seasonal fluctuations in customer demand, changes in trends and geographic consumer tastes for certain of the Group's products can create corresponding fluctuations in the Group's revenue and operating profit. The Group's exposure to seasonality and other fluctuations in demand is primarily due to the markets in which the Group operates, the Group's product range, consumer demand, climate and macroeconomic conditions. The Group typically incurs additional expenses in advance of seasonal sales peaks in anticipation of higher sales during such periods, including the cost of additional inventory, advertising and employees. An unanticipated decrease in demand for the Group's products could result in product obsolescence and require the Group to sell excess inventory at a substantial markdown, which could reduce its revenues and operating profit. Price erosion can similarly impact the Group's profitability by decreasing its revenues and margins. Alternatively, an unanticipated increase in demand for certain products could leave the Group unable to fulfil such demand and result in lost sales and customer dissatisfaction. Such seasonal fluctuations and/or unexpected events or developments, such as natural or man-made disasters, depressed economic conditions, increased interest rates or product sourcing issues, may have an adverse impact on consumer demand for the Group's products and, consequently, on the Group's business, financial condition or results of operations.

The Group has potential exposure to product liability claims and to loss of reputation.

The packaging, marketing, distribution and sale of the Group's products entails an inherent risk of product liability, product recall and resultant adverse publicity. Products may contain contaminants or be of inferior quality, which could result in illness, injury or death. As a consequence, the Group has exposure to product liability claims. If a product liability claim is successful, the Group's insurance may not be adequate to cover all liabilities that it may incur and the Group may not be able to continue to maintain such insurance or obtain comparable insurance at a reasonable cost, if at all. In addition, even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding any assertion that the Group's products caused injury could materially adversely affect the Group's reputation and, consequently, its business, results of operations or financial condition.

The Group may not be adequately insured.

The Group maintains external and self-insurance policies and programmes covering a range of potential risks, other than political and other risks for which insurance is not available. No assurances can be given, however, that the Group's insurance is adequate to cover all insurable risks in each of the geographical regions in which it operates or that Management's evaluation of internal and third-party risk management audits will be effective in ensuring that the Group obtains sufficient insurance coverage or retains adequate and cost-effective self-insurance programmes in the future. In addition, the Group may be affected by one or more events that are excluded from insurance cover or for which the relevant insurance company or re-insurers may not have adequate resources and liquidity to fulfil their respective obligations to the Group should it make a large insurance claim. This could cause the Group to suffer a material loss, which could adversely impact its business, results of operations or financial condition.

The Group depends on the skills and experience of its senior executive officers and members of its Management Board and Supervisory Board.

The Group's strategic development depends, in part, on the continued contributions of its senior executive officers and members of its Management Board who are experienced in the markets and business in which the Group operates. The loss of the services of certain of these senior executive officers and members of its Management Board could negatively impact the Group's operations and its ability to develop the business. In addition, as Management works to continue development and expansion of the business, Management believes that the Group's future success will depend on its ability to manage, attract and retain skilled and qualified personnel. Competition for skilled employees in the industries in which the Group operates is intense, and the Group cannot be certain that it will be successful in managing, attracting and retaining the personnel required to successfully conduct its operations. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group is subject to information technology risk.

The Group is dependent on the permanent and uninterrupted availability of its information technology systems and information technology infrastructure provided by third parties. The computer and management systems used by the Group could be damaged by a range of factors, such as telecommunication problems, software errors, inadequate capacity at information technology centres, fire, power cuts or damage and attacks by third parties. It is possible that the Group's servers could be damaged by physical or electronic break-ins and computer viruses or similar disruptions, despite the security systems in place. Unforeseen problems in the Group's systems may also cause disruption to the Group's operations. There can be no assurance that the existing security systems, information technology security policy, data protection, physical access security, access protection, user administration and information technology planning are sufficient to prevent loss of data or an extended failure of the network. Sustained or repeated problems or damage to the network and technical systems of the Group or its information technology service providers in the future which interrupt or delay the contractual provision of services by the Group to its customers could lead to contractual claims for compensation and contractual penalties or result in the loss of customers or revenues. In addition, significant information technology system-related issues could cause the Group to suffer substantial reputational damage or market disadvantages. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group depends on efficient logistics systems.

The Group depends on the efficiency of its logistics networks, which include the movement of raw materials and finished goods primarily by way of road, rail and sea, and the delivery of final products to end users. The primary means by which the Group transports its goods is ocean-borne container. The Group contracts with third parties to ship cargos by ocean-borne container. Transport by ocean-borne container involves particular risks, including the risk of delay in transport and loss of and/or damage to the cargo due to factors beyond the Group's control. These factors include adverse natural conditions, such as violent storms, tidal waves and tsunamis, as well as terrorist attacks and piracy, which have increased in frequency in recent years. The occurrence of these events could have a material adverse impact on the Group's cost of operations. There can be no assurance that the insurance coverage the Group has will be adequate, that its insurers will pay a particular claim or that its insurance premiums will not increase as a result of the occurrence of any of these circumstances. Because logistics are crucial to the Group's business, highly advanced processes and systems are employed, from merchandise pickup and goods movement to intelligent route planning. Despite historical investment in the Group's logistics network, the Group remains vulnerable to external issues beyond its control, such as the failure of third party suppliers to ensure that the appropriate quality and quantity of goods are shipped, as well as possible delays to delivery which could be caused by disruption to the Group's distribution networks. The risk of delay in the delivery of goods is particularly significant in instances where large amounts of goods are shipped ahead of peak trading seasons, where the occurrence of or delay in delivery could result in the Group's inability to meet orders and therefore significantly impact the Group's profitability for that period. Moreover, while the Group strategically targets its investment in its own warehousing and logistics technologies, no assurances can be given that the Group's focused investment will earn a sufficient return on such investments in its fulfilment facilities. Any breakdown of the Group's logistics systems could have a material adverse effect on its business, financial condition or results of operations.

The Group's operations depend on its ability to source and produce finished goods and raw materials of appropriate quality from reliable sources and suppliers.

Because the Group's business model depends, in part, on the sourcing of finished goods and low-cost raw materials from reliable sources and suppliers (being those that are able to provide the required goods and materials at competitive prices and within agreed time frames), it seeks to attain greater control over its supply of finished goods and raw materials. The principal finished goods that the Group sources from third parties include upholstered furniture, case goods and bedding products, as well as general merchandise, household goods and cellular products, while the principal raw materials that the Group purchases from third parties for use in its operations include fabrics, foam, glass, leather, particleboard, steel, springs and timber. The Group cannot give any assurances that the cost of these finished goods and raw materials will not increase in the future nor that it will continue to have access to the necessary finished goods and raw materials at reasonable prices. If the Group is unable

to source finished goods and raw materials of appropriate quality from reliable sources or suppliers, it could have a material adverse effect on its business, financial condition or results of operations.

If the Group's transfer pricing arrangements are determined to be inappropriate, the Group's tax liability may increase.

The Group has transfer pricing arrangements in relation to various aspects of its business, including its retail, manufacturing and distribution functions. Transfer pricing regulations in the countries in which the Group has operations require that any international transaction involving associated enterprises be on arm's length terms. The Group considers the transactions among its businesses to be substantially on arm's length terms. The Group remains subject to ongoing, general transfer pricing investigations by tax authorities in Austria, Germany and South Africa as part of the tax risk evaluation processes conducted by these authorities. If a tax authority in any jurisdiction in which the Group operates reviews any of the Group's practices and determines that the transfer prices and terms that the Group has applied are not appropriate, or that other income of a division of the Group should be taxed in that jurisdiction, the Group may incur increased tax liability, including accrued interest and penalties, which would cause the Group's tax expense to increase.

The Group may not be able to pass on the cost of oil, gas and electricity to its customers.

The Group's operations depend, *inter alia*, on oil, gas and electricity, either in the manufacturing process or to transport goods between facilities/retail outlets and the Group's customers and/or the end consumer. Oil, gas and electricity prices have historically been volatile and depend on the actual and expected changes in the supply and demand of oil, gas and electricity, changes in global economic growth and political uncertainty, especially in oil-producing countries. In the past, the Group has been able to pass increased costs on to the customer or end-consumer. However, it may not succeed in doing so in the future and may not continue to have access to affordably priced oil, gas and electricity. This would lead to a reduction in operating margins and volume, which could materially adversely affect the Group's business, financial condition or results of operations.

The vote by the United Kingdom to leave the European Union could adversely affect the Group.

In June 2016, a referendum was passed in the United Kingdom to leave the European Union, commonly referred to as "**Brexit**." This decision creates an uncertain political and economic environment in the United Kingdom and other European Union countries, even though the formal process for leaving the European Union may take years to complete. The long-term nature of the United Kingdom's relationship with the European Union is unclear and there is considerable uncertainty when any relationship will be agreed and implemented. The political and economic instability created by Brexit has caused and may continue to cause significant volatility in global financial markets. Brexit could also have the effect of disrupting the free movement of goods, services, and people between the United Kingdom, the European Union, and elsewhere. Further, Brexit has created volatility with regard to the value of the British pound, with the British pound reaching its lowest value against the U.S. dollar in over 30 years in the months following the referendum. The full effect of Brexit is uncertain and depends on any agreements the United Kingdom may make to retain access to European Union markets. Consequently, Brexit could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group is exposed to fluctuations in currency exchange rates.

The Group is exposed to foreign exchange risk as a result of its business model, which includes the strategy of sourcing finished products and raw materials from, and locating manufacturing facilities in, emerging, low-cost economies and supplying finished products into developed economies. As a result, volatility in the exchange rates between the countries where the Group sources and produces its products and the countries where it sells its products could have a negative impact on the Group's operating margins.

While the Group's sourcing and manufacturing costs are incurred principally in Chinese yuan, Hungarian forint, Polish zloty, South African rand and U.S. dollars, the Group's revenues derived outside Africa are earned principally in Australian dollars, euros, U.S. dollars, Polish zloty, Swiss francs and British pounds. Accordingly, any significant and sustained appreciation of the currencies in which the Group incurs sourcing and manufacturing costs against the currencies in which the Group

earns revenues would adversely affect the Group's operating margins, thereby reducing its gross profit (as was the case when the British pound depreciated as against the U.S. dollar and euro following the United Kingdom's vote to leave the EU).

It is the Group's policy to hedge certain transactional currency risk associated with sourcing products via foreign exchange contracts. Such hedging measures may have the effect of increasing costs for the Group to the extent it receives a less advantageous currency exchange rate than the prevailing rate available from time to time. Should the Group fail to adequately hedge its transactional risk or suffer increased costs or decreased competitiveness as a result of its hedging efforts, this could have a material adverse effect on the Group's business, financial condition or results of operations.

In addition, Hungary and Poland, where the Group has a significant number of sourcing and manufacturing facilities, are each members of the European Union and may in the future replace their respective local currencies with the euro. If such a change were to result in an increase in the Group's costs of sourcing and manufacturing products from these countries, it could have an impact on the Group's operating margins and its gross profit.

The Group is exposed to fluctuations in interest rates.

The Group has from time to time net liability in variable interest rate financial instruments (including the Group's effective interest rate swaps). The interest rate associated with these instruments is based on a number of different benchmarks, including LIBOR, EURIBOR, JIBAR and the South African prime rate. While certain instruments are hedged using cross-currency interest rate swap contracts, the Group is subject to the risk of a material and sustained increase in interest rates set by these benchmarks, which would lead to an increase in the Group's cost of borrowing. An increase in interest rates could therefore have an adverse effect on the Group's business, financial condition or results of operations.

If the Group is unsuccessful in its hedging strategy for interest rate risk, it may realise losses on hedging positions or it may limit the Group's ability to capture a gain that it would otherwise attain in the absence of a hedge. Further, there can be no assurance that the Group will be able to find suitable instruments for hedging at times when it may choose to use them in the future.

The Group will require additional capital expenditure to expand and develop.

The development and expansion of the Group's business and operations is likely to continue to involve significant capital expenditure. Management expects that its capital expenditure plans are likely to require further financial resources, which may be met from existing resources, future offerings of shares, issues of debt instruments, borrowings or a combination thereof. The Group cannot make any assurance that financing will be available when and in the amounts required, on terms acceptable to it, or even at all. In addition, the ability of the Group's South African businesses to borrow and spend certain funds may be limited by South African exchange control regulations. See the heading below entitled "*—Risks Relating to Regulatory, Political and Economic Developments—The South African subsidiaries of the Group are subject to South African exchange control regulations*". If the Group does not have sufficient financial resources or funding available to it when required to fund its capital expenditure, the growth and development of the Group's business may be limited, which could have a material adverse effect on its business, results of operations or financial condition.

Natural disasters could adversely affect the Group's business.

Severe weather conditions, such as hurricanes, floods, earthquakes or tornadoes, as well as other natural disasters, in regions (i) in which the Group has manufacturing facilities, distribution facilities or retail outlets or (ii) from which the Group obtains products could negatively impact the Group's operations. The effects of natural disasters and other severe weather events could damage the Group's facilities and equipment and force a temporary halt in manufacturing and retail operations. Moreover, natural disasters may lead to the lack of an adequate work force, a temporary disruption in the supply of products, interference in the transport of goods, delays in the delivery of goods to the Group's distribution centres or retail outlets, stock losses and/or a reduction in the availability of products in the Group's retail outlets.

Furthermore, the Group's insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be

available at commercially reasonable rates and terms. Any of these factors could materially adversely affect the Group's business, financial condition and results of operations.

The Group may be unable to protect its intellectual property rights.

The Group's intellectual property is important to the operation of its business and its competitive position in the markets in which it operates. The Group protects its intellectual property through a combination of registered trademarks and other trademark and service mark rights. If the Group's efforts to protect its intellectual property are inadequate, or if any third party misappropriates or infringes on the Group's intellectual property, the value of the Group's brand may be harmed, which could have a material adverse effect upon its business, financial condition and results of operations.

The Group is subject to a variety of risks as a result of its diverse business operations.

The Group operates across a variety of markets and industries and faces risks specific to each of its businesses. In addition to the risks set out in this section, these risks primarily include: (i) a reduced pricing model and/or discounted product pricing by its major competitors; and (ii) loss of competitive advantages, including import protections. Should any of the foregoing occur, the Group's business, financial condition and results of operations could be materially adversely impacted.

The Group faces risks in relation to its outstanding loans and borrowings.

As at 30 September 2016, the Group had outstanding interest-bearing loans and borrowings (excluding overdraft facilities) in the amount of €7,416 million. The terms of the agreements and instruments governing the Group's debt, including the private placement notes issued by Steinhoff Europe AG and the Group's syndicated loan facility, contain a number of covenants and other provisions that may restrict the Group's ability to, inter alia, make certain payments, including dividends or other distributions, incur or guarantee debt, engage in certain transactions with affiliates and other related parties, sell assets, issue share capital of certain subsidiaries and create liens. While these limitations are subject to market standard exceptions and qualifications, they could limit the Group's ability to pay dividends, finance future operations or pursue acquisitions and other business activities that may be of interest.

In addition, the Group's debt includes terms related to the Group's debt to EBITDA and interest to EBITDA cover, which may limit its ability to incur additional indebtedness and its flexibility in planning for, or reacting to, changes in its business and the markets in which it operates. As a result, these restrictions could impair the Group's ability to obtain additional financing in the future and place it at a competitive disadvantage compared to any competitors that have less debt, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's ability to comply with its debt covenants may be affected by events beyond its control. If the Group were to fail to comply with any of the financial or non-financial covenants (due, for example, to deterioration in financial performance or declines in asset valuations or certain operational indicators), it could result in an event of default and the acceleration of the Group's obligations to repay those borrowings, increased borrowing costs or cancellation of certain credit facilities.

Changes in the Group's creditworthiness may affect its ability to meet future liquidity requirements and to access new funding.

In the course of its operations, the Group faces liquidity risks arising from potential inability to meet contractual obligations on their due dates and fund assets. These obligations are funded through the proceeds of the Group's operations as well as periodic borrowings and funding arrangements, which the Group enters into from time to time. The Group's creditworthiness for new funding arrangements depends on many factors, including its gearing position, the retail environment in general, the state of the economy and the level of drawn debt, some of which are outside the Group's control. Deterioration in any of these factors could potentially impact the cost and accessibility of new funding or other credit arrangements in the future, thereby having an adverse impact on the Group's business, financial condition or results of operations.

Fluctuations in the price, availability or quality of raw materials or sourced products could cause delays or increases in the costs of materials.

The Group sources various types of raw materials for the production of the furniture and household goods sold in its retail outlets and to third-party retailers, including wood, fabrics, leathers, glass, upholstered filling material, steel and other commodities. On a global and regional basis, the sources and prices of these materials and components are susceptible to significant price fluctuations due to supply and demand trends, transportation costs, government regulations and tariffs, the economic climate and other circumstances beyond the Group's control. In particular, volatility in oil markets and currencies in recent periods has led to significant fluctuations in the price of petroleum-based products, which affects the cost of the Group's polyurethane foam, polyester, polyethylene foam and steel innerspring component parts.

In addition to its manufacturing capabilities, the Group also sources products from independent manufacturers, including upholstery, case goods, homeware, beds, bedroom furniture, electronics and appliances, as well as general merchandise, household goods and cellular products.

Additionally, many of the suppliers of the Group's raw materials and sourced products are dependent upon other suppliers in countries other than where they are located. This global interdependence is subject to delays in delivery, availability, quality and pricing (including tariffs) of products. Furthermore, the Group is subject to the risk that the efforts that it takes to manage exposure to supply chain interruptions may be unsuccessful. The delivery of goods from these suppliers may be delayed by customs, labour issues, changes in political, economic and social conditions, laws and regulations. Unfavourable fluctuations in the availability of these products could negatively affect the Group's ability to meet the demands of its customers and have a negative impact on product margin.

The Group's suppliers of raw materials and finished goods could choose to discontinue business with the Group or could change the terms under which they are willing to do business, such as price, minimum quantities, required lead times or payment terms. Fluctuations in the price, availability or quality of (i) the raw materials the Group uses in manufacturing its products or (ii) the products it sources could have a negative effect on the Group's cost of sales and its ability to meet the demands of its customers. In the event of a significant disruption in the Group's supply of raw materials or sourced products, the Group may not be able to locate alternative sources at an acceptable price or in a timely manner. In addition, if the price of raw materials increases, the Group may not be able to pass on to customers all or a portion of the higher costs, due to competitive and market pressures or other reasons. Any of these factors could disrupt the Group's production capabilities or decrease its revenue, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group is exposed to the risk of default on the part of certain customers or counterparties.

The Group faces the risk of default by one or more counterparties in respect of cash deposits placed with major financial institutions and trade receivables from and loans to customers. To the extent any of these financial institutions holding cash deposits on behalf of the Group were to experience financial difficulties, the Group could lose some or all of these amounts on deposit. Further, if the Group's existing customers were to experience financial difficulty, this could result in write-offs of trade receivables or customer loans or loss of future business. The Group's customers could be impacted, for example, by the continued management of credit risk by financial institutions and the relatively low levels of growth over recent years in many of the regions where the Group operates, which has caused a decrease in the availability of credit for many furniture and household goods retailers, which form a significant portion of the Group's customer base. In certain instances, this has caused furniture and household goods retailers to exit the market or be forced into bankruptcy. Furthermore, many of the Group's customers rely in part on consumers' ability to finance their purchases with credit from third parties. If consumers are unable to obtain financing, they may defer their purchases, which could have a negative impact on the Group's customers.

The Group is subject to risks associated with the suppliers from whom certain of its raw materials and products are sourced.

Certain products that the Group sells, or uses in the manufacture of products that it sells, are sourced from a wide variety of suppliers in locations around the world. Global sourcing of many of the products sold by the Group, and used by the Group in the production of its products, is an important aspect of

the Group's strategy of sourcing and manufacturing products at low cost and distributing them to the Group's value-conscious customer base mainly through its extensive retail footprint. All of the Group's suppliers must comply with applicable laws, including labour, safety and environmental laws, and otherwise be certified as meeting the Group's required supplier standards of conduct. However, the Group's ability to find qualified suppliers that meet its standards, and to access products in a timely and efficient manner, is a significant challenge, in particular given that many of the Group's suppliers of raw materials and finished goods are located in disparate jurisdictions. Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet the Group's supplier standards, labour and safety problems experienced by suppliers, the availability of raw materials to suppliers, merchandise quality issues, currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond the Group's control. These and other factors affecting the Group's suppliers and its access to raw materials and products could adversely affect the Group's business, financial condition or results of operations.

The Group is subject to various government regulations in the markets in which it operates.

The Group's operations are subject to various laws and regulations in the jurisdictions in which it operates, relating to such matters as health and safety, employment, operating hours, and environmental issues. Historically, compliance with these laws and regulations has not resulted in material costs or had any material adverse effect on the Group's operations. However, if the Group fails to comply with any such laws or regulations, it could be subject to liability, including, but not limited to, mandatory shutdowns, damages, criminal prosecutions, financial penalties, loss of trade agreements and contracts, and injunctive action. In addition, future changes in such laws and regulations could negatively impact the Group's business.

Furthermore, the Group may be regarded by anti-trust authorities as having a large market share in some of the jurisdictions in which it operates. The Group's operations in these countries may, consequently, be subject to certain anti-competition legislation and regulatory oversight. Certain expansions of its operations in these countries through acquisitions may require regulatory approval. While to date all acquisitions have been approved by regulatory authorities, it is possible that, in the future, the Group may not receive approval to make additional acquisitions or that such approval may be subject to various conditions which could affect its ability to expand its operations in that market. From an acquisitive growth perspective, any of the foregoing occurrences could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's costs may increase as a result of developments in environmental, health and safety and labour laws, and tax regimes.

The Group depends on logistics for the transport of its products and raw materials and on the reliable sourcing of finished goods and raw materials. Developments in environmental, health and safety, and labour laws in respect of the logistics and raw material-related industries with which the Group has dealings may lead to additional costs, such as for carbon emissions and other indirect taxes. Moreover, the complexity of compliance with potential future regulations related to the Group's carbon footprint and health and safety, labour and related laws may further increase the Group's operating costs. As the Group imports many products and raw materials from other jurisdictions, costs may also increase in the event of changes and/or increases in import and/or excise duties being levied or charged on the Group's products. Should any of the foregoing occur, it could have a material adverse effect on the Group's business, financial condition or results of operations.

In addition, although the Guarantor is incorporated under the laws of The Netherlands, it is resident in South Africa for tax purposes. Accordingly, the Guarantor is subject to taxes in both in The Netherlands and South Africa, and is also subject to taxes in the various other jurisdictions in which it operates through its subsidiary companies. Significant judgement is required in evaluating and estimating the Group's provision and accruals for these taxes and, during the ordinary course of business, there may be transactions for which the ultimate tax determination is uncertain. The final outcome of tax audits could be materially different from the estimates of Management that underlie the Group's historical tax provisions and accruals. Developments in an audit or litigation, or the relevant laws, regulations, administrative practices, principles and interpretations, could have a material effect on the Group's operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods.

The Group may also be subject to audit in various jurisdictions, and such jurisdictions may assess additional tax liabilities against it.

The South African subsidiaries of the Group are subject to South African exchange control regulations.

The South African subsidiaries of the Group are subject to South Africa's exchange control regulations, which restrict the export of capital from the exchange control area established under South African law comprising Lesotho, Namibia, South Africa and Swaziland (the "**Common Monetary Area**"). These regulations restrict the ability of the Group's African businesses to raise and deploy capital outside the Common Monetary Area. In general, South African companies are not permitted to export capital from South Africa or to hold foreign currency without the approval of the South African Reserve Bank (the "**SARB**"), and are required to repatriate the profits of their foreign operations to South Africa. As a result, the Group's operations in South Africa may have limited financial flexibility, which could materially adversely affect its business, financial condition or results of operations.

Risks relating to the Issuer

As the Issuer is a subsidiary of the Guarantor and indirectly operates through its subsidiaries which retail, source and manufacture furniture, household goods and general merchandise in Europe, the Issuer and its subsidiaries (the "**Issuer Sub-Group**") are also subject to the risks described above under "*—Risks relating to the Group and the Guarantor*", save for those risks that do only apply to the Guarantor or any of its subsidiaries which are not part of the Issuer Sub-Group. The occurrence of one or more of these risks may adversely affect the business, financial condition, results of operations and cash flow of the Issuer and its ability to perform its obligations under the Notes.

Risks relating to the Notes

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes. Such risks could result in principal or interest not being paid on time or at all by the Issuer or the Guarantor and/or a material impairment of the market price of the Notes which would lead to substantial losses the Holders would have to bear in case of selling their Notes. The following is a description of risk factors in relation to the Notes.

The Notes may not be a suitable investment for all investors.

Potential investors should consider whether an investment in the Notes is appropriate in their respective circumstances and should consult with their legal, business, and tax advisors to determine the consequences of an investment in the Notes and to form an independent opinion whether to invest in the Notes.

An investment in the Notes is only suitable for investors who:

- (i) possess sufficient knowledge and experience in financial and business matters to make a meaningful evaluation of the chances and risks of an investment in the Notes and the information contained in, or incorporated by reference into, this Prospectus or any supplement hereto;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such chances and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- (iii) understand thoroughly the terms of the Notes and are familiar with the behaviour of the financial markets;
- (iv) are capable of bearing the economic risk of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (v) know that it may not be possible to dispose of the Notes for a substantial period of time, if at all, before maturity; and

- (vi) are able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect a potential investor's investment and ability to bear the applicable risks.

If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss.

If a loan is used to finance the acquisition of Notes by a potential investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Potential investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of an investment in the Notes. Instead, potential investors should assess their financial situation prior to an investment in the Notes, as to whether they are able to pay interest on the loan, repay the loan on demand, and the possibility that they may suffer losses instead of realizing gains.

An investment in the Notes may be subject to inflation risks.

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate were to increase and match or exceed the nominal yield, the real yield of the Notes would be zero or even negative.

The Holders are subject to exchange rate risks and exchange controls.

The Notes are denominated in euro. Potential investors should bear in mind that an investment in the Notes involves currency risks. This presents certain risks relating to currency conversions if financial activities of a Holder are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal at all.

The Holders are exposed to risks relating to fixed interest notes.

The Notes bear interest at a fixed rate. A Holder of a fixed interest rate note carries the risk that the price of such note may fall as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a note with a fixed interest rate is fixed in advance for the entire duration or during a certain period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a note with a fixed interest rate also changes – but in the opposite direction. If the Market Interest Rate increases, the price of a note with a fixed interest rate typically falls until the yield of such note approximately equals the Market Interest Rate. If the Market Interest Rate decreases, the price of a fixed interest rate note typically increases until the yield of such note is approximately equal to the Market Interest Rate. Potential investors should be aware that movements of the Market Interest Rate can adversely affect the market price of the Notes and can lead to losses for Holders if they sell their Notes.

Holders are subject to the risk of a partial or total failure of the Issuer and the Guarantor to make interest and/or redemption payments.

Any person who purchases Notes is relying on the creditworthiness of the Issuer and the Guarantor and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Issuer and the Guarantor to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. The worse the creditworthiness of the Issuer and the Guarantor, the higher the risk of a loss (see also "*—Risks Relating to the Issuer*" and "*—Risks Relating to the Group and the*

Guarantor” above). A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Notes.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due, actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of this opinion if market participants’ assessment of the creditworthiness of corporate debtors in general or debtors operating in the same industry as the Issuer adversely changes. If any of these risks occur, third parties would only be willing to purchase the Notes for a lower price than before the materialisation of said risk, or not at all. The market value of the Notes may therefore decrease and investors could lose some or all of their investment.

The Holders’ only remedy against the Issuer is the institution of legal proceedings to enforce payment or to file an application for insolvency proceedings.

The only remedy against the Issuer available to the Holders for recovery of amounts which have become due in respect of the Notes will be the institution of legal proceedings to enforce payment of the amounts or to file an application for the institution of insolvency proceedings. On an insolvency or liquidation of the Issuer, any Holder may only declare its Notes due and payable and may claim the amounts due and payable under the Notes after the Issuer has discharged or secured in full (i.e., not only with a quota) all claims that rank senior to the Notes.

The Notes and the Guarantee will be effectively subordinated to the Issuer’s and the Guarantor’s debt (as applicable) to the extent such debt is secured by assets that are not also securing the obligations under the Notes or the Guarantee (as applicable).

Although the Terms and Conditions require the Issuer, the Guarantor and their material subsidiaries to secure the obligations under the Notes or the Guarantee (as applicable) equally if they provide security for the benefit of capital market indebtedness, the requirement to provide equal security for the Notes or the Guarantee (as applicable) is limited to capital market indebtedness and is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions or the Guarantee (as applicable) included in this Prospectus. To the extent the Issuer, the Guarantor or any of their material subsidiaries provides security interest over their assets for the benefit of other debt without also securing the obligations under the Notes or the Guarantee (as applicable), the Notes or the Guarantee (as applicable) will be effectively junior to such debt to the extent of such assets.

As a result of the foregoing, holders of (present or future) secured debt of the Issuer or the Guarantor may recover disproportionately more on their claims than the Holders in an insolvency, bankruptcy or similar proceeding. The Issuer or the Guarantor may not have sufficient assets remaining to make payments under the Notes or the Guarantee (as applicable).

The Notes may not, or may cease to satisfy the criteria to be recognized as eligible collateral for the Eurosystem.

The Notes are issued in NGN form. The NGN form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognized as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem upon issue or at any or all times during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time and the Notes may not, or may cease to qualify as eligible collateral for the Eurosystem. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

If the Notes are redeemed, a Holder of such Notes is exposed to the risk of a lower yield than expected.

The Issuer may redeem all outstanding Notes under certain circumstances as defined in the Terms and Conditions. If the Notes are redeemed, a Holder is exposed to the risk that due to such redemption his investment will have a lower than expected yield. In such circumstances, the investor might possibly not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

The Issuer's ability to redeem or repurchase Notes upon the occurrence of change of control events may be limited by its access to funds.

Upon the occurrence of change of control events, the Holders will have the right to require the Issuer to redeem or, at the option of the Issuer, to repurchase (or procure the purchase of) in whole or in part of all of their Notes at 101 per cent. of the principal amount of such Notes, plus unpaid interest accrued up to (but excluding) the put date. The Issuer's ability to redeem or repurchase Notes upon such a change of control event will be limited by its access to funds at the time of the redemption or repurchase.

There may be no active public trading market for the Notes.

Application has been made for the Notes to be initially admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. However, no assurance can be given as to whether such admission to trading and/or listing will be obtained and for how long it may be sustained.

Further, there can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which Holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes independent of the Issuer's financial performance and prospects. In an illiquid market, Holders might not be able to sell Notes at fair market prices, or at all. The possibility to sell Notes might additionally be restricted by country specific reasons. A potential investor must therefore be prepared to retain the Notes for an unspecified time period.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes have not been registered under the Securities Act, or any U.S. state securities laws. Consequently the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, and Holders who have acquired the Notes may be required to bear the cost of their investment in the Notes until their maturity. It is the Holders' obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The development of market prices of the Notes depends on various factors.

The market value of the Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including market interest rate levels and rate of return.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. Holders are therefore exposed to the risk of an unfavourable development of market prices of the Notes which could materialize upon a sale of Notes.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. There can be no assurance that certain events will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which a Holder will be able to sell his Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

Ratings may not reflect all risks and are subject to change.

Current and future ratings assigned to the Guarantor and possible future ratings assigned to the Issuer by rating agencies are an indicator of the Guarantor's (and/or the Issuer's) ability to meet its obligations under the Notes in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. The market value of the Notes from time to time is likely to be dependent upon the level of credit rating assigned to the long-term debt of the Guarantor (and/or the Issuer). Rating agencies may change, suspend or withdraw their ratings at short notice. A rating's change, suspension or withdrawal may affect the price and the market value of the outstanding Notes. A Holder may thus incur financial disadvantages as he may not be able to sell the Notes at fair market value or will only be able to sell his Notes at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, and other factors that may affect the value of the Notes. In addition, Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Incidental costs related in particular to the purchase and sale of Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes. These additional costs may significantly reduce or eliminate any profit from holding the Notes.

Because the Global Notes are held by or on behalf of Euroclear and CBL, potential investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes. These will be deposited with a common safekeeper for Euroclear and CBL. Investors will not be entitled to receive definitive notes. Euroclear and CBL will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and CBL and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of Euroclear and CBL to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in, the Global Notes.

No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus.

The Terms and Conditions are based on the laws of Germany in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in

German law or administrative practice or the official application or interpretation of German law after the date of this Prospectus.

A potential investor may not rely on the Issuer, the Guarantor, the Joint Bookrunners or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.

Each potential investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, whether its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A potential investor may not rely on the Issuer, the Guarantor or the Joint Bookrunners or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Without independent review and advice, a potential investor may not adequately understand the risks inherent with an investment in the Notes and may lose parts or all of its capital invested without taking such or other risks into consideration before investing in the Notes.

The Terms and Conditions, including the terms of payment of principal and interest, can be amended by a Holders' resolution and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.

The Terms and Conditions may be amended or other measures relating to the Notes may be taken by majority resolution of the Holders. The voting process under the Terms and Conditions will be governed in accordance with the German Act on Issues of Debt Securities ("**SchVG**"), pursuant to which the required participation of Holder votes (quorum) is principally set at 50% of the aggregate principal amount of outstanding Notes. In case there is no sufficient quorum, there is no minimum quorum requirement at a second meeting (unless the resolution to be passed requires a Qualified Majority, in which case Holders representing at least 25% of outstanding Notes by principal amount must participate in the meeting or voting). As the relevant majority for Holders' resolutions is generally based on votes cast, rather than on principal amount of the Notes outstanding, the aggregate principal amount required to vote in favour of an amendment will vary based on the Holders' votes participating. Therefore, a Holder is subject to the risk of being outvoted by a majority resolution of such Holders and losing rights towards the Issuer against his will in the event that Holders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Terms and Conditions or on other matters relating to the Notes by majority vote in accordance with the Terms and Conditions and the SchVG.

An Austrian court could appoint a trustee (Kurator) for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited.

Pursuant to the Austrian Notes Trustee Act (*Kuratorenengesetz*) as supplemented by the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*), a trustee (*Kurator*) can be appointed by an Austrian court upon the request of any interested party (e.g. a Holder) or upon the initiative of the competent court, for the purposes of representing the common interests of the Holders in matters concerning their collective rights. In particular, this may occur if insolvency proceedings are initiated against the Issuer, in connection with any amendments to the terms and conditions of the Notes or changes relating to the Issuer, or under other similar circumstances. Even though the SchVG applies to the Notes and the Terms and Conditions provide for the inapplicability of the Austrian Notes Trustee Act, it cannot be excluded that an Austrian court rejects the exclusion of the applicability of the Austrian Notes Trustee Act and appoints a trustee, because the Issuer is an Austrian company. If a trustee is appointed, it will exercise the collective rights and represent the interests of the Holders and will be entitled to make statements on their behalf which shall be binding on all Holders. Where a

trustee represents the interests and exercises the rights of Holders, this may conflict with or otherwise adversely affect the interests of individual or all Holders. The role of an appointed trustee may also conflict with provisions of the Terms and Conditions related to majority resolutions of Holders pursuant to the SchVG.

The insolvency laws of Austria and The Netherlands may not be as favourable to Holders as the laws of other jurisdictions.

The Issuer is organized under the laws of Austria and has its registered office in Austria and the Guarantor is currently incorporated in The Netherlands. A court is therefore likely to hold that the centre of main interest of the Issuer is in Austria and the centre of main interest of the Guarantor is in The Netherlands. Consequently, provided that this presumption will not be rebutted and the centre of main interest will not be shifted to another jurisdiction by the Issuer or the Guarantor, any insolvency proceedings with regard to the Issuer are likely to be initiated in Austria and would most likely be governed by the insolvency laws of Austria (such as, without limitation, the Austrian insolvency proceedings (applicable to the Issuer) as set out in Annex A (Insolvency proceedings referred to in point (4) of Article 2) of the Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings), *inter alia*, determining the conditions for the opening of insolvency proceedings, their conduct and their closure, and any insolvency proceedings with regard to the Guarantor are likely to be initiated in The Netherlands and would most likely be governed by the insolvency laws of The Netherlands. The provisions of Austrian insolvency law or Dutch insolvency law may differ substantially from the insolvency laws of other jurisdictions, including, without limitation, with respect to any consolidation of assets and liabilities of a group of companies in the event of insolvency, the assets which form part of the insolvency estate and the treatment of such assets, the powers of the insolvency receiver and court, the conditions under which set-off may be invoked, the effects of insolvency proceedings on current contracts and on proceedings brought by creditors, the rules governing the lodging, verification and admission of claims, the rules relating to voidness or unenforceability of legal acts detrimental to creditors, the preferred satisfaction of secured or preferred creditors from the proceedings, regarding the distribution of proceeds from the realisation of assets, the ability to obtain post-petition interest, the duration of the insolvency proceedings, the conditions for, and the effects of closure of, insolvency proceedings, the creditors' rights after the closing of insolvency proceedings, and hence may be less favourable to Holders than comparable provisions of other jurisdictions.

In case of certain events of default, the Notes will only be redeemable if Holders of at least 10% of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration may be rescinded by majority resolution of the Holders.

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when the Paying Agent has received such default notices from Holders representing at least 10% of the aggregate principal amount of Notes then outstanding. In addition, under the SchVG, even if a default notice had been given by a sufficient number of Holders of the Notes, the Holders could rescind such acceleration by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Holders would have to consent to a rescission than have delivered default notices.

Holders should be aware that, as a result, they may not be able to accelerate the Notes upon the occurrence of certain events of default, unless the required quorum of Holders delivers default notices and such acceleration is not rescinded by majority resolution of the Holders.

Since no Holders' Representative will be appointed as from the Issue Date, it will be more difficult for Holders to take collective action with respect to the Notes.

No initial representative for the Holders will be appointed under the Terms and Conditions and as a consequence it will become more difficult for Holders to take collective action with respect to the Notes. Any appointment of a Holders' Representative of the Notes post-issuance of the Notes will require a majority resolution of the Holders.

If a Holders' Representative has been appointed by majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the Holders' Representative by majority vote. In such case, the Holders' Representative becomes exclusively responsible to claim and enforce the rights of all of the Holders.

The Holders have no voting rights in shareholders' meetings.

The Notes are non-voting with respect to general shareholders' meetings of the Issuer. Consequently, the Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such arrears of interest or any other decisions by the Issuer's shareholders concerning the capital structure or any other matters relating to the Issuer.

Changes in accounting standards might result in a decrease of the market value of the Notes.

The Issuer's unconsolidated financial statements are prepared in accordance with Austrian GAAP. The Guarantor's consolidated financial statements are prepared in accordance with IFRS and the additional requirements of Dutch Civil Code. New or changed accounting standards may lead to adjustments in the relevant accounting positions of the Issuer or the Guarantor. This might lead to a different perception of the market regarding the Issuer's or the Guarantor's creditworthiness. As a result, there is a risk that the market value of the Notes might decrease.

The income under the Notes may be reduced by taxes.

Potential investors should be aware that they may be required to pay taxes or other charges or duties in accordance with the laws and practices of the country where they are tax resident, where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely on the tax discussions contained in this Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. In addition, potential investors should be aware that tax laws and regulations as well as the interpretation and application thereof by the fiscal courts and the fiscal authorities may change, possibly with retroactive effect, which may result in a higher tax or administrative burden in connection with the taxation and withholding of income from the Notes.

The Financial Transactions Tax could apply to certain dealings in the Notes.

The European Commission has published a proposal for a council directive implementing enhanced cooperation in the area of financial transaction tax. Pursuant thereto, eleven EU Member States, *i.e.*, Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and the Slovak Republic (the "**Participating Member States**") shall charge a financial transaction tax ("**FTT**") on financial transactions as defined if at least one party to the transaction is established in the territory of a Participating Member State and a financial institution established in the territory of a Participating Member State is party to the transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction (residency principle). In addition, the proposal contains rules pursuant to which a financial institution and, respectively, a person which is not a financial institution are deemed to be established in the territory of a Participating Member State if they are parties to a financial transaction in certain instruments issued within the territory of that Participating Member State (issuance principle). According to a publication by the Council of the European Union dated 8 December 2015, shares and derivatives shall be taxed initially. All Participating Member States except for Estonia have agreed on main features of the tax base, but not on the respective tax rates. It is unclear whether an FTT will be introduced at all. The FTT as proposed by the European Commission has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. As a result, Holders may be burdened with additional costs for the execution of transactions regarding the Notes.

GENERAL INFORMATION ABOUT THE GUARANTOR AND ITS GROUP

General

Steinhoff International Holdings N.V. is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of, and is domiciled in, The Netherlands. The corporate seat of the Guarantor is in Amsterdam, The Netherlands, and its registered office is at Herengracht 466, 1017 CA, Amsterdam, The Netherlands (telephone number +31 204200600). The Guarantor is registered with the Dutch Trade Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 63570173.

History and Development

The Group was founded in 1964. Between 1964 and 1988, the Group's European business developed as a distributor of furniture produced in Eastern Europe for sale in Western Europe. Following the merger of the Group's European and South African furniture and household goods businesses, the shares of the former holding company of the Group, Steinhoff International Holdings Limited ("**SIHL**"), were listed on the Johannesburg Stock Exchange ("**JSE**") in 1998.

On 7 September 2015, the shareholders of SIHL approved a scheme of arrangement in terms of Section 114 of the South African Companies Act pursuant to which the Guarantor acquired the entire issued share capital of SIHL on the basis of issuing one ordinary share of the Guarantor for every SIHL ordinary share (the "**Scheme of Arrangement**"). The Scheme of Arrangement became operative on 7 December 2015 and resulted in the Guarantor becoming the new holding company of SIHL and its consolidated subsidiaries by way of a reverse takeover.

In connection with this reverse acquisition of SIHL by Steinhoff International Holdings N.V. in 2015 (the "**Reverse Acquisition**"), the shares of SIHL were delisted from the JSE and the ordinary shares of the Guarantor were listed on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange (primary listing) and the main board of the JSE (secondary listing). The shares of the Guarantor are included in the MDAX index of Deutsche Börse AG, the operator of the Frankfurt Stock Exchange.

The Group has acquired, divested or restructured a number of businesses in its history:

The manufacturing and sourcing operations

- On 25 May 2017, the Group announced its intention to make a strategic investment in Sherwood Bedding Company, the fifth largest mattress manufacturer in the United States. The transaction is expected to complete mid-2017.
- In January 2017, Steinhoff purchased 50 per cent. of the equity of the Cofel Group, the leading mattress manufacturer in France, increasing Steinhoff's capacity to meet the growing demand for mattresses in Europe and further strengthening the Group's vertical integration strategy in the mattress category in western European markets. Cofel was consolidated in the Group with effect from January 2017.
- In 2012, the Group disposed of its timber operations (PG Bison), supply chain management operations (Unitrans Limited) and raw materials subsidiaries to KAP Industrial Holdings Limited ("**KAP Industrial**"), a JSE-listed diversified industrial holding company, in exchange for an increased shareholding in KAP Industrial (for an 88 per cent. aggregate shareholding). SIHL simultaneously reduced its shareholding in KAP Industrial to 62 per cent.
- In 2007, the Group's Southern African furniture manufacturing division was sold to facilitate the expansion of the Group's retail operations in Africa.
- In 2005, the Group acquired a 61 per cent. controlling interest in Unitrans Limited, a diversified transport and logistics company and motor retailer (and increased its holdings in Unitrans to 100 per cent. in 2007).
- In 2005, the Group acquired a 34 per cent. interest in KAP Industrial.
- In 2004, the Group acquired the entire issued share capital of PG Bison. In the same year, the Group established sourcing headquarters in China and other countries in Asia, with the

ultimate goal of supplementing its own manufacturing capabilities with products manufactured by third parties.

- In 2003, the Group acquired Puris Bad in Germany and Sprung Slumber in the United Kingdom.
- In 2002, the Group made further investments in German furniture brands.
- In 2001, the Group acquired the entire issued share capital of Relyon Group Plc, a UK mattress manufacturer, and entered the Australian market through the acquisition of Marshall Furniture and the manufacturing facilities of the furniture retailer, Freedom Group Limited.
- In 2000, the Group acquired certain manufacturing facilities in Germany, Hungary and Poland, strengthening its furniture manufacturing capabilities in Europe.
- In 1999, the Group expanded its furniture manufacturing operations in Southern Africa through the acquisition of Cornick Group Limited.

The retail operations

- On 15 May 2017, the Group announced its intention to separately list its African retail trading assets on the JSE. Prior to the listing, Steinhoff intends to restructure its African retail assets under a single holding company ("**ListCo**"), to hold, *inter alia*: (i) Pepkor South Africa and rest of Africa; (ii) JD Group; (iii) Unitrans Automotive; (iv) Steinbuild; (v) POCO South Africa; and (vi) Tekkie Town. The Group will maintain at least a majority stake in these businesses through its shareholding in ListCo.
- On 12 May 2017, the Group announced a 17% strategic investment stake in Showroomprivé, a leading European digital retailer specialising in online event sales of fashion and homewares. The investment was made through a private sale of shares at €27 per share for a total consideration of €157.5 million.
- On 30 January 2017, the Guarantor acquired Tekkie Town Pty Limited ("**Tekkie Town**"), a South African based retailer of quality branded school, lifestyle, leisure and sports footwear and accessories. Tekkie Town operates more than 300 stores in southern Africa and complements and provides further scale to Steinhoff's general merchandise segment. The acquisition was funded through equity.
- In December 2016, the Group acquired 100 per cent. of the issued share capital of Fantastic Holdings Limited ("**Fantastic Holdings**"), a leading Australian furniture retailer and manufacturer, through its subsidiary Steinhoff Asia Pacific Holdings Pty Limited ("**Steinhoff Asia Pacific**") through the execution of a scheme implementation deed. Under the terms of the scheme, Fantastic Holdings shareholders received total consideration of AUS\$3.50 in cash per Fantastic Holdings share. The acquisition was funded from internally available funds.
- In September 2016, Steinhoff completed its acquisition of 100 per cent. of the share capital of Poundland Group PLC ("**Poundland**"), one of Europe's largest single-price value general merchandisers with 874 stores in the United Kingdom, for a total cash purchase consideration of GBP587 million, which was funded from internally available funds. Poundland was consolidated in the Group from 30 September 2016.
- On 7 August 2016, Steinhoff and Mattress Firm Holdings Corp. ("**Mattress Firm**") entered into a definitive merger agreement under which Steinhoff acquired Mattress Firm for US\$64 per share in cash. This represented a total equity value of approximately US\$2.4 billion and an enterprise value for Mattress Firm of approximately US\$3.8 billion including net debt. The effective date of the acquisition was 30 September 2016. The acquisition of Mattress Firm created the world's largest multi-brand mattress retail distribution network and facilitated Steinhoff's entry into the United States.
- With effect as of 1 January 2016, Steinhoff purchased 100 per cent. of the issued share capital of Iliad African Trading Pty Limited ("**Iliad**"), a distributor, wholesaler and retailer of general and specialised building materials in South Africa, for a cash consideration of R1,341 million (€79.6 million).

- In 2015, prior to the scheme of arrangement becoming operative, the Guarantor acquired Genesis Investment Holding GmbH, which owns the trading businesses and certain fixed properties of the kika-Leiner group of companies.
- In 2015, SIHL increased its shareholding in the southern African retail operations of JD Group Limited (“**JD Group**”) to 100 per cent. through a scheme of arrangement.
- On 31 March 2015, SIHL acquired 92.34 per cent. of the Pepkor Group, and, on 20 April 2015, SIHL acquired the remaining 7.66 per cent. of the Pepkor Group. The Pepkor Group manages a portfolio of general merchandise retail chains and brands.
- In 2014, SIHL increased its shareholding in JD Group to 86 per cent. and decreased its 62 per cent. investment in KAP Industrial to a 45 per cent. associate investment.
- In 2013, SIHL facilitated the independent acquisition by Genesis of kika-Leiner. The kika-Leiner group of companies is a leading furniture retail group in Austria and certain CEE countries, operating through the kika and Leiner brands.
- In 2013, the Group purchased the Slumberland, Myers, Dunlopillo and Staples bedding brands and manufacturing facilities in the United Kingdom.
- In 2012, the Group acquired a 50.1 per cent. controlling interest in JD Group.
- In 2011, the Group acquired Conforama. In the same year, SIHL reached an initial agreement with JD Group in terms of which JD Group acquired all of the Group’s Southern African retail interests, which resulted in SIHL acquiring a minority interest in JD Group. SIHL also acquired a 20 per cent. shareholding in PSG Group in 2011.
- In 2008, the Group’s European Retail Management division (“**ERM**”) was founded, and, in the same year, Hemisphere Properties was established as part of the Group’s strategy to increase property investments and ownership.
- In 2007, the Group acquired the remaining minority shareholding in Homestyle Group Plc and delisted the company from the London Stock Exchange.
- In 2005, the Group entered the UK retail market through the acquisition of a controlling interest in Homestyle Group Plc.
- In 2003, the Group entered the Australian retail market by privatising the then publicly listed Freedom Group Limited.

Object of the Guarantor

Pursuant to article 3 of the articles of association (the “**Articles of Association**”), the corporate objects of the Guarantor are: (a) to incorporate, to participate in any way whatsoever in, to manage, and to supervise businesses and companies; (b) to finance businesses and companies; (c) to borrow, to lend and to raise funds, including the issue of bonds, debt instruments or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned activities; (d) to render advice and services to businesses and companies with which the Guarantor forms a group and to third parties; (e) to grant guarantees, to bind the Guarantor and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties; (f) to acquire, alienate, encumber, manage and exploit registered property and items of property in general; (g) to trade in currencies, securities and items of property in general; (h) to exploit and trade in patents, trade marks, licences, know-how, copyrights, data base rights and other intellectual property rights; and (i) to perform any and all activities of an industrial, financial or commercial nature, and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

Financial Year

The financial year of the Guarantor commences on 1 October of each year and ends on 30 September of the following year. At the extraordinary general meeting of the Guarantor held on 30 May 2016, its shareholders approved the change in the financial year-end from (formerly) 30 June to 30 September (which resulted in a one-off reporting period of 15 months from 1 July 2015 to 30 September 2016).

Auditors

The independent auditors of the Guarantor are Deloitte Accountants B.V., Gustav Mahlerlaan 2970, 1081 LA Amsterdam, The Netherlands (the “**Deloitte Accountants**”). They audited the Guarantor Financial Statements 2016 and issued an unqualified audit opinion. The auditor signing the auditor’s report on behalf of Deloitte Accountants is a member of the Koninklijke Nederlandse Beroepsorganisatie van Accountants (The Royal Netherlands Institute of Chartered Accountants).

Deloitte & Touche, Chartered Accountants (SA), Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria 0081, Republic of South Africa (“**Deloitte & Touche**”) audited the SIHL Financial Statements 2015 and issued an unqualified audit opinion. Deloitte & Touche is a member of the South African Institute of Chartered Accountants.

Business

Overview

Steinhoff is the world’s third largest integrated household goods retailer by turnover (according to Möbelmarkt, an information service for the furniture and household goods industry) with approximately 50 brands and 12,000 retail stores in more than 30 countries. Steinhoff retails, sources and manufactures household goods and general merchandise in Europe (including the United Kingdom), the United States of America, Australasia and Africa. Retail operations are positioned towards price conscious (value) consumer segments, providing everyday products at affordable prices and serving customers at their convenience.

The Group’s integrated retail divisions comprise:

- Household goods;
- General merchandise; and
- Automotive.

Steinhoff employs approximately 130,000 employees and has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The shares of the Guarantor are included in the MDAX index of Deutsche Börse AG, the operator of the Frankfurt Stock Exchange.

In the 15-month period ended 30 September 2016, the Group reported revenue from continuing operations of €16,439 million and profit from continuing operations of €1,447 million compared to €9,818 million and €1,114 million, respectively, in the financial year ended 30 June 2015.

The Group is managed through three operating segments:

- **Household Goods** – The Group’s “Household Goods” segment comprises a vertically integrated furniture and homeware retail business serving the discount and value consumer market segments in Europe (including the United Kingdom), the United States, Australasia and Africa. Product categories include: furniture, household goods, appliances, home accessories, consumer electronics and technology goods, building materials and DIY products and accessories.
- **General Merchandise** – The Group’s “General Merchandise” segment comprises of clothing and footwear, accessories and homeware retail businesses. Product categories include: clothing, footwear, personal accessories, cellular products, selected financial services and fast moving consumer goods.
- **Automotive** – The Group’s “Automotive” segment comprises the Group’s automotive retail businesses in southern Africa. Product categories include: motor and heavy road vehicle brands at price points ranging from entry level to luxury, as well as the Hertz vehicle rental brand.

The Group is invested in companies that provide essential services and knowledge to the Group, which Management believes enhances the Group’s ability to manage its diverse range of businesses. Accordingly, the Group holds: (i) a 43.0 per cent. minority interest in KAP Industrial, a JSE-listed diversified industrial company with leading market share positions in the logistics, integrated timber, integrated bedding, chemical and other industrial sectors within South Africa; and (ii) a 25.7 per cent. interest in PSG Group, a JSE-listed investment company.

Strategy

Steinhoff's goal is to provide everyday products at affordable prices and serving customers at their convenience. With approximately 50 local brands in 12,000 retail stores across more than 30 countries and employing more than 130,000 people, Steinhoff aims to improve its position as one of the top retailers of choice for quality and value.

The key components of the Group's growth strategy include:

CUSTOMER CONVENIENCE: Steinhoff's goal is to make shopping as easy and convenient as possible for its customers and to offer its customers the most convenient ways to view, experience and buy products. Therefore, Steinhoff operates a wide range of stores, from big box destination stores and store-in-store concepts to focused speciality stores, for in-store shopping and also online-shopping solutions, with purchases being delivered to homes, or collected in-store via click-and-collect.

LOCAL RELEVANCE: The global retail business is centred around the Group's national multibrand strategy, which has the goal of recognising and responding to the culture of each country in which Steinhoff is present with its various retail brands. In Steinhoff's view, preserving brand loyalty is of utmost importance when providing a product or a service, which both are part of Steinhoff's business. Steinhoff continuously aims to provide customers with products and services relevant to them.

The Group's strategy is implemented by:

PROVIDING EVERYDAY PRODUCTS: A wide range of products for home and family shall provide customers with the opportunity to add value to their lives. Products are sourced and made available to customers through local brands in each country where the Group has a retail presence. In Steinhoff's view its local brands are well-known and trusted among customers.

AT AFFORDABLE PRICES: The Group's strategy is to keep costs down by having significant influence over the supply chain, in particular by focusing on procurement and sourcing in order to provide economies of scale and the ability to better manage input costs. Furthermore, Steinhoff aims at further optimising logistics costs throughout the supply chain through direct involvement in shipping, warehousing, and distribution of products to stores and customers. The Group also owns many of the properties that house its manufacturing, warehousing, distribution and retail operations.

SERVING CUSTOMERS AT THEIR CONVENIENCE: Steinhoff's goal is to provide a convenient shopping experience and thereby to enhance the satisfaction levels of customers. A comprehensive footprint of approximately 12,000 stores across more than 30 countries provides a one-stop shop solution for household and homeware goods or general merchandise items. Customers can visit stores for essential items during their daily commute, or visit a large format destination family and household store. In addition, many of the brands offer online shopping possibilities to customers, who can either collect their order in-store or have it delivered to their home.

Focus on the discount and value segment of the retail market

The Group's retail operations are focused on the value-conscious consumer. Growing the provision of discount retail offerings is a key strategy for the Group which Management intends to achieve by: (i) focusing on efficiencies to minimise costs; (ii) continuing to diversify the supply chain based on the Group's integrated business model of efficient sourcing and manufacturing; and (iii) the selective acquisition of certain complementary brands and retailers in order to further enhance the Group's retail offerings.

Leverage the Group's vertical integration and scale to drive efficiencies

Through influence over, and knowledge of, the entire supply chain, the Group is able to manage costs and enhance total customer service. Vertical integration improves visibility of the supply chain, which has historically led to improved working capital management and optimised cash generation. Supply chain experts focused solely on the Group's vertically integrated business operations enable efficient distribution channels (such as ocean freight) and other operational efficiencies, such as volume buying, consolidation of the Group's warehouse and distribution network and the ability to optimise capacity utilisation to leverage the Group's fixed cost base.

Strengthen the Group's position in developed markets, expand within emerging markets and further development of e-commerce (online) capabilities

Management believes that there are opportunities for the Group to grow its footprint.

In particular, Management believes that there are opportunities for growth in developed, Western European retail markets, which are facing continuing consolidation in the furniture and household goods market. Management has already taken steps to further this strategy, by opening new retail outlets across certain developed markets in Europe in which it operates. Management also believes that there are growth opportunities within the general merchandise retail market across Europe, including the United Kingdom. Management intends to invest in new and existing retail brands and product offerings through expansion and refurbishments.

In addition, Management intends to expand the Group's retail footprint in emerging markets in Eastern Europe and sub-Saharan Africa. In particular, the expansion of the Pepco brand and store network in Eastern Europe and the acquisition of Tekkie Town which operates in southern Africa will complement and provide further scale in the general merchandise segment.

Management believes that the increased transparency on price depicted by the trend of consumers shopping and investigating products online presents an additional market share growth driver for the Group that it intends to prioritise going forward. The Group's customers are increasingly demanding a seamless and dynamic consumer experience which integrates both online retail and traditional "brick and mortar" outlets. Through e-commerce initiatives that are aimed at providing links to the Group's store network and logistics infrastructure and improved accessibility to a broader range of products, Management intends to meet this demand and expand and enhance the Group's current digital functionality and transactional and fulfilment capabilities in order to capitalise on its cross-channel capabilities and leverage the Group's existing resources. On 12 May 2017, the Group announced a 17% strategic investment stake in Showroomprivé, a leading European digital retailer specialising in online event sales of fashion and homewares. The investment will provide Steinhoff and Conforama with access to Showroomprivé's digital mobile platform and customer base, and its mobile and digital retail skill set.

Continue investing in the property portfolio

The Group's property portfolio remains a key strategic focus of the business, with an extensive footprint of retail properties situated in Europe and Africa, as well as manufacturing facilities located in Germany, Eastern Europe, the United Kingdom and Australia.

Continue investing in the Group's management structure and human resources function

Management intends to continue investing in the Group's management structure and human resources function across all of its business divisions in order to grow revenue and improve operating efficiencies. At the divisional level, local management teams have autonomy to make certain employment decisions and implement locally relevant business strategies. Moreover, Management intends to increase mobility among the workforce in order to share best practices and experiences across the Group. By actively managing its workforce and integrating the operations of its retail businesses, Management seeks to maintain high levels of consistency and performance across all of the Group's divisions.

Expansion into core product category bedding and mattresses

Mattress and bedding has been a key strategic product category for the Group since inception and the Group continues its expansion in this product category in line with the Group's vertical integration strategy. In January 2017, the Group invested in 50-per cent. of the Cofel Group, one of the leading mattress manufacturers in France, providing the Group, among others, with access to additional manufacturing capacity as well as market leading brands on the French market. Moreover, the Group's 2016 acquisition of Mattress Firm, a leading U.S. mattress retailer, recently facilitated the Group's entry into the United States and created one of the world's leading multi-brand mattress retail distribution network. Subsequent to the termination by Tempur-Sealy of its supply agreement for the United States, Mattress Firm concluded a long-term supply agreement with Serta Simmons on more beneficial terms and conditions. During 2015, Steinhoff Asia Pacific also completed the acquisition of Select-O-Pedic, providing the Group with its own production capacity in Australia and in 2017 added OMF (Original Mattres Factory) to its Australian business through the Fantastic Holdings acquisition. In addition, the Group recently announced its intention to make a strategic investment in

the Sherwood Bedding Company, one of the largest mattress manufacturers in the United States. The transaction is expected to complete mid-2017.

Competitive Strengths

Management believes that the Group has the following strengths:

The world's third largest and Europe's second largest integrated household goods retailer, with leading positions in the United States and key European, Australasian and African markets.

The Group is the world's third largest and Europe's second largest integrated household goods retailer by turnover (according to Möbelmarkt, an information service for the furniture and household goods industry). With a diverse, global footprint, operating through approximately 12,000 retail outlets in 33 countries across the world.

Trading through a leading portfolio of local retailer brands and operating through a multi-brand, multi-format infrastructure capability

The Group trades through a leading portfolio of local retailer brands. The Group's business model encompasses a diverse, multi-brand strategy targeted to local consumer preferences in each of the regions where the Group operates. The addition of the Pepkor and Poundland brands has allowed the Group to diversify its retail offering into new product ranges, being general merchandise and fast-moving consumer goods, while taking advantage of the established retail footprints and customer bases of these respective businesses.

The Group has also been able to grow its market share via its e-commerce initiatives, which Management intends to expand in order to capitalise on the Group's cross-channel presence. The Group owns a 17% stake in Showroomprivé, a leading European digital retailer specialising in online event sales of fashion and homewares. The Group's e-commerce initiatives are further supported by its existing "brick and mortar" retail infrastructure. E-consumers' preference to view furniture and related household goods in a physical retail environment before concluding a transaction provides a barrier to entry against pure online retailers.

Predominantly positioned in the growing value-conscious segment providing more resilience through the economic cycle

The Group's business is focused on the growing value-conscious consumer, and its operations are, therefore, positioned in the discount market segment. This value focus has helped the Group remain profitable in a difficult economic climate, as consumers have become increasingly price-sensitive, therefore migrating to lower price segments in the furniture and household goods market. Consequently, the value segment of the furniture and household goods and general merchandise markets has grown in recent years, and the Group's revenues and margins have increased primarily due to its focus on the value-conscious consumer, supported by its integrated global supply chain.

Vertically integrated global supply chain platform enabling cost control, protecting consumer price points for consumers and sustaining Group margin.

The Group's integrated business model is based upon a global strategy of sourcing and manufacturing products at low cost and distributing them to the Group's value-conscious customer base mainly through its extensive retail footprint. The Group's decentralised, vertically integrated business model allows it to have significant influence over, and in-depth knowledge of, the entire supply chain (from raw material input to end-consumer delivery), consolidating all points of contact across an extensive product offering. This has resulted in consistent margins, raised barriers to entry and other key competitive advantages. Due to its global purchasing power, the Group also benefits from its ability to source and produce in bulk quantity, negotiating long-term, competitive agreements in order to achieve fixed overhead costs and generate volume rebates. Management also believes that active involvement in the entire supply chain provides assurances as to the quality of the Group's products and decreases warranty risks while ensuring availability of products, timeous delivery and technical design competence.

The Group's ability to source products from third-party suppliers at low cost and the location of its manufacturing facilities also enables it to have a cost base which is, on average, lower than many of its competitors, allowing it to compete more effectively and protect consumer price points. The location of most of the Group's own manufacturing operations in Europe, including the United Kingdom, also allows for cost-effective export to Europe-based customers.

The global nature of the Group's operations gives it continued access to new customers, markets and suppliers, while the Group's shared knowledge base across industries and geographies provides it with a further competitive advantage, as best practices and industry knowledge developed across different segments of the business are shared throughout the Group.

By capitalising on the mix and flexibility between core products manufactured in owned-facilities and products sourced from third parties, the Group maintains its ability to change suppliers or supplying countries depending on cost structures and to otherwise optimise buying prices. This flexibility between sourcing and manufacturing also reduces the risk of investing in production facilities to produce product lines which may be subject to short-term consumer trends. Moreover, the Group's global sourcing operations identify and assess potential suppliers primarily in low-cost countries, and participate in key processes, often on-site, including comprehensive material procurement, product and fabric development, technical assistance, co-ordination of sample approvals, assessment of lab tests and raw material availability to ensure that the Group's high standards of quality are met.

The Group's supply chain expertise, including logistics and effective management of warehouse and distribution networks, remains essential to its business. Control over the supply chain gives rise to better service levels and guarantees timely product delivery within a competitive cost structure. This enables the Group to satisfy increasing demands from its customers for a supplier that can offer comprehensive warehousing and distribution capabilities.

Ownership of strategic retail, warehouse and manufacturing properties which enhances the Group's ability to control costs and improve long-term operational sustainability

The Group's property portfolio consists of retail, warehouse and manufacturing facilities located in Europe (including the United Kingdom), Australasia and Africa. In addition to providing the Group with an additional revenue stream, the long-term occupation of the Group's retail sites is an important factor in protecting the Group's profitability because it allows the Group to manage future lease liabilities and escalations effectively. In addition, the licence to retail household goods is frequently attached to a particular property, which means the ownership of retail properties is necessary for the Group to operate in that market. The Group's property portfolio is managed as an independent profit centre and is operated by dedicated, local teams who focus on maximising the value of the Group's properties.

Highly experienced management team with a demonstrated track record of consolidating fragmented markets through acquisitions and organic growth

The Group's management team has extensive experience in the industries in which the Group operates, with significant expertise in retail, sourcing, manufacturing and distribution of furniture and related household products and management of manufacturing facilities in emerging markets. The Group's management team is also supported by an extensive group of experienced, decentralised, local, operational management in every region in which the Group operates. The Group's management team has a demonstrated track record of delivering strong, organic growth, while successfully integrating a series of significant strategic acquisitions. The members of the Guarantor's Management and Supervisory Boards and the key management of the Group own a significant percentage of the Group's equity, demonstrating their commitment to the business and alignment with shareholders.

Strong focus on protecting the sustainability of the business for all stakeholders

The Group recognises the importance of sustainability. The Group regularly reviews and adapts policies and processes to reinforce its ability to be socially responsible and environmentally sound, and, at the same time, profitable. Management believes that, by balancing these three pillars of sustainability (people, planet and profit), the Group operates in a responsible manner while retaining its market-leading positions in the regions in which it operates.

Historically strong sales growth and cash generation potential

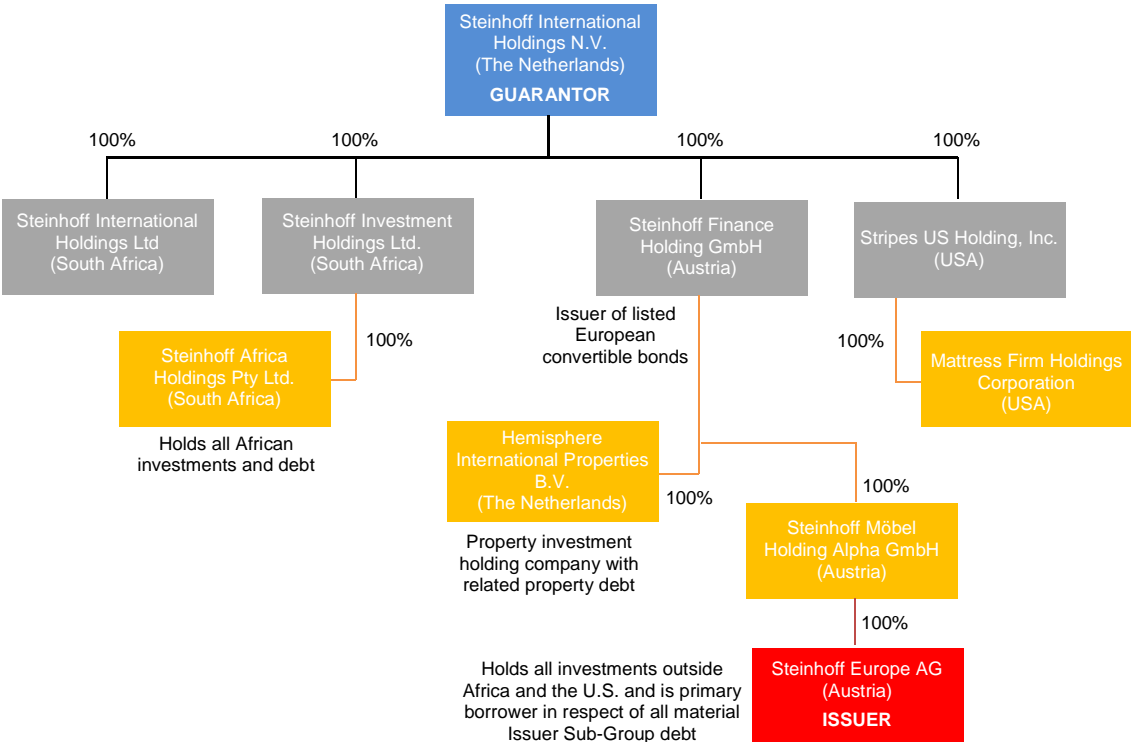
The Group's operating performance has historically been strong, underlying the strength and efficiency of its business model and management. In addition, the scale and geographic diversity of the Group's operations have allowed it to achieve significant cost benefits, leading to higher operating margins. In the 15-month period ended 30 September 2016, the Group reported revenue from continuing operations of €16,439 million and profit from continuing operations of €1,447 million as well as, for the 12-month period ended 30 September 2016, a Group revenue of €13,427 million and a

profit from continuing operations of € 1,222 million compared to €9,818 million and €1,114 million, respectively, in the financial year ended 30 June 2015. Management believes that the Group's financial indebtedness maturity profile subjects it to limited refinancing risk as the maturity profile of its debt is, on the whole, staggered, and the Group has a diversified source of funding, including bank debt, capital markets funding, funding from the United States private placement market and the use of convertible bonds. The Group has consistently delivered on its financial targets, and clear internal management goals are in place to continue to improve the return on capital.

Group Structure

The Guarantor is the parent company of the Group and is not dependent on other entities within the Group. Its primary role within the Group is to function as a management holding company. The operating business is primarily conducted by the relevant operating subsidiaries.

The following chart represents a high level legal structure of the Group:



Significant Subsidiaries

The following table shows the significant subsidiaries that are either directly or indirectly owned by the Guarantor as at 30 September 2016:

	Country of incorporation	Ownership %	
Steinhoff Finance Holding GmbH	Austria	100	
Steinhoff Möbel Holding Alpha GmbH	Austria	100	
Steinhoff Europe AG	Austria	100	
Issuer Sub-Group (significant subsidiaries)	Steinhoff Europe AG	Switzerland	100
	Genesis Investment Holdings GmbH	Austria	100
	Steinhoff Retail GmbH	Austria	100
	Steinhoff Holdings Beta GmbH	Austria	100
	Conforama Holdings SA	France	99
	Tau Enterprises GmbH	Germany	100
	Steinhoff UK Holdings Limited	United Kingdom	100
	Homestyle Operation Limited	United Kingdom	100
	Poundland Group PLC	United Kingdom	100
	Steinhoff Asia Pacific Holdings Proprietary Limited	Australia	100
	Steinhoff Asia Pacific Limited	Australia	100
	Steinhoff UK Beds Limited	United Kingdom	100
	Hemisphere International Properties BV	The Netherlands	100
Steinhoff International Holdings Limited	South Africa	100	
Steinhoff Investment Holdings Limited	South Africa	100	
Steinhoff Africa Holdings Proprietary Limited	South Africa	100	
Ainsley Holdings Proprietary Limited	South Africa	100	
Pepkor Holdings Proprietary Limited	South Africa	100	
Pepkor Trading Proprietary Limited	South Africa	100	
Steinhoff Services Limited	South Africa	100	
Stripes US Holding Incorporated	United States of America	100	
Mattress Firm Holdings Corporation	United States of America	100	

Operations and markets

The Group operates in the furniture and household goods and general merchandise markets in Europe (including the United Kingdom), the United States, Australasia and Africa.

While the Group is a leader in many of the markets in which it operates (according to Euromonitor), these markets remain highly fragmented. Management, therefore, believes that the Group retains significant headroom for growth.

Household Goods

The Group manages a vertically integrated furniture and household goods retail business in Europe (including the United Kingdom), Australasia, Africa and the United States. On 31 March 2017, the household goods segment included 5 848 retail stores comprising 5.9 million square metres of retail space. This business is supported by the Integrated Supply Chain division, which is responsible for the sourcing, manufacturing, warehousing and distribution of furniture and household goods to Group-owned and third-party retailers. The Group differentiates itself from its competitors through its ability to supply products to the market at low prices, primarily due to its scale advantages and integrated global supply chain consisting of Group-owned sourcing and manufacturing operations in low-cost, emerging markets and its integrated logistics infrastructure. This efficient manufacturing and logistics infrastructure and the integrated supply chain also give the Group the ability to provide after-sales service to customers, further enhancing its customer service capabilities.

The Group focuses on the retailing of furniture, beds, mattresses, kitchens, household appliances, electronic products, décor items, related homeware and household products, and have operations in, *inter alia*, Australia, Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Italy, Luxembourg, The Netherlands, New Zealand, Poland, Portugal, Romania, Serbia, Slovakia, Spain, Switzerland, the United Kingdom and the United States. The business model of the Group's retail operations supports a diverse, multi-brand strategy that is managed in order to ensure that the Group's brands and products remain relevant to local consumers and customers. Many of the Group's

brands are well known household names in the markets in which they are sold, which has supported the division's performance and market share gains in recent years. The Group has also implemented various e-commerce initiatives resulting in an omni-channel sales approach. Its most recent initiative was the announcement of a 17% strategic investment stake in Showroomprivé, a leading European digital retailer specialising in online event sales of fashion and homewares. The investment will provide Steinhoff and Conforama with access to Showroomprivé's digital mobile platform and customer base, and its mobile and digital retail skill set. The Group's International Retail division is managed across its two broad geographic regions, being Europe and Australasia on the one hand and Africa on the other hand.

With the acquisition of Mattress Firm in September 2016, the Group entered the U.S. market.

The Group's household goods retail businesses focus on the retailing of furniture and homeware, and comprise: (i) Conforama in Europe; (ii) the ERM division in Europe; (iii) Mattress Firm in the United States; (iv) the United Kingdom, (v) Australasia; and (vi) Africa. As at 31 March 2017, the European retail operations operated through 620 retail outlets. The Group's retail division in the United Kingdom operates through 437 retail outlets while the retail division in Australasia operates through 285 retail outlets and Mattress Firm operates through 3,481 retail outlets in the United States.

Conforama

Conforama is a leading European retailer of furniture and household goods. Its core product lines include furniture, decoration and large homeware appliances. Conforama also operates an online sales platform via a "click and collect" model, which is supported by its physical store network. As at 31 March 2017, Conforama operated a network of 311 retail outlets, of which 205 are located in France, making it France's second largest furniture and household goods retailer by market share (according to IPEA). In addition, as at 31 March 2017, Conforama operated 106 retail outlets located in five other European countries: 41 in Spain and Portugal, 15 in Italy, 41 in Switzerland (including 22 Lipo retail outlets recently placed under Conforama management), 8 in Croatia and one in Serbia.

European Retail Management (ERM)

The Group's ERM division has an extensive retail footprint across central and Eastern Europe which includes the Poco and ABRA brands and the kika-Leiner group. The ERM division operates through primarily large-scale retail outlets offering a full range of furniture and household goods. As at 31 March 2017, the ERM retail network comprised 309 retail outlets, including: (i) 115 large format furniture and homeware goods retail outlets in Germany and one in both The Netherlands and Poland; and (ii) 106 ABRA retail outlets in Poland. kika-Leiner features strong, local brands. As at 31 March 2017, kika-Leiner operated out of 71 retail outlets (50 in Austria, eight in the Czech Republic, eight in Hungary, one in Romania and four in Slovakia). The ERM division also includes the Extreme Digital business in Hungary. Extreme Digital is an online retailer specialising in electronics and appliances products with a footprint of 15 retail outlets. Extreme Digital product ranges have been introduced into kika stores through store-in-store concepts, expanding the kika product range.

United States: Mattress Firm

In September 2016, Steinhoff entered the U.S. market through the acquisition of Mattress Firm which, as at 31 March 2017, operated 3 481 retail outlets in the United States. The acquisition created the world's leading multi-brand mattress retail distribution network. Mattress Firm is a leading specialty bedding retailer in the United States founded in 1986. Mattress Firm offers customers an extensive assortment of conventional and specialty mattresses and bedding related products across a wide range of price points, including its own private brands. Mattress Firm stores have historically operated under the Mattress Firm, Sleep Train and Sleepy's brands, however, a year-long rebranding exercise has been completed and all stores now operate under the Mattress Firm name.

United Kingdom

The Group's retail division in the United Kingdom operates through Steinhoff UK and focuses on the retailing of beds, furniture and homeware. Steinhoff UK currently has two retail chains in the United Kingdom: Bensons for Beds and Harveys, all of which operate through a network of retail outlets and an online platform. With 437 retail outlets, Steinhoff UK is the third largest furniture retailer in the United Kingdom according to Verdict.

Bensons for Beds is the United Kingdom's largest speciality bed retailer (according to Management's estimates), offering customers a wide range of mattresses, divans, bed frames, children's beds and bedroom furniture. As at 31 March 2017, Bensons for Beds operated 273 retail outlets in the United Kingdom. Harveys is a specialty furniture retailer in the United Kingdom, with a focus on lounge and dining furniture in the value segment of the market. As at 31 March 2017, Harveys operated 164 retail outlets in the United Kingdom.

Australasia

As at 31 March 2017, the Group operated six retail chains in Australia and New Zealand: Freedom, Snooze, POCO, Fantastic, Plush and OMF Australia, all of which operate through a network of 285 retail outlets and an online platform.

Freedom is a retailer of an extensive collection of leather sofas, fabric sofas, dining furniture, bedroom furniture and homeware. As at 31 March 2017, Freedom operated 62 retail outlets in Australia and New Zealand. Snooze is predominantly a franchise mattress and bedding specialist.

In addition, in December 2016, the Group acquired 100% of Fantastic Holdings. Fantastic Holdings is a leading Australian furniture retailer and manufacturer which operates a network of 136 stores and four manufacturing operations and, in the financial year ending 30 June 2016, generated a revenue of approximately AUS\$ 544 million. The combined group positions Steinhoff as the second largest furniture retailer in Australia by market share (according to the Australian Bureau of Statistics) with a brand portfolio focusing on mattresses and furniture, covering the value spectrum from entry-level to premium, with differentiation on specialist (mattress) store formats and complete solution brands in furniture. Fantastic Holdings contributes to the Group as of January 2017.

Africa

The African retail operations include the JD Group's retail division, which is one of the largest furniture and household goods retailers in Southern Africa (according to Statistics SA internal analysis).

It offers a diversified mix of products, including furniture, household appliances, consumer electronic and technology goods, building materials and DIY products and accessories. JD Group's retail division operates through a multi-branded retail network representing four furniture brands, two consumer electronics and appliances brands and the SteinBuild building materials and DIY business. As at 31 March 2017, the Group operated 894 furniture and electronics and appliances retail outlets and 129 building materials and DIY retail outlets in Southern Africa. The Poco South Africa brand is also included in this division and operated two retail outlets on 31 March 2017.

Integrated Supply Chain

The Group's Integrated Supply Chain division focuses on the sourcing and manufacturing of raw materials and household goods, which it sells to other Group-owned companies and third-party retailers. Management believes that the Group's Integrated Supply Chain division's proximity to the large European household goods market, its ability to assemble furniture sourced from Asia and Europe and its ability to replace and/or repair products subject to stringent European warranty requirements are key competitive advantages.

Sourcing and Logistics

The Sourcing and Logistics division focuses on the sourcing of upholstery, case goods, homeware, mattresses, beds, bedroom furniture, and small and large home appliances (including televisions). Products are sourced from over 40 countries. While this division does not invest in production capacity or assets, it, instead, employs experts in supplier and product sourcing, product development and design, negotiation, quality control, supply chain management and product mutualisation. Many of these experts work on-site with suppliers in order to ensure that the manufacturing and sourcing activity taking place is in compliance with the Group's stringent demands, such as quality control, sustainable sourcing practices and environmental policies. Accordingly, the Sourcing and Logistics division functions as a service provider to the Group.

Management believes that the use of specialised third-party suppliers in conjunction with the Group's own manufacturing operations adds scale, flexibility, efficiencies and cost advantages to the Group's buying operations.

The Sourcing and Logistics division operates through seven sourcing offices across Eastern Europe and Asia, with a primary objective of creating competitive advantages for the Group by providing speed-to-market of exclusive, quality products at competitive prices. The division has 2.5 million square metres of warehouse space and the Group ships approximately 150,000 containers per annum. Management believes that these central distribution centres will provide the Group with a more efficient distribution platform and, consequently, reduced lead times and increased customer service levels.

Manufacturing

The Group's own manufacturing operations include integrated furniture and household goods manufacturing operations in Europe (including the United Kingdom) and Australia. The Group also recently announced its intention to acquire a strategic stake in Sherwood Bedding Company, the fifth largest mattress manufacturer in the United States. The transaction is expected to close mid-2017. As at 31 March 2017, manufacturing operations were carried out in 27 facilities across eight countries. This includes the joint-venture manufacturing operations of Cofel in Europe.

Europe

The majority of the Group's European manufacturing capacity is primarily located in Eastern Europe, where facilities in Hungary and Poland focus on upholstered furniture for lower- and middle-end products.

- Hungary – the Group operates one manufacturing facility in Hungary which focuses on the manufacturing of mid- to upmarket leather upholstered furniture for Europe and the local market.
- Poland – the Group operates seven manufacturing facilities in Poland which manufacture a variety of upholstered furniture. The Group's own manufacturing facilities in Poland have historically been one of the leading suppliers in Europe for volume-driven, mass-market and mail-order retailers.
- Germany – the Group has two manufacturing facilities in Germany which specialise in the manufacturing of bathroom furniture and kitchens respectively.
- France – the Group enhanced its capacity through its 50 per cent. investment in the Cofel Group which operates five mattress manufacturing facilities in France producing market leading Bultex, Epeda and Merinos brands.

United Kingdom

Manufacturing operations in the United Kingdom are carried out by Relyon, Steinhoff UK Beds Ltd, Steinhoff UK Upholstery and Pritex. The Group manufactures beds at five UK-based manufacturing facilities, under the Relyon, Dunlopillo, Myers, Slumberland and Staples brands, as well as customer own-label products. The Group sells to the majority of major furniture retailers in the United Kingdom.

Steinhoff UK Upholstery is a dedicated supplier for the Harveys Furniture division. It operates from one manufacturing facility in Bridgend, Wales. Pritex is a Wellington-based manufacturer of acoustic insulation products for the automotive and industrial markets.

Australia

Manufacturing operations in Australia are carried out by Select-O-Pedic, an Australian bedding manufacturer, including its assembling facilities. Additional manufacturing capacity was added through the acquisition of Fantastic Holdings. Following the acquisition the Group operates eight manufacturing facilities.

South Africa

Through its investment in KAP Industrial, Steinhoff has access to mattress manufacturing facilities in South Africa.

Properties

The Group's property management function is also housed within the Household Goods segment. The Group's property management function comprises (i) an extensive footprint of retail properties situated in Europe and properties in Africa, (ii) Group-owned manufacturing facilities located in Germany,

Eastern Europe, the United Kingdom and Australia and (iii) the Group's centralised property teams, which provide a wide range of specialised services to the Group, including:

- management of the internally and externally leased property portfolio;
- development of existing and new properties;
- centralised management of sustainable energy, water and waste;
- management of risk, security and insurance costs; and
- management of maintenance costs.

In addition, in Europe, the licence to retail household goods is often attached to a particular property. Therefore, the long-term occupation of these retail sites is an important factor in protecting the Group's revenue stream.

The Group derives property rental income primarily from Group-owned companies, but also from third-party tenants. The Group's real estate investments help to reduce costs associated with property leasing, which positively impacts the Group's strategy of improving operating margins through cost reduction. The Group's property investments also enable it to mitigate future lease liabilities and lease rate escalations.

General Merchandise

The Group's "General Merchandise" segment comprises retail operations selling a range of everyday necessities to its price-sensitive and value-conscious customer base, including clothing, footwear, household goods, personal accessories, cellular products and other general merchandise. The "General Merchandise" segment also provides selected financial services to its customer base, such as utility bill payments and money transfer services.

Founded in 1965 and headquartered in Cape Town, Pepkor serves discount and value-oriented cash customers. Operating in 22 countries across three continents, Pepkor retails from approximately 2.7 million square metres of retail space in 6,100 retail outlets, employing approximately 62,000 full-time employees as at 31 March 2017. Pepkor operates through well-known retail brands within the discount, value and specialty segments of the market.

Southern Africa and Rest of Africa

The Pep discount brand trades through 2,340 retail outlets as at 31 March 2017, Pep sells a discount range of merchandise, including clothing, footwear, homewares, cellular products and financial services. Today, Pep is South Africa's number one apparel and footwear specialist retailer according to Euromonitor in terms of market share.

In addition to this, through its involvement with "Flash", approximately 100,000 Flash devices selling airtime and electricity and providing bill payment facilities were operative in the informal discount sector as at 31 March 2017.

Pep expanded its footprint into Africa, following its success in South Africa, by opening its first store in Zambia in 1990. Staying close to its solid foundation in South Africa and keeping its brand positioning consistent, Pepkor's African expansion accelerated and spanned more than 120,000 square metres of retail space through more than 300 retail outlets situated in Zambia, Mozambique, Malawi, Angola, Nigeria, Uganda and Zimbabwe as at 31 March 2017, contributing 5% of revenue to the African segment. The remainder of revenue is generated in South Africa.

Founded in 1916, Ackermans is the Group's oldest African value retail brand. Ackermans primarily sells clothing, footwear, homewares, clothing accessories and cellular products at competitive prices. At 31 March 2017, Ackermans operated 610 urban retail outlets across Southern Africa.

South Africa: Specialty

Pepkor's Specialty Retail division comprises four well-known retailers focused on a diverse customer base, including John Craig, a premium-branded menswear retailer, Dunn's and Refinery, mid-market fashion retailers, and Shoe City, a value-oriented footwear retailer. Pepkor's Specialty Retail division provides customers with clothing, footwear, accessories and cellular products and trades through approximately 525 retail outlets located in South Africa, Namibia, Botswana, Lesotho and Swaziland as at 31 March 2017.

On 30 January 2017, the Guarantor acquired Tekkie Town, a South African based retailer of quality branded school, lifestyle, leisure and sports footwear and accessories which operates more than 300 stores in southern Africa and complements and provides further scale to Steinhoff's general merchandise segment.

Eastern Europe

Pepco, one of the Group's fastest growing retailers, was founded in 2000. Pepco is a leading non-food retailer in Poland, serving customers with a diverse product range comprising clothing, footwear, homewares and a core range of basic household consumables. Pepco's retail outlets are mainly located in small- to medium- sized cities in Poland. The success of the Pepco brand and concept facilitated expansion across borders into the Czech Republic, Hungary, Romania, Slovakia and most recently, Croatia. Pepco operated 1,091 retail outlets as at 31 March 2017.

United Kingdom, Ireland and Spain

The Pep&Co brand was launched in the United Kingdom in 2015 with 50 stores opened in 50 days and provides clothing, footwear, homewares, clothing accessories focused on children.

On 30 September 2016, the Group consolidated Poundland for the first time, one of Europe's largest discount variety general merchandisers with 827 retail outlets in the United Kingdom, Ireland and Spain. The Poundland acquisition, with its extensive store footprint, provides the necessary scale to the Pep&Co brand with the introduction of its product range in Poundland stores.

Australasia

Pepkor's Retail division operated through 316 retail outlets in Australasia as at 31 March 2017 and comprised a collection of specialty retailers located across Australia and New Zealand, including Best & Less, Harris Scarfe, Mozi, Store & Order and Postie. Best & Less, which is typically located in shopping malls, and Harris Scarfe, which operates from larger, stand-alone retail outlets, are Pepkor's largest specialty retailers in Australasia and focus on the value-conscious clothing, footwear and homewares markets.

Support Services

Pepkor's Central Group Services division offers credit, IT, property management, treasury, logistics and quality control support. In addition, Pepkor's retail operations are supported by sourcing offices located in China which focus on supply chain optimisation to help protect and enhance Pepkor's discount market positioning. Pepkor also operates a production facility in Cape Town that manufactures school uniforms.

PPS

The Pepkor Product Solutions ("**PPS**") division supports the Pepkor Group's retail brands, offering specialised services aimed at connecting suppliers with buyers. With offices in Shanghai and Shenzhen, China, and dedicated employees in Hong Kong, Taiwan, Bangladesh and India, the PPS division oversees all functions in the Pepkor Group's sourcing supply chain.

Automotive

The Group's "Automotive" segment comprises Unitrans Automotive, Unitrans Insurance and Hertz Rental car hire. Unitrans Automotive represents a number of international automotive brands and services its customers from its network of 95 dealerships located throughout Southern Africa, while Unitrans Insurance Limited is a fully licensed, short-term insurance and vehicle warranty company. Hertz Rental car hire conducts its business through 51 locations in Namibia and South Africa.

Other Investments

The Group is invested in companies that provide essential services and knowledge to the Group, which Management believes enhances the Group's ability to manage its diverse range of businesses. Accordingly, the Group holds: (i) a 43.0 per cent. minority interest in KAP Industrial, a JSE-listed diversified industrial company with leading market share positions in the logistics, integrated timber, integrated bedding, chemical and other industrial sectors within South Africa; and (ii) a 25.7 per cent. interest in PSG Group, a JSE-listed investment company.

KAP Industrial

KAP Industrial delivers services and manufactured products to a wide customer base, through specialised contractual logistics, passenger transport services, integrated timber facilities and industrial manufacturing. As at 30 September 2016, the Group had a 43.0 per cent. minority investment in KAP Industrial.

PSG Group

PSG Group is an investment company listed on the JSE, with a market capitalisation of approximately R45 billion as at 30 September 2016. PSG Group consists of underlying investments that operate across a diverse range of industries, which include financial services, banking, private equity, agriculture and education. As at 30 September 2016, the Group owned 25.7 per cent. of PSG Group.

Group Services

In order to achieve operating efficiencies and provide centralised management of activities, the Group provides certain services to its operating entities on a centralised basis from its South African, German and UK headquarters. These group services are organised under Group Services International and include the following:

- **Strategic Development:** The Group's strategic development is driven by Management, which develops proposals for possible joint ventures, mergers and acquisitions, special projects and potential growth areas and expansion of current divisions.
- **Financial Management:** The Group's Financial Management department implements and oversees certain procedures that must be followed by each division when preparing financial reports and tax assessments, which include hiring independent, outside advisers when necessary. The Group's Financial Management department also ensures that adequate risk control measures are in place for the Group, which include proper insurance coverage for directors' liability, product liability, business interruption, credit default debts and the Group's assets.
- **Central Treasury:** The Group has a centralised treasury function that manages treasury, financing and hedging activities throughout the Group.
- **Information Technology:** The Group relies on a combination of Group-owned and third-party specialist information systems. Information systems and processes are managed internally, through key designated representatives, in co-ordination with a professional, third-party information technology consultant engaged directly by the Group. The Group's internal information technology function and the third-party consultant liaise directly with and manage various third-party information technology suppliers. The Group's information systems are regulated by various internal policies, relating to data management, information backup, information technology system security, patch management and disaster recovery.
- **Legal:** The Group has a centralised group legal department within Group Services International, with smaller legal teams for Africa and Europe. They are all actively involved in internal legal issues, such as the drafting of contracts and agreements, and the oversight of the Group's statutory and legal reporting requirements with local authorities, corporate governance and company secretarial functions. Legal matters which are country-specific are outsourced to accredited practitioners.
- **Human Resources:** Human Resources is generally handled through regional Human Resources divisions. The Group's Head of Human Resources receives reports from each regional division, which in turn receives reports from each operating unit. The Group currently has succession planning procedures in place for management and senior level employees. These contingency plans include, when required, outside recruitment, selection and assessment procedures, and proper training for successor employees.
- **Technical Support:** Group Services International provides technical support in connection with manufacturing facility layouts, plant and equipment procurement, as well as rendering advice on production processes in order to enhance efficiencies.

Marketing, Promotion, Advertising and Public Relations

The Group promotes its products and services in strategic markets, and the Group uses a variety of programmes to generate awareness and demand for its products. These programmes include: (i) industry relations; (ii) furniture fairs; (iii) trade shows; (iv) conferences; and (v) advertising. The Group's structure encourages communication and co-operation between its operational and distribution activities, which enables it to respond quickly to customer demands.

Competition

The furniture and household goods and general merchandise markets are fragmented and highly competitive, and include a large number of retailers which distribute products similar to those of the Group. Competition is generally based on product quality, timing of delivery, product design, product availability, brand name recognition, price and customer service. The Group competes with a limited number of relatively large companies in Australia, Germany, the United Kingdom and the United States.

The sub-Saharan African furniture and household goods and general merchandise markets, on the other hand, are more concentrated, with fewer than four major competitors in each of the segments in which the Group operates.

Material Contracts

The Guarantor did not enter into any contracts outside the ordinary course of business which could result in any member of the Group being under an obligation or entitlement that is material to the Guarantor's ability to meet its obligations to the Holders of the Notes.

Legal and Arbitration Proceedings

Taking into account the multiple jurisdictions in which the Group operates, as well as the size and diversity of its operations, the Group is involved in a number of legal proceedings that have arisen mainly in the ordinary course of business. Management does not believe, however, that there are or have been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Guarantor's or the Group's financial position or profitability.

Notwithstanding the foregoing, the Group is currently involved in disputes in relation to certain joint venture and strategic alliances:

Overview

As part of the Group's strategic growth plans, the Group entered into various joint venture and strategic supply agreements and alliances, some of which resulted in equity participation, mergers and/or acquisitions. The Group's then-existing relationships with a particular joint venture partner in Europe (acting through one or more of its affiliates) (the "**Former JV Partner**") ended in disputes which are currently the subject matter of ongoing legal proceedings. These disputes relate to alleged breaches arising from agreements with the Former JV Partner. Salient details of the key actions in this regard that were taken during the financial year 2015 are as follows:

Redemption of shares held by the Former JV Partner

The Former JV Partner was a 50 per cent. shareholder in a European furniture and household goods retailer. The Group, through one of its subsidiaries, held the remaining 50 per cent. shareholding in this business and certain control arrangements. As a result of alleged serious breaches by the Former JV Partner of its fiduciary duties towards the underlying business and the Group, steps were taken by the Group under applicable law which resulted in the Former JV Partner's 50 per cent. shareholding being redeemed by the legal entity concerned by way of a shareholder resolution (the "**Redemption**"). As Management expected legal action to ensue, the Redemption has not yet been implemented. The Group has received advice from external legal counsel confirming that the Redemption was effective, and, as a consequence, the Group now indirectly owns 100 per cent. of the business concerned. The Group was advised that the Redemption should be confirmed through current legal proceedings, but that the Former JV Partner has an unconditional right to be indemnified for the fair value of its shares redeemed in the Redemption (such fair value shall be determined by the competent court). The

implementation of any determination will, however, remain subject to approval of the relevant anti-trust authorities, where required.

Management believes it to be prudent to provide for the above fair value as a liability. Accordingly, the Group has provided for liabilities arising in connection with this dispute in the consolidated financial statements of the Guarantor. The amount of such provision has been determined to be sufficient by the Guarantor's management board.

Dispute in relation to the exercise of a convertible loan

At the time of one of the Group's European acquisitions, the Former JV Partner advanced an amount of funding in the form of a convertible loan (the "**Convertible Loan**"). The understanding between the Group and the Former JV Partner was that the Former JV Partner would be entitled to a 50 per cent. equity interest in the business concerned, provided that the Former JV Partner would contribute, in aggregate, amounts equal to the Group's contribution towards the purchase price and ongoing funding requirements of the business concerned. The conversion right in respect of the Convertible Loan expired in 2013 and, taking into account the respective contributions of the Group and the Former JV Partner up to that time, the Former JV Partner's potential equity participation was reduced to approximately 25 per cent. (the "**New Arrangement**"). The New Arrangement was required to be filed with the relevant anti-trust authority, however, as a result of concerns raised by such authority, the filing of the New Arrangement with the relevant anti-trust authority was withdrawn by mutual consent. Following this, in November 2014 the Former JV Partner unilaterally declared the New Arrangement to have expired, following which all of the remaining agreements with the Former JV Partner (including the Convertible Loan) were terminated for cause by the Group in January 2015. This matter developed into litigation with the Former JV Partner, the determination or outcome of which will remain subject to approval of the relevant anti-trust authorities, where required.

Management believes that (i) the Former JV Partner no longer has any conversion rights in respect of the business concerned and (ii) a claim in respect of the initial contribution made by the Former JV Partner by way of the Convertible Loan may arise. Accordingly, the Group has provided for liabilities arising in connection with this dispute in the consolidated financial statements of the Guarantor. The amount of such provision was determined to be sufficient by the Guarantor's management board.

Conclusion

The aforementioned court cases are pending in respect of the foregoing alleged breaches arising from agreements with the Former JV Partner. Having taken external legal advice, Management believes that the outcome of the aforementioned court cases will not affect the Group's ownership structure in the entities concerned as only a monetary remedy would be required to be paid by the Group (also due to anti-trust regulations applying to the situation given the size of the relevant entities). The payment of any such monetary remedy would not have a material adverse effect on the trading and/or financial condition of the Group. Management also believes that adequate provision has been made for the related liabilities which may result from these court cases in the consolidated financial statements of the Guarantor. The amount of such provisions, in the aggregate, was less than 2.5 per cent. of the Group's consolidated total assets as at 30 September 2016.

Rating

The rating agency Moody's Investors Service, Inc. ("**Moody's**")¹ has assigned the long-term credit rating² "Baa3 (stable outlook)"³ to the Guarantor.

Management and Supervisory Bodies

The Guarantor has a two-tier board structure consisting of a management board (the "**Management Board**") and a supervisory board (the "**Supervisory Board**").

Management Board

The Management Board is the executive body and is entrusted with the management of the Guarantor's operations and strategy as well as the operations of the Group, subject to supervision by the Supervisory Board.

Members of the Management Board

The Management Board is composed of Markus Johannes Jooste (Chief Executive Officer), Daniël Maree van der Merwe (Chief Operating Officer) and Andries Benjamin la Grange (Chief Financial Officer).

The following table sets out all companies and partnerships of which the members of the management board are members of the administrative, management or supervisory bodies or partners (excluding Group companies):

Name	Name of company or partnership
Markus Johannes Jooste	Casaspec Properties (Pty) Ltd Cape Thoroughbred Sales (Pty) Ltd Erf 2825 Hermanus (Pty) Ltd Galicia Investments (Pty) Ltd Investec Equity Partners (Pty) Limited Jomar Services (Pty) Ltd Kap Industrial Holdings Limited Kenilworth Racing (Pty) Limited Klawervlei Stud (Pty) Ltd Mayfair Holdings (Pty) Limited Mayfair Speculators (Pty) Ltd MG Property 1 (Pty) Ltd Morning Tide Investments 82 (Pty) Ltd Phumelela Gaming & Leisure Limited PSG Financial Services Limited

¹ Moody's is established in the European Community and has applied for registration under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of March 11, 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (www.esma.europa.eu) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

² A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

³ Moody's defines "Baa3" as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. [...] Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category."

	PSG Group Limited Stafric Investments & Management Services (Pty) Limited Uhambo Property Investments (Pty) Ltd
Daniël Maree van der Merwe	Anglo Dutch Properties (Pty) Limited Dagethoek Beleggings (Pty) Limited DJ Trust Jonkersdrift Trust KAP Industrial Holdings Limited Klawervlei Stud (Pty) Limited Nelmaree Trust Ruby Street Investments (Pty) Limited Silverglade Trading 19 (Pty) Limited Uhambo Property Investments (Pty) Limited
Andries Benjamin la Grange	KAP Industrial Holdings Limited Investec Equity Partners (Pty) Limited Middelkraal Trust PSG Financial Services Limited PSG Group Limited

Each member of the Management Board can be contacted at the business address of the Guarantor.

Supervisory Board

The Supervisory Board supervises the management of the Management Board and the general course of affairs of the Guarantor and the business connected with it.

Members of the Supervisory Board

The Supervisory Board is composed of the members listed in the following table. The table also sets out (i) the principal occupation of the members of the supervisory board and (ii) all companies and partnerships of which the members of the management board are members of the administrative, management or supervisory bodies or partners (excluding Group companies).

Name	Principal occupation	Name of company or partnership
Christoffel Hendrik Wiese (Chairman)	Supervisory Director	Afropulse 500 (Pty) Ltd
		Alenti 254 (Pty) Ltd
		Auburn Avenue Trading 143 (Pty) Ltd
		Brait South Africa (Pty) Ltd
		Cenfund Investments (Pty) Ltd
		Ceta Trading (Pty) Ltd
		Coala Bear Trading (Pty) Ltd
		CWP Wine Brands (Pty) Ltd
		Deuceprops 1014
		Deuceprops 1014 (Pty) Ltd
		Deuceprops 1015
		Deuceprops 1015 (Pty) Ltd
		Deuceprops 1016
		Deuceprops 1016 (Pty) Ltd
		Deuceprops 1018
		Deuceprops 1018 (Pty) Ltd
Deuceprops 3001		

Deuceprops 3001 (Pty) Ltd
Dorsland Diamante (Pty) Ltd
FI Funding and Investments Finance (Pty) Ltd
FI Funding and Investments Holdco (Pty) Ltd
FI Operations (Pty) Ltd
Fincom (Pty) Ltd
Fundex Investments (Pty) Ltd
Granadino Investments (Pty) Ltd
Grene Properties (Pty) Ltd
Grene Properties (Pty) Ltd
Helderberg Vrugteverpakkers (Pty) Ltd
Invicta Holdings (Pty) Ltd
Loncape Finance (Pty) Ltd
Lourensford Brokenhill Sawmill (Pty) Ltd
Lourensford Estates Farming Enterprises (Pty) Ltd
Lourensford Estates Fruit Company (Pty) Ltd
Lourensford Events (Pty) Ltd
Lourensford Fruit Company (Pty) Ltd
Lourensford Holdings (Pty) Ltd
Lourensford Leasing (Pty) Ltd
Lourensford Properties (Pty) Ltd
Lourensford Sawmills (Pty) Ltd
Lourensford Trout Farming (Pty) Ltd
Lourensford Winery (Pty) Ltd
Matrix Development (Pty) Ltd
Move-On-Up 289 (Pty) Ltd
Oryx Eco Tours (Pty) Ltd
Oryx Game Farming (Pty) Ltd
Oryx Management Services (Pty) Ltd
Pallinghurst Resources Limited (Incorporated In Guernsey)
Radaj 2 (Pty) Ltd
Schonegevel Holdings (Pty) Ltd
Sereno Properties No 7
Sereno Properties No 8
Sereno Properties No 8 (Pty) Ltd
Sereno Properties No 9
Sereno Properties No 9 (Pty) Ltd
The SA SME Fund (Pty) Ltd
Thibault Square Financial Services (Pty) Ltd
Titan Asset Management (Pty) Ltd
Titan Financial Services (Pty) Ltd

		<p>Titan Global Investments (Pty) Ltd Titan Group Investments (Pty) Ltd Titan Manor (Pty) Ltd Titan Portfolio (Pty) Ltd Titan Premier Investments (Pty) Ltd Titan Share Dealers (Pty) Ltd Titan Trademarks (Pty) Ltd Toerama (Pty) Ltd Tomil Holdings (Pty) Ltd Tradehold (Pty) Ltd Wiesfam Trust (Pty) Ltd Wieskor (Pty) Ltd Worldquest Investment Resources (Pty) Ltd Xantium Trading 326 (Pty) Ltd Yserfamilie (Pty) Ltd Zoloworx Investments (Pty) Ltd</p>
Stefanes Francois Booysen ⁽¹⁾	Supervisory Director	<p>Afrisake Angor Property Specialists (Pty) Limited Bosveld Group Holdings Bosveld Sitrus (Pty) Limited Brandan Booysen Trust Clover Industries Limited Efficient Financial Holdings Limited ENX Group Majorshelf 142 Marblesharp 161 Marblesharp 161 Metro Fibre Networx Metro Fibre Networx Metrofibre Networx (Pty) Limited Nimro (Pty) Limited Nimro 159 PCI Property Fund 1 PCI Propfundi (Pty) Limited Roxanne Booysen Trust Senwes Limited Songhai Capital (Pty) Limited STRB Lewende Trust TBI Strategic Partners Trustee Board Investments Trusteeboard Investments (Pty) Limited University Of Pretoria (Council Member) Vukile Property Fund Limited</p>

Claas Edmund Daun ⁽¹⁾	Supervisory Director	Courthiel Velours Limited Daun & Cie. Aktiengesellschaft
Thierry Louis Joseph Guibert	Supervisory Director	Aigle International SA Aigle SA Aligre Hotelinvest (SAS) Lacoste Operations SA Devanlay Eren Tekstil Sanayi AS Devanlay Ventures España, SL Devanlay Ventures Holdings, SL Dong-II Devanlay Inc Er-De Pazarlama AS Gant AB Gant Company AB Gant Holding AB Lacoste Japan Ltd Lacoste Alligator SA Lacoste E-commerce SAS Lacoste Holding SAS Lacoste SA Lacoste USA Inc Meubles Immos (SCI) Meubles investissements (SARL) Cithi (SCI) Montaigne Garments (Shanghai) Co. Limited Patentex SA Rossini Investissement SAS Sidas Spa Sporloisirs SA
Deenadayalen Konar ⁽¹⁾ (Deputy Chairman)	Supervisory Director	Alexander Forbes Emerging Markets (Pty) Limited Alexander Forbes Equity Holdings (Pty) Limited Group (Group) Alexander Forbes Financial Services Holdings (Pty) Limited Alexander Forbes Insurance Company Limited Alexander Forbes Life Limited Credit Suisse Securities Johannesburg (Pty) Ltd Eastern Platinum Limited Exxaro Resources Limited Guardrisk Insurance Company Limited (Group) Guardrisk Life Limited Investment Solutions Holdings Investment Solutions Limited Lonmin Public Limited Company

		<p>Momentum Ability Limited</p> <p>Momentum Alternative Insurance Limited</p> <p>Momentum Structured Insurance Limited</p> <p>Old Mutual Investment Group (South Africa) Limited</p> <p>Old Mutual Investment Group Holdings</p> <p>Outsourced Risk And Compliance Assessment (Proprietary) Limited</p> <p>Sappi Limited</p> <p>Western Platinum Limited</p>
Marthinus Theunis Lategan ⁽¹⁾	Supervisory Director	<p>Astral Foods Limited</p> <p>Business Venture Investments 59 (Pty) Limited</p> <p>Dagethoek Bleggings (Pty) Limited</p> <p>Intespace (Pty) Limited</p> <p>Megapro Holdings</p> <p>Rare Holdings Limited</p> <p>Thaba Lodge (Pty) Limited</p> <p>Thekwane Investments (Pty) Limited</p> <p>Wits University Donald Gordon Medical Centre</p> <p>Xtraspace Properties</p>
Jayendra Naidoo ⁽¹⁾	Supervisory Director	<p>Bold Moves 614 (Pty) Ltd</p> <p>Calshelf Investments 179 (Pty) Ltd</p> <p>Calshelf Investments 190 (Pty) Ltd</p> <p>Calshelf Investments 193 (Pty) Ltd</p> <p>Calshelf Investments 213 (Pty) Ltd</p> <p>Clidet No 554 (Pty) Ltd</p> <p>Consilience Technologies (Pty) Ltd</p> <p>Dinokaneng Commercial Ventures (Pty) Ltd</p> <p>Element Capital (Pty) Ltd</p> <p>Element Investment Managers (Pty) Ltd</p> <p>First South Financial Services (Pty) Ltd</p> <p>First South Group (Pty) Ltd</p> <p>First South Risk Solutions (Pty) Ltd</p> <p>First South Specialised Finance (Pty) Ltd</p> <p>Foundation for a Safe South Africa</p> <p>Glendal Power & Industries (Pty) Ltd</p> <p>Glendal Trading (Pty) Ltd</p> <p>J&J Infrastructure Holdings (Pty) Ltd</p> <p>Jay and Jayendra (Pty) Ltd</p> <p>JNSN Investments (Pty) Ltd</p> <p>Lancaster 101 (RF)</p>

		<p>Lancaster Capital (Pty) Ltd Lancaster Electricity Solutions (Pty) Ltd Lancaster Group (Pty) Ltd Lesedi Nuclear Services (Pty) Ltd MJ Naidoo Foundation for Social Justice Mmamabula Power Plant Development (Pty) Ltd Naidoo Estate (Pty) Ltd Open Planet Networks (Pty) Ltd Pan-African Nuclear Corporation Solaire Contracting (Pty) Ltd Southern Goshawk Resources (Pty) Ltd Util Labs (Pty) Ltd Utilvest (Pty) Ltd V Salig (Pty) Ltd Vrendendal Solar Power Park (Pty) Ltd Warwick Grey Capital (Pty) Ltd</p>
Heather Joan Sonn ⁽¹⁾	Supervisory Director	<p>African Star Ventures (Pty) Limited Blake and Associates Holdings (Pty) Limited Blank Canvas Productions (Pty) Limited Commdevco (Pty) Limited Control Ways (Pty) Limited Cornerstone Institute (RF) Day Latte (Pty) Limited Ekapa Minerals (Pty) Limited Ekapa Mining (Pty) Limited Esor Limited Gamiro Advisory Services (Pty) Limited Gamiro Consult (Pty) Limited Gamiro Holdings (Pty) Limited Gamiro Investment Group (Pty) Limited Gamiro Ventures (Pty) Limited Hepax Trade and Invest (Pty) Limited Hero Strategic Marketing (Pty) Limited Khana Energy (Pty) Limited Kilowatt Audio Visual (Pty) Limited Oozz Trading (Pty) Limited RGA South African Holdings (Pty) Limited Tecside (Pty) Limited The Green Cape Sector Development Agency The Prescient Foundation</p>
Bruno Ewald Steinhoff	Supervisory Director	Bruno Steinhoff Beratungs-und

		<p>Verwaltungs GmbH BS Beteiligungs-und Verwaltungs GmbH Energiehof Ocholt Verwaltungs GmbH Erste Biogas Ocholt GmbH & Co KG Steinhoff Familien Beteiligungs-und Verwaltungs GmbH Steinhoff Familienholding GmbH</p>
Angela Krüger-Steinhoff	Supervisory Director	<p>Beichlinger Tier-Und Pflanzenproduktions GmbH BIOGAS Felgentreu Steinhoff Beteiligungsgesellschaft GmbH BS Beteiligungs-und Verwaltungs GmbH Commerzbank AG (member of the Regional Advisory Committee North - <i>Regionalbeirat Nord</i>) HSH Nordbank AG (member of the Advisory Committee) Oldenburgische Landesbank AG (member of the Advisory Committee) Steinhoff Familien Beteiligungs und Verwaltungs GmbH Steinhoff Familienholding GmbH</p>
Johan van Zyl ⁽¹⁾	Supervisory Director	<p>African Rainbow Capital (Pty) Ltd ARC General Partner (Pty) Ltd ARC Health (Pty) Ltd Ubuntu-Botho Investments (Pty) Ltd Sanlam Life (Pty) Ltd Sanlam Emerging Markets (Pty) Ltd Sanlam Ltd K2015036001 (South Africa) (Pty) Ltd Luxanio Trading 119 (Pty)Ltd BKB Ltd EBS International (Pty) Ltd WWF SA Vumelana Advisory Fund NPC (RF) One Vision Investments 512 (Pty) Ltd JCVision 501 (Pty) Ltd JCVision 502 (Pty) Ltd JCVision 503 (Pty) Ltd Johan van Zyl Familietrust Boggomsbaai Strandhuitrust Council member - University of Pretoria</p>
Jacob Daniel Wiese	Supervisory Director	<p>Afropulse 500 (Pty) Limited Alenti 252 (Pty) Limited Alenti 254 (Pty) Limited Auburn Avenue Trading 142 (Pty)</p>

Limited
Auburn Avenue Trading 143 (Pty)
Limited
Auburn Avenue Trading 144 (Pty)
Limited
Bon View Trading 164 (Pty) Limited
Brait Investment Services Holdings
(Pty) Limited
Brait South Africa (Pty) Limited
Brisktrade 113 (Pty) Limited
Cape Town 7 Properties (Pty) Limited
Caro Art Trading (Pty) Limited
Cenfund Investments (Pty) Limited
Ceta Trading (Pty) Limited
Coala Bear Trading (Pty) Limited
CWP Wine Brands (Pty) Limited
Dorsland Diamante (Pty) Limited
Fairvest Property Holdings
FI Funding And Investments Finance
(Pty) Limited
FI Funding And Investments Holdco
(Pty) Limited
FI Operations (Pty) Limited
Fincom (Pty) Limited
Fundex Investments (Pty) Limited
Granadino Investments (Pty) Limited
Incapart Investments (Pty) Limited
Incaprox Investments (Pty) Limited
International Mining And Dredging
Holdings (Pty) Limited
Invicta Holdings Limited
Lavender Sky Investments 38 (Pty)
Limited
Lourensford Events (Pty) Limited
Lourensford Financial Services (Pty)
Limited
Lourensford Fruit Company (Pty)
Limited
Lourensford Holdings (Pty) Limited
Lourensford Leasing (Pty) Limited
Lourensford Marketing (Pty) Limited
Lourensford Properties (Pty) Limited
Lourensford Sawmills (Pty) Limited
Lourensford Trout Farming (Pty)
Limited
Lourensford Winery (Pty) Limited
Luna Group (Pty) Limited
Matrix Development (Pty) Limited
Mayborn Investments 143 (Pty) Limited

Metcap 5 (Pty) Limited
Mettle Solar Investments (Pty) Limited
Navy Sky Investments 201 (Pty)
Limited
Oryx Game Farming (Pty) Limited
Oryx Management Services (Pty)
Limited
Own My Ride (Pty) Limited
Radaj 2 (Pty) Limited
Schonegevel Holdings (Pty) Limited
Shoprite Holdings Limited
Thibault Square Financial Services
(Pty) Limited
Titan Asset Management (Pty) Limited
Titan Financial Services (Pty) Limited
Titan Funding (Pty) Limited
Titan Global Investments (Pty) Limited
Titan Group Investments (Pty) Limited
Titan Manor (Pty) Limited
Titan Nominees (Pty) Limited
Titan Portfolio (Pty) Limited
Titan Premier Investments (Pty)
Limited
Titan Share Dealers (Pty) Limited
Titan Trademarks (Pty) Limited
Toerama (Pty) Limited
Tomil Holdings (Pty) Limited
Tradehold Limited
Uppington Investment Holdings BV
(incorporated in the Netherlands)
VRE Investments (Pty) Limited
Wiesfam Trust (Pty) Limited
Wikalox Investments (Pty) Limited
Worldquest Investment Resources
(Pty) Limited
Xantium Trading 326 (Pty) Limited
Zenco Investments (Pty) Limited

(1) Supervisory Directors qualifying as independent within the meaning of the Dutch Corporate Governance Code.

Each member of the Supervisory Board can be contacted at the registered address of the Guarantor.

Conflicts of Interest

Dutch law provides that a managing director or a supervisory director of a Dutch public company with limited liability (*naamloze vennootschap*), such as the Guarantor, may not participate in the discussions and decision-making by the management board or the supervisory board, respectively, if he or she has a direct or indirect personal interest conflicting with the interests of the Guarantor and the business connected with it.

The Guarantor is not aware of any conflicts of interests between the personal interests or other duties of the Managing Directors and Supervisory Directors and their duties to the Guarantor.

Each of Christoffel Hendrik Wiese and Bruno Ewald Steinhoff (directly or indirectly) holds a substantial percentage of the Guarantor's issued share capital (22.81 per cent. (capital interest) and 4.57 per cent. (capital interest), respectively) and they are also both a Voting Pool Party. However, this does not cause a conflict with the duties they have towards the Guarantor. The Articles of Association and the rules of the Supervisory Board include arrangements to ensure that the Supervisory Board will in each relevant situation handle and decide on any (potential) conflict of interest, also in this respect. The Supervisory Board will procure that relevant transactions, in relation to which it has been determined that a conflict of interest exists, are published in the annual management report.

Board Practices

The Supervisory Board has established an audit and risk committee (the "**Audit and Risk Committee**"), a nominations committee (the "**Nominations Committee**") and a human resources and remuneration committee (the "**Human Resources and Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Supervisory Board. In accordance with the rules of the Supervisory Board, the Supervisory Board has adopted regulations for each committee. The committees consist of Supervisory Directors. They report their findings to the Supervisory Board, which remains collectively responsible for all decisions prepared and/or taken by these committees.

Audit and Risk Committee

The duties of the Audit and Risk Committee include the supervision and monitoring as well as advising the Management Board regarding the operation of the Guarantor's internal risk management and control systems. The Audit and Risk Committee prepares the decision-making of the Supervisory Board in respect of matters which fall within the committee's responsibilities and further advises the Supervisory Board on the exercise of certain of its duties and prepares nominations and reviews for the Supervisory Board in this regard. The Audit and Risk Committee also supervises the submission of financial information by the Guarantor, the compliance with recommendations of internal and external accountants, the role and functioning of the internal audit department, the role and functioning of the CFO, the Guarantor's policy on tax planning, the Guarantor's financing arrangements and assists the Supervisory Board with the Guarantor's information and communications technology. It furthermore maintains regular contact with and supervises the external accountant and it advises the Supervisory Board on the nomination of an external accountant for appointment by the General Meeting and makes a proposal to the Supervisory Board on the remuneration of the external accountant. The Audit and Risk Committee also issues preliminary advice to the Supervisory Board regarding the approval of the annual accounts and the annual budget and major capital expenditures. The Audit and Risk Committee discusses the major financial risks and the steps taken to monitor and control such risks with the Management Board. Moreover, the Audit and Risk Committee prepares negotiations and resolutions of the Supervisory Board, in particular with respect to investments and medium-term investment planning. Further, the Audit and Risk Committee co-ordinates the co-operation between the Supervisory Board and the Management Board and consults with the Management Board on issues including strategy, planning, business development, M&A projects and risk management. The Audit and Risk Committee meets at least four times a year.

The Audit and Risk Committee consists of Dr. Booyesen (chairman), Dr. Konar and Dr. Lategan. The rules for the Audit and Risk Committee are published on the Guarantor's website (www.steinhoffinternational.com).

Share Capital

As of the date of this Prospectus, the issued share capital of the Guarantor amounts to €2,154,863,572 and is divided into 4,309,727,144 ordinary shares with a nominal value of €0.50 each. The issued share capital has been fully paid in.

Shareholders

Insofar as is known to the Guarantor, the following persons hold, directly or indirectly, at least 3 per cent. or more of the Guarantor's share capital:

Shareholder	Capital interest	
	amount	per cent.
Christoffel Hendrik Wiese ¹	983,009,150	22.81
Bruno Ewald Steinhoff ²	196,881,808	4.57
Public Investment Corporation	360,321,172	8.36
Coronation Fund Managers Ltd	241,164,301	5.60

¹ through Upington Investment Holdings B.V.

² directly and indirectly through several entities, including BS Beteiligungs- und Verwaltungs GmbH and BS Vermögensverwaltungsgesellschaft GmbH

The Voting Pool Parties hold or control approximately 32 per cent. of the Guarantor's voting rights. The nature of such control and measures that are in place to ensure that such control is not abused are described under “—Voting Pool Arrangements” below. The Guarantor is not aware of any other person or persons who directly, indirectly, jointly or severally exercise or could exercise control over the Guarantor.

Voting Pool Arrangements

Christoffel Hendrik Wiese (through Upington Investment Holdings B.V.), Bruno Ewald Steinhoff (directly and indirectly through several entities, including BS Beteiligungs- und Verwaltungs GmbH and BS Vermögensverwaltungsgesellschaft GmbH), Angela Krüger-Steinhoff, several members of the Management Board and certain members of the executive management of Steinhoff and their respective associates (together, the “**Voting Pool Parties**” and each a “**Voting Pool Party**”) collectively hold or control approximately 32 per cent. of the total voting rights of the Guarantor (the “**Voting Pool**”). Prior to the listing of the Guarantor on 7 December 2015, the Voting Pool Parties have committed to certain arrangements which regulate the relationship among them with respect to their voting rights in the Guarantor as summarised below (the “**Voting Pool Arrangements**”).

Each of the Voting Pool Parties has acknowledged and agreed that the Dutch public offer rules as laid down in the Dutch Financial Supervision Act are applicable to the Guarantor and the Shareholders. As the Voting Pool Parties will continue to have a combined voting interest in the Guarantor of more than 30 per cent. and have agreed to the Voting Pool Arrangements, the Voting Pool Parties have agreed that they jointly exercise substantial control (*gezamenlijke overwegende zeggenschap*) over the Guarantor within the meaning of the Dutch Financial Supervision Act and agree to remain qualified as concert parties (*in overleg handelende personen*) (each a “**Concert Party**” and together, a “**Concert**”). On this basis, each of the Voting Pool Parties as well as each of their ultimate controlling persons benefit from the exemption from the Dutch mandatory offer requirement as laid down in Section 5:71 sub 1(i) of the Dutch Financial Supervision Act. In addition, each of the Voting Pool Parties has acknowledged and agreed that if a third party acquires control over one or more of the Voting Pool Parties and the Voting Pool Arrangements are still in effect at such stage, such third party may under the circumstances acquire indirect substantial control (*overwegende zeggenschap*) over the Guarantor. If a third party does acquire indirect substantial control over the Guarantor, this will result in immediate and automatic termination of the relevant acting in concert provisions and consequently the exemption as referred to in the previous paragraph no longer applies.

The majority of the Voting Pool Parties are considered South African residents by the South African Reserve Bank. The residents obtained SARB approval on 19 October 2015 to consolidate their interests into a Dutch incorporated special purpose vehicle (“**SPV**”) for the purpose of structuring the Voting Pool. The SPV is a member of the Voting Pool and has acquired a voting interest in the Guarantor in excess of 25 per cent.

Each of the Voting Pool Parties also acknowledges and agrees that if their combined voting interest in the Guarantor falls below 30 per cent., this will also result in immediate and automatic termination of the relevant provisions of acting in concert.

The Voting Pool Arrangements further cover the following:

- the Voting Pool Parties will hold a meeting prior to any General Meeting of the Guarantor in which they will determine through a simple majority of the votes cast in such meeting the

manner in which the Voting Pool Parties will be obliged to exercise their voting rights in respect of each resolution to be proposed at the General Meeting;

- the Voting Pool Parties will have the right to approve with the majority as referred to in the previous paragraph the entering into of any transaction by one of the Voting Pool Parties or the Guarantor: (i) which concerns directly or indirectly more than 1 per cent. of the aggregate voting rights of the Guarantor; (ii) as a result of which the composition of the voting rights of the Voting Pool Parties will change significantly, in particular if the proportion of the voting rights held by Upington and the participating members of the Management Board and other management of the Guarantor change significantly; (iii) which is based on corporate actions of the Guarantor; and (iv) which may trigger the obligation on any Voting Pool Party to make a mandatory offer to the remaining shareholders of the Guarantor under the Dutch Financial Supervision Act;
- in the case of a direct or indirect sale or other disposal of Ordinary Shares by a Voting Pool Party, the other Voting Pool Parties will have a pre-emptive right to acquire the Ordinary Shares concerned at market value on a pro rata basis. If, in the event of a rights offering, any Voting Pool Parties intend not to take up any of their rights, their rights will be renounced in favour of the other Voting Pool Parties who wish to take up such rights, on a pro rata basis;
- upon the death of a Voting Pool Party, the Voting Pool Arrangements will be continued with his/her heirs. If a mandatory offer would be triggered by such continuation and no exemption from a mandatory offer obligation is available, then the heirs have the right to exit from the Voting Pool Arrangements; and
- the Voting Pool Arrangements are made for an indefinite period of time.

Selected Financial Information

At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end from 30 June to 30 September. Accordingly, the extension of the 2016 financial year to 30 September 2016 resulted in a reporting period of 15 months.

Alternative Performance Measures (APM)

Steinhoff uses certain alternative performance measures (“APM”), which are non-GAAP figures not governed by the International Financial Reporting Standards (IFRS). The APM may not be comparable to measures used by other companies due to differences in the way of calculation even if such measures use similar terminology. They should not be viewed in isolation as an alternative to profit or loss from operations, net profit or loss, net cash from operating activities, the liabilities reported in the consolidated statement of financial position, or other Steinhoff key performance indicators presented in accordance with IFRS and are not meant to be indicative of future results.

The APM have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of Steinhoff’s results as reported under IFRS. They may exclude or include amounts that are excluded or included, as applicable, in the calculation of the most directly comparable GAAP measures in accordance with IFRS. The APM should be considered in conjunction with Steinhoffs consolidated financial statements prepared in accordance with IFRS and the respective notes thereto. The APM used by Steinhoff include the following:

EBITDA corresponds to as operating profit before depreciation, amortization and capital items. Operating profit and EBITDA measure the short-term operational performance and the success of individual business areas. Steinhoff also uses EBITDA margins, which is calculated as EBITDA divided by revenue, to show how these indicators develop in relation to revenue. This makes it possible to compare the earnings performance of profit-oriented units of different sizes.

Capital items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity. Capital items include income and expense resulting from impairment, foreign currency translation reserve released to profit or loss on disposal of investment, loss on disposal of property, plant and equipment, intangible assets and scrapping of vehicle rental fleet, profit on sale and dilution of investments and gain on bargain purchase.

In addition, Steinhoff considers Net Debt as current and non-current loan liabilities to banks, including bank overdrafts, minus cash and cash equivalents. Net Debt is used by the Group as an additional indicator to assess its financing structure and level of indebtedness and considered to be an important performance indicator for investors, analysts, and rating agencies.

The Group defines “Net Debt to Equity” as the ratio between Net Debt and equity. Net Debt to Equity is a Non-GAAP financial measure and used by the Group as an additional indicator to assess its financing structure and level of indebtedness.

The Group defines Net Debt to EBITDA as the ratio of Net Debt to EBITDA. Net Debt to EBITDA is a measure of financial flexibility.

Reconciliation of certain APM

	12 months ended 30 Sep 2016
	<i>unaudited</i> (in € million)
Profit before taxation	1,414
Share of profit of equity accounted companies	72
Dividend income	3
Net finance charges	(161)
Capital items	(10)
Depreciation and amortisation	(258)
Operating profit before depreciation, amortization and capital items (EBITDA)	1,768

Unaudited consolidated financial statements of the Guarantor for the 6-month period ended 31 March 2017 and audited financial information for the 15-month reporting period ended 30 September 2016 (with comparative restated audited financial information for the 12-month period ended 30 June 2015)

The following tables set out the key financial information regarding the Group extracted from the unaudited consolidated financial statements of the Guarantor for the 6-month period ended 31 March 2017 and from the audited consolidated financial statements of the Guarantor for the 15-month period ended 30 September 2016 (with comparative restated audited financial information for the 12-month period ended 30 June 2015). The restatement is due to the change in the Guarantor’s presentation and functional currency from South African rand to euro which was implemented following the reverse acquisition of SIHL by Steinhoff International Holdings N.V. in 2015.

Selected Data from the Consolidated Income Statement

	6 months ended 31 March 2017	6 months ended 31 March 2016	15 months ended 30 Sep 2016	Restated 12 months ended 30 June 2015
	<i>unaudited</i> (in € million)		<i>audited</i> (in € million)	
Revenue	10,165	6,889	16,439	9,818
Cost of sales	(6,027)	(4,380)	(10,486)	(6,300)
Operating profit	885	799	1,793	1,297
Profit before taxation	816	743	1,685	1,210
Taxation	(105)	(103)	(238)	(96)
Profit from continuing operations	711	640	1,447	1,114
Profit for the period	711	647	1,442	959

Selected Data from the Consolidated Statement of Financial Position

	As at 31 March 2017	As at 31 March 2016	As at 30 Sep 2016	Restated as at 30 June 2015
	<i>unaudited</i> <i>(in € million)</i>		<i>audited</i> <i>(in € million)</i>	
Assets				
Total non-current assets	25,857	16,151	23,902	16,123
Total current assets	8,813	7,281	8,279	6,986
Total assets	34,670	23,432	32,181	23,109
Equity and Liabilities				
Total equity	16,635	12,502	15,967	13,428
Total non-current liabilities	12,158	5,918	9,997	5,515
Total current liabilities	5,877	5,012	6,217	4,166
Total equity and liabilities	34,670	23,432	32,181	23,109

Selected Data from the Consolidated Statement of Cash Flows

	6 months ended 31 March 2017	6 months ended 31 March 2016	15 months ended 30 Sep 2016	Restated 12 months ended 30 June 2015
	<i>unaudited</i> <i>(in € million)</i>		<i>audited</i> <i>(in € million)</i>	
Net cash flow from operating activities	13	324	1,475	1,475
Net cash flow from investing activities	(942)	(595)	(4,185)	(1,536)
Net cash flow from financing activities	1,149	(49)	2,898	1,721
Net increase/decrease in cash and cash equivalents	220	(320)	188	1,660
Effects of exchange rate translations on cash and cash equivalents	33	(76)	(121)	13
Cash and cash equivalents at beginning of the period	2,861	3,237	2,794	1,121
Cash and cash equivalents at end of period	3,114	2,841	2,861	2,794

Complementary financial information for the 12-month period ended 30 September 2016

In addition to the financial information for the 15-month period ended 30 September 2016 set out above, the following tables set out certain unaudited financial information regarding the Group for the 12-month period ended 30 September 2016 as well as certain unaudited comparative figures for the 12-month period ended 30 September 2015 (the “**Complementary Financial Information**”). The Complementary Financial Information was prepared by the Guarantor on a voluntary basis in light of (i) the recent change in the financial year and the resulting 15-month reporting period and (ii) the acquisitions of Mattress Firm and Poundland in September 2016. Since Poundland and Mattress Firm were acquired in September 2016, these acquisitions were included in the balance sheet only and no income statement numbers were included in this set of Complementary Financial Information. To enhance comparability of results, the below breakdown of revenue and operating profit per segment for the twelve month period ended 30 September 2015 includes the revenue and operating profit of Pepkor for the full period, although the actual acquisition of Pepkor only took place on 31 March 2015 and Pepkor was originally only consolidated in the SIHL Financial Statements 2015 for the three

month period beginning 1 April 2015 and ended 30 June 2015. The Complementary Financial Information was prepared in accordance with IFRS and is included in the Group's annual report 2016.

Summarised Consolidated Income Statement

	12 months ended 30 Sep 2016
	<i>unaudited</i> (in € million)
Revenue	13,427
Operating profit before depreciation, amortization and capital items (EBITDA)	1,768
Depreciation and amortisation	(258)
Operating profit before capital items	1,510
Capital items	(10)
Earnings before finance charges, dividend income, equity accounted earnings and taxation	1,500
Net finance charges	(161)
Dividend income	3
Share of profit of equity accounted companies	72
Profit before taxation	1,414
Taxation	(192)
Profit for the year from continuing operations	1,222
Profit for the year from discontinuing operations	6
Profit for the period	1,228

Revenue and Operating Profit per Segment

	6 months ended 31 March 2017	6 months ended 31 March 2016	Growth	12 months ended 30 Sep 2016	12 months ended 30 Sep 2015	Growth
	<i>unaudited</i> (in € million)		<i>unaudited</i> (per cent.)	<i>unaudited</i> (in € million)		<i>unaudited</i> (per cent.)
Revenue						
Household Goods	6,282	4,524	39	8,645	7,734	11.8
General Merchandise	3,181	1,774	79	3,600	3,418	5.3
Automotive	702	591	19	1,182	1,321	(10.5)
Total Revenue	10,165	6,889	48	13,427	12,473	7.7
Operating Profit						
Household Goods	619	610	1	1,110	1,013	9.6
General Merchandise	263	166	58	361	334	8.1
Automotive	21	21	0	39	39	0
Total Operating Profit before capital items per segmental analysis	903	797	13	1,510	1,386	8.9

Revenue per Region

	6 months ended 31 March 2017	6 months ended 31 March 2016	15 months ended 30 Sep 2016	12 months ended 30 June 2015
	<i>unaudited</i> (in € million)		<i>audited</i> (in € million)	
Europe, including the United Kingdom	5,381	4,258	9,932	6,461
Africa	2,667	2,165	5,349	2,905
United States	1,518	–	–	–
Other	599	466	1,158	452
Total	10,165	6,889	16,439	9,818

Net Debt as at 31 March 2017 and 30 September 2016

The following tables set out key financial information regarding the Group's indebtedness as at 30 September 2016 derived from the Guarantor's unaudited consolidated interim financial statements for the 6-month period ended 31 March 2017, the Guarantor's audited consolidated financial statements for the 15-month period ended 30 September 2016 and the Guarantor's internal reporting system as well as the last published audited financial statements of Mattress Firm and Poundland. The net debt balance increased at the end of the financial year 2016, mostly as a result of debt of approximately €4 billion relating to the acquisitions of Mattress Firm and Poundland which were only partly set off by the capital increase in September 2016.

Net Debt

	As at 31 March 2017	As at 31 March 2016	As at 30 Sep 2016	As at 30 June 2015
	<i>unaudited</i> (in € million)		<i>unaudited</i> (in € million)	
Non-current interest bearing liabilities	9,161	4,458	7,142	4,152
Current interest bearing liabilities	124	567	274	431
Bank overdrafts	309	723	646	137
Gross debt	9,594	5,748	8,062	4,720
Cash and cash equivalents	(3,114)	(2,841)	(2,861)	(2,794)
Net Debt¹	6,480	2,907	5,201	1,926
Equity	16,635	12,502	15,967	13,428
Net Debt to Equity ²	39%	23%	33%	14%

¹ The Group defines "Net Debt" as current and non-current loan liabilities to banks, including bank overdrafts, minus cash and cash equivalents. Net Debt is a Non-GAAP financial measure and used by the Group as an additional indicator to assess its financing structure and level of indebtedness.

² The Group defines "Net Debt to Equity" as the ratio between Net Debt and equity. Net Debt to Equity is a Non-GAAP financial measure and used by the Group as an additional indicator to assess its financing structure and level of indebtedness.

Net Debt to EBITDA

The following table presents the ratio between the Group's net debt and (Pro Forma) EBITDA for the 12-month period ended 30 September 2016 and the Group's financial year ended 30 June 2015. The net debt balance at 30 September 2016 includes the debt raised for the acquisitions of Mattress Firm and Poundland whereas the Group's EBITDA does not take into account the results of the acquired businesses. In order to provide a fair picture on the Group's debt to EBITDA-ratio the following table provides a calculation of a (pro forma) net debt to EBITDA for the 12-month period ended 30 September 2016 taking into account pro forma EBITDA for each, Mattress Firm and Poundland.

	6 months ended 31 March 2017	6 months ended 31 March 2016	12 months ended 30 Sep 2016	12 months ended 30 June 2015
	<i>unaudited</i> (in € million)		<i>unaudited</i> (in € million)	
EBITDA ²	-	-	1,768	1,277
Mattress Firm EBITDA ³	-	-	308 ¹	-
Poundland EBITDA ⁴	-	-	45 ¹	-
Steinhoff Group EBITDA	1,110	915	2,121¹	1,277
Net Debt ⁵ to EBITDA (times)	-	-	2.5 ¹	1.5

¹ Pro Forma figures.

² The Group defines EBITDA as operating profit before depreciation, amortization and capital items. EBITDA is a Non-GAAP financial measure and used by the Group as an additional indicator of its financial performance.

³ Annualised and calculated on US\$ 3.8 billion sales at 9% EBITDA margin.

⁴ Annualised and calculated on GBP 1.3 billion sales at 3% EBITDA margin.

⁵ The Group defines "Net Debt" as current and non-current loan liabilities to banks, including bank overdrafts, minus cash and cash equivalents. Net Debt is a Non-GAAP financial measure and used by the Group as an additional indicator to assess its financing structure and level of indebtedness.

Interim Financial Statements

The Guarantor publishes quarterly trading updates and interim financial statements on a 6-monthly basis.

No significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Guarantor since 31 March 2017.

Trend Information

There has been no material adverse change in the prospects of the Guarantor since 30 September 2016.

Recent Events and Outlook

In December 2016, the Group acquired 100% of the issued share capital of Fantastic Holdings Limited, a leading Australian furniture retailer and manufacturer, through its subsidiary Steinhoff Asia Pacific through the execution of a scheme implementation deed. Under the terms of the scheme, the Group provided Fantastic Holdings shareholders with consideration of in total AUS\$361.4 million.

On 30 January 2017, the Guarantor acquired Tekkie Town.

On 15 May 2017, the Group announced its intention to separately list its African retail trading assets on the main board of the JSE. Prior to the listing, Steinhoff intends to restructure its African retail assets under a single holding company ("**ListCo**"), to hold, *inter alia*: (i) Pepkor South Africa and rest of Africa; (ii) JD Group; (iii) Unitrans Automotive; (iv) Steinbuild; (v) POCO South Africa; and (vi) Tekkie Town. The Group will maintain at least a majority stake in these businesses through its shareholding interest in ListCo. It is expected that this transaction will be completed in the third quarter of 2017. The Guarantor and the Issuer are of the view that the intended transaction will not have a material adverse effect on the Issuer's and/or the Guarantor's ability to perform its obligations under the Notes.

GENERAL INFORMATION ABOUT THE ISSUER

General

Steinhoff Europe AG is a stock corporation (*Aktiengesellschaft*) established under the laws of the Republic of Austria. The Issuer was incorporated as a stock corporation (*Aktiengesellschaft*) on by way of change of the legal form of Steinhoff Europe Gesellschaft m.b.H. The change of legal form was resolved upon by shareholders' resolution dated 26 June 2000 and was registered with the companies register (*Firmenbuch*) on 9 November 2000. The Issuer is incorporated for an indefinite period of time. It is registered in the companies register (*Firmenbuch*) of the Republic of Austria under registration number FN 38031 d under the company name "Steinhoff Europe AG". The Issuer's corporate seat is located at Brunn am Gebirge, Austria. Its business address is at Rennweg 77, 2345 Brunn am Gebirge, Austria (Telephone: +43 2236 3167 17).

Until the date of this Prospectus, the Issuer had and has no securities admitted to trading on a regulated market. Until the reverse takeover of SIHL by the Guarantor, Steinhoff Europe AG as parent of the Issuer Sub-Group – due to agreements with its creditors – produced voluntary consolidated financial statements in accordance with IFRS for the Issuer Sub-Group. Since the reverse takeover, Steinhoff Europe AG and the Issuer Sub-Group are consolidated in the financial statements in accordance with IFRS prepared by the Guarantor. Steinhoff Europe AG has since then not produced any voluntary consolidated financial statements for the Issuer Sub-Group and will not produce such financial statements in the future.

Object of the Issuer

According to Section 2(1) of the articles of association of Steinhoff Europe AG, the object of the Issuer is (a) the manufacturing and distribution of furniture and other home furnishings, (b) the trading (including wholesale, retail, import, export and transit trade) in all kinds of goods, in particular furniture and other home furnishings, and (c) business procuring (trading agency). Pursuant to Section 2(2) of its articles of association, Steinhoff Europe AG is entitled to perform all transactions and acts which directly or indirectly serve the achievement of the objectives set out in Section 2(1) of the articles of association, including the establishment of branches in Austria or abroad or the investment in other entities in Austria or abroad.

Financial Year

The financial year of Steinhoff Europe AG commences on 1 October of each year and ends on 30 September of the following year. At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end of the Guarantor and its subsidiaries, including Steinhoff Europe AG, from 30 June to 30 September (which resulted in a 3-month reporting period from 1 July 2016 to 30 September 2016).

Auditors

The independent auditors of Steinhoff Europe AG are Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Zaunergasse 4-6, 1030 Vienna, Austria ("**Rödl**"). Rödl is a member of the Austrian Chamber of Chartered Accountants, Tax Advisors and Licensed Bookkeepers (*Kammer der Wirtschaftstreuhänder*), Schönbrunner Straße, 222-228/1/6, 1120 Vienna, Austria. Rödl audited the Issuer Financial Statements for the Short Financial Year 2016 and the Issuer Financial Statements 2016 and 2015 and in each case issued an unqualified audit opinion.

Business

Overview

Steinhoff Europe AG serves as a holding company for its subsidiaries which retail, source and manufacture furniture, household goods and general merchandise in Europe (including the United Kingdom) and Australia. It holds all investments of the Group outside Africa and the United States and acts as primary borrower in respect of all material Issuer Sub-Group debt. Since the business of the Issuer Sub-Group is influenced by the business of other parts of the Group, e.g. with regard to global strategies of the Group, the business of the Issuer Sub-Group has to be seen in the context of the Group's business. Therefore, the business of the Issuer Sub-Group is described together with the

business of the whole Group in the section “*General Information About The Guarantor And Its Group—Business*”.

Operations and markets

Since the operations and markets of the Issuer Sub-Group are generally comparable to those of the whole Group, and since the operations of the Issuer Sub-Group form part of the business segments of the Group, the operations of the Issuer Sub-Group are described together with the operations and markets of the whole Group in the section “*General Information About The Guarantor And Its Group—Operations and Markets*”.

Position of the Issuer within the structure of the Group

Steinhoff Europe AG is a wholly-owned (100%) direct subsidiary of Steinhoff Möbel Holding Alpha GmbH, which is a wholly-owned indirect subsidiary of Steinhoff International Holdings N.V. and is not dependent on other entities within the Group.

For the significant direct and indirect subsidiaries of Steinhoff Europe AG, please see the table under “*General Information About The Guarantor And Its Group—Group Structure—Significant Subsidiaries*”.

For more information on the position of Steinhoff Europe AG within the structure of the Group, please see the diagram under “*General Information About The Guarantor And Its Group—Group Structure*”.

Legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Steinhoff Europe AG is aware) in the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer’s financial position or profitability.

As regards the ongoing legal proceedings with the Former JV Partner, see “*General Information about the Guarantor and its Group—Legal and arbitration proceedings*”.

Material Contracts

The Issuer did not enter into any contracts outside the ordinary course of business which could result in any member of the Steinhoff Europe Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Holders of the Notes.

Management and Supervisory Bodies

The Issuer has a two-tier board structure consisting of a management board (*Vorstand*) and a supervisory board (*Aufsichtsrat*).

Management Board (Vorstand)

The management board of Steinhoff Europe AG is responsible for the management of the Issuer's as well as of Steinhoff Europe Group's business.

The management board of the Issuer is composed of the directors Markus Johannes Jooste, Stephanus Johannes Grobler and Dirk Bernd Schreiber.

The following table sets out all companies and partnerships of which the members of the management board are members of the administrative, management or supervisory bodies or partners (excluding Group companies):

Name	Name of company or partnership
Markus Johannes Jooste	See “ <i>General Information About The Guarantor And Its Group—Management and Supervisory Bodies—Management Board</i> ”.
Stephanus Johannes Grobler	Aapjas Investments (Pty) Ltd Basin View Properties (Pty) Ltd Danclove Office Park (Pty) Ltd Definitely Done Construction (Pty) Ltd Elmarch Ingenieurswerke (Pty) Ltd

Frikkie Nel Familie Trust
Hoffman Attorneys
Hoffman Inc
Impala Real Estate Investments (Pty) Ltd
Lichtenburg Beleggings (Pty) Ltd
Middelkraal Trust
Randcirca (Pty) Ltd
Steff Grobler Beherend (Pty) Ltd
Stehan Grobler Trust
Suez Beleggings (Pty) Ltd
Tweerivier Trust
Walter Seymour (Pty) Ltd

Dirk Bernd Schreiber Impala Real Estate Investments (Pty) Ltd

None of the persons referred to above has declared that there are potential conflicts of interest between any duties to the Issuer and their private interests and/or other duties.

The members of the management board of the Issuer can be contacted at the business address of Steinhoff Europe AG.

Supervisory Board (Aufsichtsrat)

The supervisory board supervises the management board and appoints and may dismiss its members.

The supervisory board of the Issuer is composed of Bruno Steinhoff (Chairman), Fredrik Johannes Nel (Deputy Chairman) and Hein Odendaal.

The following table sets out (i) the principal occupation of the members of the supervisory board and (ii) all companies and partnerships of which the members of the management board are members of the administrative, management or supervisory bodies or partners (excluding Group companies):

Name	Principal occupation	Name of company or partnership
Bruno Steinhoff (Chairman)	Supervisory Director	See “General Information About The Guarantor And Its Group—Management and Supervisory Bodies—Supervisory Board”.
Fredrik Johannes Nel (Deputy Chairman)	Supervisory Director	Klawervlei Stud (Pty) Limited Steelebord (Pty) Limited Uhambo Property Investments (Pty) Limited Ulingo Trading and Investments (Pty) Limited
Hein Odendaal	Supervisory Director	Consolidated Investment Properties CC Exclusive Access Trading 138 (Pty) Limited Little Swift Investments 355 Rare Holdings Limited Stepping Stone Hospice And Care Services

None of the persons referred to above has declared that there are potential conflicts of interest between any duties to the Issuer and their private interests and/or other duties.

The members of the supervisory board of the Issuer can be contacted at the business address of Steinhoff Europe AG.

Conflicts of Interest

The Issuer is not aware of any conflicts of interests between the personal interests or other duties of the members of the management board and the supervisory board and their duties to the Issuer.

Board Practices

Supervisory Board Committees

The supervisory board has not established any committees.

Compliance with the Austrian Code of Corporate Governance (Österreichischer Corporate Governance Kodex)

As the shares of Steinhoff Europe AG are not admitted to trading on a regulated market and are not traded on a multilateral trading facility (MTF), Steinhoff Europe AG is not required to draw up a corporate governance report or declare its non-compliance with the Austrian Code of Corporate Governance pursuant to Section 243c of the Austrian Enterprise Act (*Unternehmensgesetzbuch*). Steinhoff Europe AG has not voluntarily complied with the Austrian Code of Corporate Governance.

Share Capital

The registered share capital of Steinhoff Europe AG amounts to €2,500,000 and is divided into 1,000 registered shares with a nominal value of €2,500 each. The issued share capital has been fully paid in.

Shareholder

All of the shares of Steinhoff Europe AG are held by Steinhoff Möbel Holding Alpha GmbH, a wholly-owned indirect subsidiary of Steinhoff International Holdings N.V.

Selected Financial Information

At the extraordinary general meeting of the Guarantor held on 30 May 2016, the shareholders approved a change in the financial year-end of the Guarantor and its subsidiaries, including the Issuer, from 30 June to 30 September. In respect of the Issuer, the Issuer's shareholders' meeting held on 27 July 2016 resolved to amend the articles of association accordingly. Since the resulting financial year would have exceeded a period of 12 months, a short financial year was established for the period of 1 July 2016 to 30 September 2016.

The following tables set out the key financial information regarding Steinhoff Europe AG extracted from the audited unconsolidated financial statements of the Issuer for the short financial year ended 30 September 2016, the financial year ended 30 June 2016 as and for the financial year ended 30 June 2015.

Selected Data from the Income Statement

	3 months ended 30 Sep 2016	12 months ended 30 June 2016	12 months ended 30 June 2015
		<i>audited</i> <i>(in € million)</i>	
Revenue	72.4	0.2	0.2
Other operating income	2.0	201.1	95.7
Personnel expenses	(0.1)	(0.6)	(1.7)
Other operating expenses	(19.1)	(114.7)	(64.8)
Operating profit	55.1	86.0	29.4
Financial result	7.0	103.5	263.1
Profit before taxation	62.1	189.5	292.5
Taxation	(18.3)	51.3	(21.7)
Profit for the period	43.8	138.2	270.8

Selected Data from the Statement of Financial Position

	As at 30 Sep 2016	As at 30 June 2016 <i>audited</i> <i>(in € million)</i>	As at 30 June 2015
Assets			
Total non-current assets	4,960.5	4,960.5	2,784.1
Total current assets	5,679.4	5,693.6	4,546.9
Total assets	10,703.4	10,654.2	7,331.7
Equity and Liabilities			
Total equity	3,447.0	3,403.2	3,265.0
Provisions	12.2	15.1	3.8
Total current liabilities	7,203.8	7,235.9	4,062.9
Total equity and liabilities	10,703.4	10,654.2	7,331.7

No significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Issuer since 30 September 2016.

Trend Information

There has been no material adverse change in the prospects of the Issuer since 30 September 2016.

Recent Events and Outlook

See “General Information About The Guarantor And Its Group—Recent Events and Outlook”.

TERMS AND CONDITIONS OF THE NOTES

These terms and conditions of the Notes (the “**Terms and Conditions**”) are written in the German language and provided with an English language translation. The German text shall be the legally binding version. The English language translation is provided for convenience only.

*Diese Anleihebedingungen (die „**Anleihebedingungen**“) sind in deutscher Sprache abgefasst und mit einer englischen Übersetzung versehen. Der deutsche Wortlaut ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.*

Anleihebedingungen

§ 1

WÄHRUNG, STÜCKELUNG, FORM, BESTIMMTE DEFINITIONEN

- (1) *Währung; Stückelung.* Diese Emission von Schuldverschreibungen (die **Schuldverschreibungen**) der Steinhoff Europe AG (die **Emittentin**) wird am 24. Juli 2017 (der **Begebungstag**) im Gesamtnennbetrag von €800.000.000 (in Worten: achthundert Millionen) in einer Stückelung von €100.000 (die **Festgelegte Stückelung**) begeben.
- (2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.
- (3) Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde.
 - (a) Die Schuldverschreibungen werden anfänglich durch eine vorläufige Globalurkunde (die **Vorläufige Globalurkunde**) ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die **Dauerglobalurkunde**) und, zusammen mit der Vorläufigen Globalurkunde, die **Globalurkunden**) ohne Zinsscheine verbrieft sind, ausgetauscht. Jegliche Zinszahlungsansprüche aus den Schuldverschreibungen sind durch die jeweilige Globalurkunde verbrieft. Die Vorläufige Globalurkunde und die Dauerglobalurkunde werden jeweils von oder im Namen der Emittentin unterschrieben und sind jeweils von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden für die Schuldverschreibungen und Zinsscheine werden nicht ausgegeben.

Die Schuldverschreibungen werden in Form einer New Global Note (NGN) ausgegeben und von einem

Terms and Conditions

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

- (1) *Currency; Denomination.* This issue of notes (the **Notes**) of Steinhoff Europe AG (the **Issuer**), is being issued in the aggregate principal amount of €800,000,000 (in words: eight hundred million) in a denomination of €100,000 each (the **Specified Denomination**) on 24 July 2017 (the **Issue Date**).
- (2) *Form.* The Notes are being issued in bearer form.
- (3) Temporary Global Note – Exchange for Permanent Global Note.
 - (a) The Notes are initially represented by a temporary global note (the **Temporary Global Note**) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the **Permanent Global Note**) and, together with the Temporary Global Note, the **Global Notes**) without coupons. Any claim for interest payments under the Notes shall be represented by the relevant Global Note. The Temporary Global Note and the Permanent Global Note shall each be signed by or on behalf of the Issuer and shall each be authenticated by or on behalf of the Paying Agent. Definitive certificates representing individual Notes and coupons will not be issued.

The Notes are issued in new global note (NGN) form and are kept in custody on behalf of the ICSDs by a

- von den ICSDs bestellten *common safekeeper* (der **Common Safekeeper**) im Namen der ICSDs verwahrt.
- (b) Die Vorläufige Globalurkunde wird gegen die Dauerglobalurkunde innerhalb von mindestens 40 und höchstens 180 Tagen nach dem Begebungstag ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der Schuldverschreibungen keine U.S.-Person(en) ist bzw. sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Solange die Schuldverschreibungen durch eine Vorläufige Globalurkunde verbrieft sind, werden Zinszahlungen erst nach Vorlage solcher Bescheinigungen vorgenommen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Begebungstag eingeht, wird als ein Ersuchen behandelt werden, die Vorläufige Globalurkunde gemäß diesem Absatz (b) auszutauschen. Schuldverschreibungen, die im Austausch für die Vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in Absatz (7) definiert) geliefert werden.
- (4) *Register der ICSDs.* Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Gesamtnennbetrags der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Gesamtnennbetrag der so verbrieften Schuldverschreibungen ist maßgeblicher Nachweis des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.
- common safekeeper (the **Common Safekeeper**) appointed by the ICSDs.
- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note not less than 40 nor more than 180 days after the Issue Date. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes is or are, as applicable, not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the Issue Date will be treated as a request to exchange the Temporary Global Note pursuant to this paragraph (b). Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in paragraph (7)).
- (4) *Records of the ICSDs.* The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

Bei jeder Rück- oder Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, der Zinszahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde entsprechend in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Sofern nur ein Teil der Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, ausgetauscht wird, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs entsprechend in die Register der ICSDs aufgenommen werden.

- (5) *Clearingsystem.* Jede Globalurkunde wird solange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. **Clearingsystem** bezeichnet Clearstream Banking S.A., Luxemburg (**CBL**) und Euroclear Bank SA/NV, Brüssel (**Euroclear**) (CBL und Euroclear jeweils ein **ICSD** und zusammen die **ICSDs**) sowie jeder Funktionsnachfolger.
- (6) *Gläubiger von Schuldverschreibungen.* **Gläubiger** bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Anteils oder Rechts an den Schuldverschreibungen.
- (7) *Vereinigte Staaten.* Für die Zwecke dieser Anleihebedingungen bezeichnet **Vereinigte Staaten** die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und den Northern Mariana Islands).

§ 2 STATUS, GARANTIE

- (1) *Status.* Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment of interest or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered accordingly in the records of the ICSDs.

- (5) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. **Clearing System** means the following: Clearstream Banking S.A., Luxembourg (**CBL**) and Euroclear Bank SA/NV, Brussels (**Euroclear**) (CBL and Euroclear each an **ICSD** and together the **ICSDs**) and any successor in such capacity.
- (6) *Holder of Notes.* **Holder** means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.
- (7) *United States.* For the purposes of these Terms and Conditions, **United States** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2 STATUS, GUARANTEE

- (1) The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and

besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit solchen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) Die Steinhoff International Holdings N.V. (die **Garantin**) hat gemäß einer Garantie vom oder um den 19. Juli 2017 (die **Garantie**) jeweils gegenüber der Zahlstelle zugunsten der Anleihegläubiger die unbedingte und unwiderrufliche Garantie für die Zahlung von Kapital, Zinsen und etwaigen sonstigen Beträgen, die nach diesen Anleihebedingungen von der Emittentin zu zahlen sind, übernommen.

(a) Die Garantie begründet eine unmittelbare und nicht nachrangige Verpflichtung der Garantin, die mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Garantin zumindest im gleichen Rang steht, mit Ausnahme von Verbindlichkeiten, die nach geltenden Rechtsvorschriften vorrangig sind. Mit der Erfüllung einer Zahlungsverpflichtung der Garantin zugunsten eines Anleihegläubigers aus der Garantie erlischt zugleich das jeweilige garantierte Recht des betreffenden Anleihegläubigers aus diesen Anleihebedingungen.

(b) Die Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar, so dass ausschließlich die jeweiligen Anleihegläubiger Erfüllung der Garantie unmittelbar von der Garantin verlangen und die Garantie unmittelbar gegen die Garantin durchsetzen können.

§ 3 NEGATIVVERPFLICHTUNG

(1) *Negativverpflichtung der Emittentin.* Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt wurden, keine dinglichen Sicherungsrechte an ihren Vermögenswerten zur Besicherung von Kapitalmarktverbindlichkeiten mit Ausnahme Verbriefter

unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) Steinhoff International Holdings N.V. (the **Guarantor**) has given towards the Paying Agent for the benefit of the Holders the unconditional and irrevocable guarantee for the payment of principal and interest together with all other sums payable by the Issuer under these Terms and Conditions pursuant to a guarantee dated on or about 19 July 2017 (the **Guarantee**).

(a) The Guarantee constitutes a direct and unsubordinated obligation of the Guarantor, ranking at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations which may be preferred by applicable law. Upon discharge of any payment obligation of the Guarantor subsisting under the Guarantee in favour of any Holder, the relevant guaranteed right of such Holder under these Terms and Conditions will cease to exist.

(b) The Guarantee constitutes a contract in favour of the respective Holders as third party beneficiaries pursuant to § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) so that only the respective Holders will be entitled to claim performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

§ 3 NEGATIVE PLEDGE

(1) *Negative Pledge of the Issuer.* The Issuer undertakes, so long as any Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create or permit to subsist, and to procure that none of its Material Subsidiaries will create or permit to subsist, any security interest *in rem* (*dingliches Sicherungsrecht*) over its

Kapitalmarktverbindlichkeiten zu bestellen oder fortbestehen zu lassen, und zu gewährleisten, dass keine ihrer Wesentlichen Tochtergesellschaften die zuvor genannten Sicherungsrechte bestellt oder fortbestehen lässt, es sei denn, die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen werden, vorbehaltlich Absatz (3), durch das betreffende Sicherungsrecht gleichrangig mit der jeweiligen Kapitalmarktverbindlichkeit (oder, sofern es sich dabei um eine nachrangige Verbindlichkeit handelt, im Vergleich dazu vorrangig) besichert.

Kapitalmarktverbindlichkeit bezeichnet jede gegenwärtige oder künftige Verpflichtung zur Rückzahlung aufgenommener Geldbeträge (einschließlich Verbindlichkeiten aus Garantien oder sonstigen Haftungsvereinbarungen für solche Verbindlichkeiten Dritter), die verbrieft ist in Form von Anleihen, Schuldverschreibungen oder sonstigen Wertpapieren, die an einer Börse, einem außerbörslichen Markt oder an einem anderen anerkannten Wertpapiermarkt notiert, zugelassen oder gehandelt werden können.

Verbrieft **Kapitalmarktverbindlichkeit** bezeichnet jede Kapitalmarktverbindlichkeit aus oder im Zusammenhang mit einer Verbriefung oder vergleichbaren Finanzierungsvereinbarung in Bezug auf Vermögenswerte der Emittentin oder ihrer Tochtergesellschaften, bei der die Rückgriffsrechte der Gläubiger der betreffenden Kapitalmarktverbindlichkeit auf die Emittentin ausschließlich auf die betreffenden Vermögenswerte oder die daraus erzielten Erträge beschränkt sind.

Tochtergesellschaft bezeichnet jede Gesellschaft, (i) über die eine Person direkt oder indirekte Kontrolle ausübt, (ii) von der eine Person berechtigt ist mehr als 50 Prozent ihrer Dividenden oder Ausschüttungen zu erhalten oder (iii) die in dem jüngsten Jahresabschluss dieser Person als Tochtergesellschaft behandelt wird.

Person bezeichnet natürliche Personen, Körperschaften, Personengesellschaften, Joint Ventures, Vereinigungen, Aktiengesellschaften, Trusts, nicht rechtsfähige Vereinigungen, Gesellschaften mit beschränkter Haftung, staatliche Stellen (oder Behörden oder

assets to secure any Capital Market Indebtedness other than Securitized Capital Market Indebtedness unless, subject to paragraph (3), the Issuer's obligations under the Notes are secured equally with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness secured by such security interest.

Capital Market Indebtedness means any present or future obligation for the payment of borrowed money (including obligations by reason of any guarantee or other liability agreement for such obligations of third parties) which is in the form of, or represented by, bonds, notes or other securities which are capable of being quoted, listed, dealt in or traded on a stock exchange, over-the-counter-market or other recognized securities market.

Securitized Capital Market Indebtedness means any Capital Market Indebtedness incurred in respect of or in connection with any securitization or similar financing arrangement relating to assets owned by the Issuer or its Subsidiaries and where the recourse of the holders of such Capital Market Indebtedness against the Issuer is limited solely to such assets or any income generated therefrom.

Subsidiary means an entity (i) of which a Person has direct or indirect control, (ii) in relation to which a Person is entitled to receive more than 50 per cent. of its dividends or distributions; or (iii) which is treated as a subsidiary in the latest financial statements of that Person from time to time.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government (or any agency or political subdivision thereof) or any other entity.

Gebietskörperschaften) oder sonstige Rechtsträger.

Wesentliche Tochtergesellschaft bezeichnet eine Tochtergesellschaft der Garantin beziehungsweise der Emittentin, deren Erträge aus der Geschäftstätigkeit vor Zinsen, Steuern, und Abschreibungen auf Grundlage der Berechnung des EBITDAs 5 Prozent oder mehr des EBITDAs der Gruppe ausmacht oder welche ein Bruttovermögen oder einen Umsatz (mit Ausnahme von gruppeninternen Posten) aufweist, welches bzw. welcher 5 Prozent oder mehr des Bruttovermögens oder Umsatzes der Gruppe darstellt, jeweils auf konsolidierter Basis ermittelt.

Gruppe bezeichnet die Garantin und ihre Tochtergesellschaften zum maßgeblichen Zeitpunkt (ausgenommen Joint Ventures).

Joint Venture bedeutet jedes Joint Venture (unabhängig davon, ob als juristische Person oder Personengesellschaft, als Unternehmung, Joint Venture, Verband, Partnerschaft oder in anderer Weise organisiert), bei welchem (i) Mitglieder der Gruppe zusammen genommen nicht mehr als 50 Prozent des Eigenkapitals halten und (ii) es keinen Rückgriff auf die Gruppe als Konsequenz aus der Beteiligung von einem Mitglied der Gruppe an diesem Joint Venture gibt.

- (2) **Beschränkung.** Die Verpflichtungserklärungen nach Absatz (1) gelten jedoch nicht für eine Sicherheit, die (i) über Vermögensgegenstände einer Tochtergesellschaft der Emittentin gewährt wurde, bevor diese zu einer Wesentlichen Tochtergesellschaft wurde, (ii) nach anwendbarem Recht zwingend vorgeschrieben ist, (iii) Voraussetzung für die Gewährung staatlicher Genehmigungen ist, (iv) bereits am Begebungstag bestand, (v) eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichert, die infolge der Akquisition eine Verpflichtung der Emittentin oder einer Tochtergesellschaft der Emittentin wird, (vi) eine Erneuerung, Verlängerung oder Ersetzung einer Sicherheit gemäß vorstehender Ziffern (i) bis (v) darstellt oder (vii) nicht in den Anwendungsbereich von (i) bis (vi) fällt und Kapitalmarktverbindlichkeiten besichert, deren Kapitalbetrag (zusammen mit dem Kapitalbetrag anderer Kapitalmarktverbindlichkeiten, für die dingliche Sicherheiten (begeben durch

Material Subsidiary means any Subsidiary of the Guarantor or the Issuer, respectively, which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 5 per cent. or more of EBITDA, or has gross assets or turnover (excluding intra-group items) representing 5 per cent., or more of the gross assets or turnover of the Group, calculated on a consolidated basis.

Group means the Guarantor and its Subsidiaries from time to time excluding any Joint Venture.

Joint Venture means any joint venture entity, whether a company, unincorporated firm, undertaking, joint venture, association, partnership or any other entity where (i) the members of the Group do in aggregate not hold more than 50 per cent. of the equity interest and (ii) there is no recourse to the Group as a consequence of any Group member's participation in such entity.

- (2) **Limitation.** The undertakings pursuant to paragraph (1) shall not apply to a security which (i) was granted over assets of a subsidiary of the Issuer that becomes a Material Subsidiary only after such security was granted, (ii) is mandatory according to applicable laws, (iii) is required as a prerequisite for governmental approvals, (iv) exists on the Issue Date, (v) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Issuer or a Subsidiary of the Issuer as a consequence of such acquisition, (vi) constitutes the renewal, extension or replacement of any security pursuant to the foregoing (i) through (v), or (vii) does not fall within the scope of application of (i) through (vi) above and which secures Capital Market Indebtedness with a principal amount (when aggregated with the principal amount of other Capital Market Indebtedness which has the benefit of security (issued by any Material Subsidiary) other than any falling within the scope of application of (i) through (vii) above) not exceeding €525,000,000.00 (or

eine Wesentliche Tochtergesellschaft) bestehen, die nicht in den Anwendungsbereich von (i) bis (vi) fallen) €525.000.000,00 (bzw. den Gegenwert in anderen Währungen) nicht überschreitet.

(3) *Bestellung Zusätzlicher Sicherheiten.* Entsteht für die Emittentin eine Verpflichtung zur Besicherung der Schuldverschreibungen gemäß diesem § 3 (oder entsteht die Verpflichtung, für deren Besicherung durch eine Wesentliche Tochtergesellschaft Sorge zu tragen), so ist die Emittentin berechtigt, diese Verpflichtung dadurch zu erfüllen, dass sie die betreffende Wesentliche Tochtergesellschaft zur Begründung eines Sicherungsrechts an dem jeweiligen Sicherungsgegenstand zugunsten eines Sicherheitentreuhänders veranlasst, und zwar in einer Weise, dass der Sicherheitentreuhänder diesen Sicherungsgegenstand dinglich oder, falls rechtlich nicht möglich, aufgrund schuldrechtlicher Vereinbarung gleichrangig zugunsten der Gläubiger der Schuldverschreibungen und der Gläubiger derjenigen Kapitalmarktverbindlichkeit hält, die aufgrund der Besicherung zur Bestellung dieses Sicherungsrechts an dem betreffenden Sicherungsgegenstand führte.

(4) *Negativverpflichtung der Garantin.* In der Garantie verpflichtet sich die Garantin, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt wurden, keine dinglichen Sicherungsrechte an ihren Vermögenswerten zur Besicherung von Kapitalmarktverbindlichkeiten mit Ausnahme Verbriefter Kapitalmarktverbindlichkeiten zu bestellen oder fortbestehen zu lassen, und zu gewährleisten, dass keine ihrer Wesentlichen Tochtergesellschaften die zuvor genannten Sicherungsrechte bestellt oder fortbestehen lässt, es sei denn, die Verbindlichkeiten der Garantin aus der Garantie werden, vorbehaltlich Absatz (3), durch das betreffende Sicherungsrecht gleichrangig mit der jeweiligen Kapitalmarktverbindlichkeit (oder, sofern es sich dabei um eine nachrangige Verbindlichkeit handelt, im Vergleich dazu vorrangig) besichert.

Absatz (2) und Absatz (3) gelten für diese Verpflichtung der Garantin entsprechend. Dabei gelten alle Bezugnahmen auf die Emittentin als Bezugnahmen auf die

its equivalent in other currencies).

(3) *Provision of Additional Security.* Whenever the Issuer becomes obligated to secure (or procure that a Material Subsidiary secures) the Notes pursuant to this § 3, the Issuer shall be entitled to discharge such obligation by procuring that the relevant Material Subsidiary provides a security interest in the relevant collateral to a security trustee, such security trustee to hold such collateral and the security interest that gave rise to the creation of such collateral, equally, for the benefit of the Holders and the holders of the Capital Market Indebtedness secured by the security interest that gave rise to the creation of such security interest in such collateral, such equal rank to be created *in rem* or, if impossible to create *in rem*, contractually (*dinglich oder, falls rechtlich nicht möglich, aufgrund schuldrechtlicher Vereinbarung gleichrangig*).

(4) *Negative Pledge of the Guarantor.* Under the Guarantee the Guarantor undertakes, so long as any Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create or permit to subsist, and to procure that none of its Material Subsidiaries will create or permit to subsist, any security interest *in rem* (*dingliches Sicherungsrecht*) over its assets to secure any Capital Market Indebtedness other than Securitized Capital Market Indebtedness unless, subject to paragraph (3), the Guarantor's obligations under the Guarantee are secured equally with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness secured by such security interest.

Paragraph (2) and paragraph (3) apply mutatis mutandis to the undertaking of the Guarantor. In this context, all references to the Issuer shall be construed as

Garantin und alle Bezugnahmen auf Verpflichtungen unter den Schuldverschreibungen als Verpflichtungen unter der Garantie.

§ 4 VERZINSUNG

- (1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar vom 24. Juli 2017 (der **Verzinsungsbeginn**) (einschließlich) mit 1,875% p.a. bis zum Fälligkeitstag (ausschließlich). Die Zinsen sind jährlich nachträglich am 24. Januar zahlbar (jeweils ein **Zinszahlungstag**). Die erste Zinszahlung erfolgt am 24. Januar 2018 (kurzer erster Kupon) und beläuft sich auf €945,21 je Festgelegte Stückelung.
- (2) *Zahlungsverzug.* Wenn die Emittentin aus irgendeinem Grund die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, wird der ausstehende Betrag vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) mit dem gesetzlichen Verzugszins¹ verzinst. Die Geltendmachung eines weitergehenden Schadens im Falle eines Zahlungsverzugs ist nicht ausgeschlossen.
- (3) *Berechnung der Zinsen.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer ist als die Zinsperiode (wie in diesem Absatz (3) definiert), wird der Zins auf Grundlage der tatsächlichen Anzahl der in dem betreffenden Zeitraum abgelaufenen Kalendertage (einschließlich des ersten, aber ausschließlich des letzten Tages dieses Zeitraums) geteilt durch die tatsächliche Anzahl der Kalendertage der Zinsperiode (einschließlich des ersten, aber ausschließlich des letzten Tages dieses Zeitraums), in den der maßgebliche Zeitraum fällt, ermittelt.

Zinsperiode bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und anschließend den Zeitraum vom jeweiligen Zinszahlungstag

references to the Guarantor and all references to obligations under the Notes shall be construed as references to obligations under the Guarantee.

§ 4 INTEREST

- (1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 1.875 per cent. per annum from (and including) 24 July 2017 (the **Interest Commencement Date**) to (but excluding) the Maturity Date. Interest shall be payable annually in arrears on 24 January (each such date, an **Interest Payment Date**). The first payment of interest shall be made on 24 January 2018 (short first coupon) and will amount to €945.21 per Specified Denomination.
- (2) *Late Payment.* If the Issuer for any reason fails to redeem the Notes when due, interest shall continue to accrue on the outstanding amount from (and including) the due date to (but excluding) the date of actual redemption of the Notes at the default rate of interest established by law¹. Claims for further damages in case of late payment are not excluded.
- (3) *Calculation of Interest.* Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined in this paragraph (3)), the interest will be calculated on the basis of the actual number of calendar days elapsed in the relevant period, from (and including) the first date in the relevant period to (but excluding) the last date of the relevant period, divided by the actual number of calendar days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period, but excluding the last day of the relevant Interest Period).

Interest Period means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and thereafter from (and including) each

¹ Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Bürgerliches Gesetzbuch.

The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*).

(einschließlich) bis zum darauffolgenden Zinszahlungstag (ausschließlich).

§ 5 ZÄHLUNGEN

- (1) *Zahlung von Kapital und Zinsen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich Absatz (2), an die Zahlstelle zur Weiterleitung an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems.
- (2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften werden auf die Schuldverschreibungen fällige Zahlungen in Euro geleistet.
- (3) *Erfüllung.* Die Emittentin wird durch Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.
- (4) *Geschäftstag.* Ist der Tag für eine Zahlung in Bezug auf eine Schuldverschreibung ein Tag, der kein Geschäftstag ist, so hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag am jeweiligen Ort und ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet **Geschäftstag** einen Tag (außer einem Samstag oder Sonntag), an dem Banken in Frankfurt am Main, Wien und Johannesburg für den allgemeinen Geschäftsverkehr geöffnet sind und an dem das Clearingsystem sowie alle maßgeblichen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) betriebsbereit sind, um Zahlungen vorzunehmen.
- (5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: Rückzahlungsbetrag, Wahl-Rückzahlungsbetrag (Nennbetrag), Wahl-Rückzahlungsbetrag (Make Whole), Wahl-Rückzahlungsbetrag (Put), gegebenenfalls gemäß § 8 zahlbare Zusätzliche Beträge und alle Aufschläge oder sonstigen auf die Schuldverschreibungen oder im Zusammenhang damit gegebenenfalls zahlbaren Beträge. Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf die Schuldverschreibungen schließen,

relevant Interest Payment Date to (but excluding) the next following Interest Payment Date.

§ 5 PAYMENTS

- (1) *Payment of Principal and Interest.* Payment of principal and interest in respect of the Notes shall be made, subject to paragraph (2) below, to the Paying Agent for forwarding to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in euro.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Business Day** means a day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main, Vienna and Johannesburg and on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) are operational to effect payments.
- (5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount, the Call Redemption Amount (Par), the Call Redemption Amount (Make Whole), the Put Redemption Amount, Additional Amounts which may be payable under § 8 and any other premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 8.

soweit anwendbar, sämtliche gegebenenfalls gemäß § 8 zahlbaren Zusätzlichen Beträge ein.

- (6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Kapital- oder Zinsbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Wenn und soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 6 RÜCKZAHLUNG

- (1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 24. Januar 2025 (dem **Fälligkeitstag**) zurückgezahlt. Der **Rückzahlungsbetrag** einer jeden Schuldverschreibung entspricht dabei ihrem Nennbetrag.
- (2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können jederzeit insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von mindestens 45 und höchstens 60 Tagen durch Erklärung gegenüber der Zahlstelle und gemäß § 13 gegenüber den Gläubigern gekündigt und zu ihrem Nennbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen vorzeitig zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Gesetze oder Vorschriften der Republik Österreich (oder für den Fall, dass die Emittentin gemäß § 8(3) einer anderen Steuerrechtsordnung unterworfen wird, der Gesetze oder Vorschriften dieser anderen Steuerrechtsordnung), die Steuern oder die Verpflichtung zur Zahlung von Abgaben jeglicher Art betreffen, oder als Folge einer Änderung oder Ergänzung der offiziellen Auslegung oder Anwendung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag der Begebung der Schuldverschreibungen wirksam) am nächstfolgenden Zinszahlungstag zur Zahlung von Zusätzlichen Beträgen verpflichtet sein wird und diese

- (6) *Deposit of Principal and Interest.* The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 6 REDEMPTION

- (1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 24 January 2025 (the **Maturity Date**). The **Final Redemption Amount** in respect of each Note shall be its principal amount.
- (2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Republic of Austria (or in the event the Issuer becoming subject to another tax jurisdiction pursuant to § 8(3), the laws or regulations of such other tax jurisdiction) affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change becomes effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of measures available to the Issuer which are, in the judgement of the Issuer, in each case taking into account the interests of Holders, reasonable, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, at any time upon not more than 60 days' nor less than 45 days' prior notice of redemption given to the Paying Agent and, in accordance with § 13 to the Holders, at the principal amount together with interest accrued to (but excluding) the date fixed for redemption.

Verpflichtung nicht durch das Ergreifen der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann, die nach Auffassung der Emittentin zumutbar sind (wobei jeweils die Interessen der Gläubiger zu berücksichtigen sind).

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche Zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig wäre, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erklärt wird, die Verpflichtung zur Zahlung von Zusätzlichen Beträgen nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

- (3) *Vorzeitige Rückzahlung zum Nennbetrag nach Wahl der Emittentin.* Die Emittentin kann die Schuldverschreibungen insgesamt aber nicht teilweise innerhalb des Wahl-Rückzahlungszeitraums (Nennbetrag) am Wahl-Rückzahlungstag (Nennbetrag) zum Nennbetrag nebst etwaigen bis zum Wahl-Rückzahlungstag (Nennbetrag) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. Der Wahl-Rückzahlungstag (Nennbetrag) darf nicht weniger als 30 und nicht mehr als 60 Tage auf den Tag der Kündigung durch die Emittentin gegenüber den Gläubigern folgen. Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § 13 bekannt zu geben. Sie beinhaltet (i) die genaue Bezeichnung der zurückzuzahlenden Schuldverschreibungen; und (ii) den Tag innerhalb des Wahl-Rückzahlungszeitraums (Nennbetrag), an dem die Rückzahlung erfolgen wird (der **Wahl-Rückzahlungstag (Nennbetrag)**).

Wahl-Rückzahlungszeitraum

(Nennbetrag) bezeichnet den Zeitraum ab dem 24. Oktober 2024 (einschließlich) bis zum Fälligkeitstag (ausschließlich).

- (4) *Vorzeitige Rückzahlung nach Wahl der Emittentin (Make Whole).* Die Emittentin kann die Schuldverschreibungen (ausgenommen Schuldverschreibungen, deren Rückzahlung der Gläubiger bereits in Ausübung seines Wahlrechts nach Absatz (5) verlangt hat) insgesamt, jedoch

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement summarizing the facts constituting the basis for the right of the Issuer so to redeem.

- (3) *Early Redemption at par at the Option of the Issuer.* The Issuer may redeem all of the Notes but not some of the Notes only within the Call Redemption Period (Par) on the Call Redemption Date (Par) at par together with accrued interest, if any, to (but excluding) the Call Redemption Date (Par). The Call Redemption Date (Par) may not be less than 30 nor more than 60 days after the date on which notice is given by the Issuer to the Holders. Notice of redemption shall be given by the Issuer to the Holders in accordance with § 13. Such notice shall specify: (i) the exact specification of the Notes subject to redemption; and (ii) the date within the Call Redemption Period (Par) on which the redemption will occur (the **Call Redemption Date (Par)**).

Call Redemption Period (Par) means the period from, and including 24 October 2024 to, but excluding, the Maturity Date.

- (4) *Early Redemption at the Option of the Issuer (Make Whole).* The Issuer may, upon not less than 45 days' nor more than 60 days' prior notice of redemption given to the Paying Agent and, in accordance with § 13, to the Holders, redeem on any date specified by it (each a **Call**

nicht teilweise, nach ihrer Wahl mit einer Kündigungsfrist von mindestens 45 und höchstens 60 Tagen durch Erklärung gegenüber der Zahlstelle und gemäß § 13 gegenüber den Gläubigern kündigen und an einem von ihr anzugebenden Tag (dem jeweiligen **Wahl-Rückzahlungstag (Make Whole)**) zu ihrem Wahl-Rückzahlungsbetrag (Make Whole) zusammen mit allen nicht gezahlten Zinsen zurückzahlen, die bis zum Wahl-Rückzahlungstag (Make Whole) (ausschließlich) (aber ohne aufgelaufene Zinsen, die in dem Wahl-Rückzahlungsbetrag (Make Whole) berücksichtigt sind) aufgelaufen sind. Eine solche Kündigung hat gemäß § 13 zu erfolgen. Sie ist unwiderruflich und muss den Wahl-Rückzahlungstag (Make Whole) angeben, zu dem die betreffenden Schuldverschreibungen zurückgezahlt werden.

Der **Wahl-Rückzahlungsbetrag (Make Whole)** je Schuldverschreibung entspricht dem höheren von (i) dem Nennbetrag der zurückzuzahlenden Schuldverschreibung; oder (ii) dem Abgezinsten Marktwert. Der Wahl-Rückzahlungsbetrag (Make Whole) wird von der Berechnungsstelle berechnet.

Der **Abgezinsten Marktwert** ist die Summe aus (a) dem auf den Wahl-Rückzahlungstag abgezinsten Wert des Nennbetrags der zurückzuzahlenden Schuldverschreibung, der ansonsten am Fälligkeitstag fällig werden würde; und (b) den jeweils auf den Wahl-Rückzahlungstag abgezinsten Werten der verbleibenden Zinszahlungen, die ansonsten an jedem Zinszahlungstag nach dem Wahl-Rückzahlungstag bis zum Fälligkeitstag (einschließlich) fällig werden würden (ausschließlich etwaiger, bis zum Wahl-Rückzahlungstag (ausschließlich) aufgelaufener Zinsen).

Die Berechnungsstelle errechnet den Abgezinsten Marktwert gemäß der Marktkonvention auf einer Grundlage, die der Berechnung von Zinsen gemäß § 4 entspricht, wobei sie die Benchmark-Rendite zuzüglich 0,30% zugrunde legt.

Die **Benchmark-Rendite** bezeichnet den Durchschnitt der Geld-/Briefsätze für die Rendite der DBR 1,000% 08/2024 (ISIN DE0001102366) am Rückzahlungsberechnungstag, wie um oder gegen 12:00 Uhr mittags (Frankfurter Zeit) an diesem Tag auf der Bloomberg Bildschirmseite 'AllQ' abgelesen unter Verwendung der 'FIT Composite' als

Redemption Date (Make Whole)), at its option, the Notes (except for any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph (5)) in whole but not in part, at their Call Redemption Amount (Make Whole) together with any unpaid interest accrued to (but excluding) the Call Redemption Date (Make Whole) (but excluding accrued interest accounted for in the Call Redemption Amount (Make Whole)). Any such notice shall be given in accordance with § 13. It shall be irrevocable and must specify the Call Redemption Date (Make Whole) at which such Notes are to be redeemed.

The **Call Redemption Amount (Make Whole)** per Note shall be the higher of (i) the principal amount of the relevant Note to be redeemed; or (ii) the Present Value. The Call Redemption Amount (Make Whole) shall be calculated by the Calculation Agent.

The **Present Value** will be the sum of (a) the principal amount of the Note to be redeemed which would otherwise become due on the Maturity Date, discounted to the Redemption Calculation Date; and (b) the remaining interest payments which would otherwise become due on each Interest Payment Date falling after the Redemption Calculation Date to and including the Maturity Date (excluding any interest accrued to but excluding the Redemption Calculation Date), each discounted to the Call Redemption Date.

The Calculation Agent will calculate the Present Value in accordance with market convention on a basis which is consistent with the calculation of interest as set out in § 4, using the Benchmark Yield plus 0.30%.

The **Benchmark Yield** means the average of the bid/ask yield at the Redemption Calculation Date of the DBR 1.000% 08/2024 (ISIN DE0001102366) as observed at or about noon (Frankfurt time) on such date on Bloomberg screen page 'AllQ' using the 'FIT Composite' as the source and, if such source is not available, as calculated by the Calculation Agent on

Quelle und, falls diese Quelle nicht verfügbar ist, von der Berechnungsstelle auf Basis des Durchschnitts von fünf Geld-/Briefsätzen von Händlern für die Rendite ermittelt, wobei der höchste und der niedrigste dieser Sätze nicht berücksichtigt werden oder, wenn weniger als fünf solcher Sätze verfügbar sind, der Durchschnitt aller solcher Geld-/Briefsätze von Händlern für die Rendite, die zu dieser Zeit gestellt wurden, oder wie aus einer anderen, durch die Berechnungsstelle festgelegten Quelle hergeleitet oder durch diese veröffentlicht. Sollte eine solche Rendite zu diesem Zeitpunkt nicht verfügbar sein, bezeichnet die Benchmark-Rendite die Rendite einer von der Berechnungsstelle ausgewählten Ersatz-Referenzanleihe, jeweils mit einer Laufzeit, die mit der verbleibenden Restlaufzeit der Schuldverschreibung bis zum Fälligkeitstag vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer bis zum Fälligkeitstag der Schuldverschreibung vergleichbaren Laufzeit verwendet werden würde.

Rückzahlungs-Berechnungstag ist der zehnte Geschäftstag vor dem Tag, an dem die Schuldverschreibungen gemäß diesem Absatz (4) zurückgezahlt werden.

(5) *Vorzeitige Rückzahlung nach Wahl der Gläubiger bei Vorliegen eines Kontrollwechsels.*

(a) Tritt nach dem Begebungstag ein Kontrollwechsel ein, so ist jeder Gläubiger berechtigt, aber nicht verpflichtet, von der Emittentin die vollständige oder teilweise Rückzahlung oder, nach Wahl der Emittentin, den Ankauf (oder die Veranlassung eines Ankaufs) seiner Schuldverschreibungen innerhalb von 60 Tagen nach der Gläubiger-Ausübungserklärung zum Wahl-Rückzahlungsbetrag (Put) (das **Gläubiger-Rückzahlungswahlrecht**) zu verlangen. Dieses Gläubiger-Rückzahlungswahlrecht ist wie nachstehend unter den Unterabsätzen (b) bis (c) beschrieben auszuüben.

Ein **Kontrollwechsel** gilt jedes Mal als eingetreten (unabhängig davon, ob die Geschäftsführung der

the basis of the average of five bid/ask dealer yields, after excluding the highest and lowest of such yields, or if there are less than five such dealer yields, the average of all such bid/ask dealer yields that have been quoted at such time, or as derived from, or published by, such other source as determined by the Calculation Agent. If such yield is not available at that time the Benchmark Yield shall be the yield of a substitute benchmark security chosen by the Calculation Agent, in each case as having a maturity comparable to the remaining term of the Note to the Maturity Date, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

Redemption Calculation Date means the tenth Business Day prior to the date on which the Notes are redeemed in accordance with this paragraph (4).

(5) *Early Redemption at the Option of the Holders upon a Change of Control.*

(a) If a Change of Control occurs after the Issue Date, each Holder shall have the right, but not the obligation, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) in whole or in part his Notes, within 60 days from the Put Notice, at the Put Redemption Amount (the **Put Option**). Such Put Option shall operate as set out below under subparagraphs (b) to (c).

A **Change of Control** shall be deemed to have occurred at each time (whether or not approved by

Garantin zugestimmt hat), wenn (i) die Emittentin nicht länger eine direkte oder indirekte hundertprozentige Tochtergesellschaft der Garantin ist oder (ii) eine Person oder eine gemeinsam handelnde Personengruppe (die **relevante(n) Person(en)**), die direkte oder indirekte Kontrolle über die Garantin erwerben, wobei **Kontrolle** über die Garantin bedeutet: (i) die Rechtsmacht (entweder durch Inhaberschaft von Anteilen, Bevollmächtigung, vertragliche Vereinbarung, Vertretungsmacht oder in sonstiger Weise) (A) mehr als 50 Prozent der maximal ausübenden Stimmrechte in einer Versammlung der Anteilseigner der Garantin auszuüben oder deren Ausübung zu kontrollieren, (B) zur Ernennung oder Abberufung aller oder der Mehrheit der Direktoren oder anderer vergleichbarer leitender Angestellter der Garantin oder (C) zur Erteilung von Weisungen bezüglich der operativen oder finanziellen Ausrichtung der Garantin, die von den Direktoren oder anderen vergleichbaren leitenden Angestellten der Garantin befolgt werden müssen, oder (ii) das wirtschaftliche Halten von mehr als 50 Prozent des ausgegebenen Grundkapitals der Garantin (ohne Berücksichtigung derjenigen Anteile, die kein Recht beinhalten, über einen spezifischen Betrag hinaus an der Ausschüttung des Gewinns oder Vermögens teilzuhaben) und wobei **gemeinsam handelnd** bedeutet eine Personengruppe, die aufgrund eines Vertrages oder Einverständnisses (formell oder informell) aktiv kooperieren, um durch den direkten oder indirekten Erwerb von Anteilen an der Garantin durch eine oder mehrere Personen der Gruppe direkte oder indirekte Kontrolle über die Garantin zu erlangen oder zu festigen.

Der **Wahl-Rückzahlungsbetrag (Put)** bezeichnet für jede Schuldverschreibung 101% des Nennbetrags einer solchen Schuldverschreibung zuzüglich nicht gezahlter bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufener

the board of the Guarantor) that (i) the Issuer ceases to be a wholly-owned Subsidiary of the Guarantor either directly or indirectly or (ii) any person or group of persons acting in concert (the **Relevant Person(s)**) gains direct or indirect control of the Guarantor, where **control** of the Guarantor means: (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (A) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of the Guarantor; (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Guarantor; or (C) give directions with respect to the operating and financial policies of the Guarantor with which the directors or other equivalent officers of the Guarantor are obliged to comply, or (ii) the holding beneficially of more than 50 per cent. of the issued share capital of the Guarantor (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital) and where **acting in concert** means, a group of Persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Guarantor.

Put Redemption Amount means for each Note 101 per cent. of the principal amount of such Note, plus unpaid interest accrued to (but excluding) the Put Date.

- Zinsen.
- (b) Tritt ein Kontrollwechsel ein, so teilt die Emittentin dies unverzüglich, nachdem die Emittentin davon Kenntnis erlangt hat, den Gläubigern gemäß § 13 mit (eine **Gläubigerwahl-Rückzahlungsereignis-Mitteilung**) und gibt dabei die Art des Kontrollwechsels und das in diesem Absatz (5) vorgesehene Verfahren zur Ausübung des Gläubiger-Rückzahlungswahlrechts an (mit Angaben zum Clearingsystem-Konto der Zahlstelle für die Zwecke von Unterabsatz (c)(ii)(x) dieses Absatzes (5)).
- (c) Zur Ausübung des Gläubiger-Rückzahlungswahlrechts muss der Gläubiger an einem Geschäftstag innerhalb von 60 Tagen, nachdem die Gläubigerwahl-Rückzahlungsereignis-Mitteilung bekannt gegeben wurde (der **Ausübungszeitraum**), (i) bei der bezeichneten Geschäftsstelle der Zahlstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung in der jeweils bei der Zahlstelle erhältlichen maßgeblichen Form einreichen (die **Gläubiger-Ausübungserklärung**) und (ii) Schuldverschreibungen in Höhe des Gesamtbetrags der Festgelegten Stückelung einreichen, für die der Gläubiger sein Gläubiger-Rückzahlungswahlrecht ausüben möchte, und zwar entweder durch (x) Übertragung dieser Schuldverschreibungen auf das Clearingsystem-Konto der Zahlstelle oder (y) Abgabe einer unwiderruflichen Anweisung an die Zahlstelle, die Schuldverschreibungen aus einem Wertpapierdepot des Gläubigers bei der Zahlstelle auszubuchen. Die Emittentin wird die betreffende(n) Schuldverschreibung(en) sieben Tage nach Ablauf des Ausübungszeitraums (der **Wahl-Rückzahlungstag (Put)**) zurückzahlen oder nach ihrer Wahl ankaufen (oder ankaufen lassen), soweit sie nicht bereits vorher zurückgezahlt oder angekauft und entwertet wurde(n). Die Zahlung in Bezug auf solchermaßen eingereichte Schuldverschreibungen erfolgt
- (b) If a Change of Control occurs, then the Issuer shall, without undue delay, after the Issuer becoming aware thereof, give notice of the Change of Control (a **Put Event Notice**) to the Holders in accordance with § 13 specifying the nature of the Change of Control and the procedure for exercising the Put Option contained in this paragraph (5) (including the information on the Clearing System account of the Paying Agent for purposes of subparagraph (c)(ii)(x) of this paragraph (5)).
- (c) To exercise the Put Option, the Holder must deliver on any Business Day within 60 days after a Put Event Notice has been published (the **Put Period**) (i) to the Paying Agent at its specified office a duly signed and completed notice of exercise in the then current form obtainable from the Paying Agent (a **Put Notice**) and (ii) the aggregate Specified Denomination of Notes for which the Holder wishes to exercise its Put Option by either (x) transferring such Notes to the Clearing System account of the Paying Agent or (y) giving an irrevocable instruction to the Paying Agent to withdraw such Notes from a securities account of the Holder with the Paying Agent. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Note(s) on the date seven days after the expiration of the Put Period (the **Put Date**) unless previously redeemed or purchased and cancelled. Payment in respect of any Note so delivered will be made in accordance with the customary procedures through the Clearing System. A Put Notice, once given, shall be irrevocable.

gemäß den üblichen Verfahren über das Clearingsystem. Eine einmal abgegebene Gläubiger-Ausübungserklärung ist unwiderruflich.

- (6) *Vorzeitige Rückzahlung bei geringem ausstehenden Gesamtnennbetrag der Schuldverschreibungen.* Wenn 80% oder mehr des Gesamtnennbetrags der Schuldverschreibungen nach diesem § 6 von der Emittentin oder einer direkten oder indirekten Tochtergesellschaft der Emittentin zurückgezahlt oder angekauft wurden, ist die Emittentin berechtigt, nach vorheriger Bekanntmachung gegenüber den Gläubigern gemäß § 13 mit einer Frist von mindestens 30 und höchstens 60 Tagen nach ihrer Wahl die ausstehenden Schuldverschreibungen insgesamt, aber nicht teilweise, zum Nennbetrag zuzüglich bis zum tatsächlichen Rückzahlungstag (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zurückzuzahlen.

§ 7

ZAHLSTELLE, BERECHNUNGSSTELLE

- (1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Zahlstelle und die anfänglich bestellte Berechnungsstelle und deren anfänglich bezeichneten Geschäftsstellen sind:

Zahlstelle:

The Bank of New York Mellon acting through its London Branch, One Canada Square, London E14 5AL, United Kingdom

Berechnungsstelle: Die Zahlstelle ist auch die Berechnungsstelle.

Die Zahlstelle und die Berechnungsstelle behalten sich das Recht vor, jederzeit ihre bezeichneten Geschäftsstellen durch eine andere Geschäftsstelle in derselben Stadt zu ersetzen.

- (2) *Änderung oder Beendigung der Bestellung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und zusätzliche oder eine oder mehrere andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) eine Zahlstelle, (ii) solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, eine Zahlstelle mit einer bezeichneten Geschäftsstelle in Luxemburg und/oder an solchen anderen Orten, die die Vorschriften der betreffenden Börse oder ihrer Aufsichtsbehörde verlangen, und (iii)

- (6) *Early Redemption in case of Minimal Outstanding Aggregate Principal Amount of the Notes.* If 80 per cent. or more of the aggregate principal amount of the Notes have been redeemed or purchased by the Issuer or any direct or indirect Subsidiary of the Issuer pursuant to the provisions of this § 6, the Issuer may, on not less than 30 or more than 60 days' notice to the Holders given in accordance with § 13, redeem, at its option, the remaining Notes in whole but not in part at the principal amount thereof plus unpaid interest accrued to (but excluding) the date of actual redemption.

§ 7

PAYING AGENT, CALCULATION AGENT

- (1) *Appointment; Specified Office.* The initial Paying Agent and the initial Calculation Agent and their initial specified offices shall be:

Paying Agent:

The Bank of New York Mellon acting through its London Branch, One Canada Square, London E14 5AL, United Kingdom

Calculation Agent: The Paying Agent shall also be the Calculation Agent.

The Paying Agent and the Calculation Agent reserve the right at any time to change their specified offices to some other office in the same city.

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent or the Calculation Agent and to appoint another Paying Agent, additional or other paying agents or another Calculation Agent. The Issuer shall at all times (i) maintain a Paying Agent, (ii) so long as the Notes are listed on the Luxembourg Stock Exchange, a Paying Agent with a specified office in Luxembourg and/or in such other places as may be required by the rules of such stock exchange or its supervisory authority, and (iii) a Calculation Agent. Any variation, termination, appointment or

eine Berechnungsstelle unterhalten. Eine Änderung, Beendigung, Bestellung oder ein Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und höchstens 45 Tagen informiert wurden.

- (3) *Erfüllungsgehilfen der Emittentin.* Die Zahlstelle, die Berechnungsstelle und jede andere nach Absatz (2) bestellte Zahlstelle handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern, und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 8 STEUERN

- (1) *Zahlungen ohne Einbehalt oder Abzug von Steuern.* Alle in Bezug auf die Schuldverschreibungen an einen Gläubiger (oder an einen Dritten im Interesse eines Gläubigers) zu zahlenden Beträge werden ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern, Gebühren oder Abgaben jeglicher Art (die **Steuern**) gezahlt, die von oder für die Republik Österreich, von einer oder für eine ihrer zur Steuererhebung ermächtigten politischen Untergliederungen oder von einer oder für eine ihrer zur Steuererhebung ermächtigten Behörden im Wege des Einbehalts oder Abzugs an der Quelle auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.
- (2) *Zahlung Zusätzlicher Beträge.* Ist ein Einbehalt oder Abzug in Bezug auf zu zahlende Beträge auf die Schuldverschreibungen gesetzlich vorgeschrieben, so wird die Emittentin, soweit gesetzlich zulässig, diejenigen zusätzlichen Beträge (die **Zusätzlichen Beträge**) zahlen, die erforderlich sind, damit die einem Gläubiger (oder einem Dritten im Interesse eines Gläubigers) zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug vom Gläubiger (oder einem Dritten im Interesse eines Gläubigers) erhalten worden wären; eine Verpflichtung zur Zahlung solcher Zusätzlichen Beträge besteht jedoch nicht

change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

- (3) *Agents of the Issuer.* The Paying Agent, the Calculation Agent and any other paying agent appointed pursuant to paragraph (2) act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust with any Holder.

§ 8 TAXATION

- (1) *Payments Free of Withholding or Deduction of Taxes.* All amounts payable in respect of the Notes to a Holder (or a third party on behalf of a Holder) shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever (the **Taxes**) imposed or levied at source by way of withholding or deduction by or on behalf of the Republic of Austria, by or on behalf of any of its political subdivisions having power to tax or by or on behalf of any of its authorities having power to tax, unless such withholding or deduction is required by law.
- (2) *Payments of Additional Amounts.* If such withholding or deduction with respect to amounts payable in respect of the Notes is required by law, the Issuer shall, to the extent permitted by law, pay such additional amounts (the **Additional Amounts**) as shall be necessary in order that the net amounts received by a Holder (or a third party on behalf of a Holder), after such withholding or deduction, shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable on account of Taxes which:

für Steuern, die:

- | | |
|---|--|
| (a) anders als durch Einbehalt oder Abzug von Zahlungen auf die Schuldverschreibungen zu entrichten sind; oder | (a) are payable otherwise than by withholding or deduction from payments on the Notes; or |
| (b) nach Zahlung durch die Emittentin während der Überweisung an einen Gläubiger (oder einen Dritten im Interesse eines Gläubigers) einbehalten oder abgezogen werden; oder | (b) are withheld or deducted after payment by the Issuer during the transfer to a Holder (or a third party on behalf of a Holder); or |
| (c) einbehalten oder abgezogen werden, weil ein Gläubiger (oder ein Dritter im Interesse eines Gläubigers) einer anderen aus steuerlicher Sicht relevanten Beziehung zur Republik Österreich unterliegt oder zum Zeitpunkt des Erwerbs der Schuldverschreibungen unterlegen ist, als lediglich der Inhaber der Schuldverschreibungen zu sein oder gewesen zu sein; oder | (c) are withheld or deducted by reason of a Holder (or a third party on behalf of a Holder) for tax purposes having, or having had at the time of acquisition of the Notes, another nexus to the Republic of Austria than merely being, or having been, the bearer of the Notes, or |
| (d) einbehalten oder abgezogen werden, weil ein Gläubiger (oder ein Dritter im Interesse eines Gläubigers) eine Zahlung aus den Schuldverschreibungen von oder unter Einbindung einer österreichischen auszahlenden Stelle oder einer österreichischen depotführenden Stelle (wie jeweils in § 95 Abs. 2 Einkommensteuergesetz 1988 idGF oder einer allfälligen Nachfolgebestimmung definiert) erhält; die österreichische Kapitalertragsteuer ist somit keine Steuer, für die die Emittentin Zusätzliche Beträge zu zahlen hat; oder | (d) are withheld or deducted by reason of a Holder (or a third party on behalf of a Holder) receiving an amount payable in respect of the Notes by, or involving an Austrian paying agent (<i>auszahlende Stelle</i>) or an Austrian custodian agent (<i>depotführende Stelle</i> ; both terms as defined in sec. 95(2) of the Austrian Income Tax Act 1988 (<i>Einkommensteuergesetz 1988</i>) as amended or a subsequent legal provision, if any); Austrian withholding tax on investment income (<i>Kapitalertragsteuer</i>) shall thus not qualify as a tax for which the Issuer would be obliged to pay Additional Amounts; or |
| (e) einbehalten oder abgezogen werden, obwohl der Einbehalt oder Abzug durch Bewirkung einer Zahlung über eine andere Zahlstelle, welche nicht zu einem solchen Einbehalt oder Abzug verpflichtet ist, hätte vermieden werden können; oder | (e) are withheld or deducted although such withholding or deduction could have been avoided by effecting a payment via another paying agent which would not have been obliged to such withholding or deduction, or |
| (f) einbehalten oder abgezogen werden aufgrund eines völkerrechtlichen oder eines zivilrechtlichen Vertrags zwischen einem Staat und/oder einer seiner politischen Untergliederungen und/oder einer seiner Behörden und/oder einer Staatengemeinschaft einerseits und der Republik Österreich und/oder einer ihrer | (f) are withheld or deducted pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of Austria and/or one of its political subdivisions and/or the European Union and/or the Issuer and/or an |

- | | |
|--|---|
| <p>politischen Untergliederungen und/oder der Europäischen Union und/oder der Emittentin und/oder eines Intermediärs andererseits; oder</p> | <p>intermediary on the other hand; or</p> |
| <p>(g) aufgrund von Rechtsnormen der Republik Österreich, einer EU-Richtlinie oder EU-Verordnung oder eines internationalen Abkommens oder informellen Übereinkommens, dessen Partei(en) die Republik Österreich und/oder die Europäische Union ist/sind, rückerstattbar oder an der Quelle entlastbar wären; oder</p> | <p>(g) would be refundable or for which a relief at source would be available pursuant to the laws of the Republic of Austria, a European Union directive or regulation or an international treaty or understanding to which the Republic of Austria and/or the European Union is a party/are parties; or</p> |
| <p>(h) nicht einbehalten oder abgezogen hätten werden müssen, wenn der Gläubiger (oder ein Dritter im Interesse des Gläubigers) ordnungsgemäße Dokumentation oder Beweise zur Erlangung einer Befreiung von der Steuer vorgelegt hätte; oder</p> | <p>(h) would not have had to be withheld or deducted if the Holder (or a third party on behalf of the Holder) had duly submitted documentation or evidence to qualify for a tax exemption; or</p> |
| <p>(i) einbehalten oder abgezogen werden, weil der Gläubiger eine Bank ist, die die Schuldverschreibungen im ordentlichen Geschäftsgang ihres Kreditgeschäfts erwirbt; oder</p> | <p>(i) are withheld or deducted because the Holder is a bank purchasing the Notes in the ordinary course of its lending business; or</p> |
| <p>(j) Erbschaftsteuern, Schenkungsteuern, Umsatzsteuern, Verbrauchsteuern, Verkehrsteuern, Vermögensteuern oder ähnliche Steuern darstellen, oder</p> | <p>(j) are inheritance, gift, sales, excise, transfer, personal property or similar taxes, or</p> |
| <p>(k) einbehalten oder abgezogen werden aufgrund einer Rechtsänderung, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung wirksam wird; oder</p> | <p>(k) are withheld or deducted by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or</p> |
| <p>(l) nicht einbehalten oder abgezogen würden, wenn der Gläubiger (oder ein Dritter im Interesse des Gläubigers) den Anspruch auf die betreffende Zahlung ordnungsgemäß innerhalb von 30 Tagen nach dem jeweiligen Fälligkeitstag geltend gemacht hätte; oder</p> | <p>(l) would not have been deducted or withheld if the Holder (or a third party on behalf of the Holder) had duly submitted a claim for the respective payment of principal or interest within 30 days after the due date; or</p> |
| <p>(m) aufgrund einer Kombination der in (a) bis (l) genannten Ereignisse einbehalten oder abgezogen werden.</p> | <p>(m) are withheld or deducted due to a combination of the circumstances listed in (a) to (l).</p> |

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Gläubiger gezahlt, welcher die Zahlung als

Further, no Additional Amounts shall be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole

Treuhänder oder Personengesellschaft oder als sonstiger nicht alleiniger wirtschaftlicher Eigentümer der Zahlung erhält, soweit nach den Gesetzen der Republik Österreich eine solche Zahlung für Steuerzwecke dem Einkommen des Begünstigten bzw. Gründers eines Treuhandvermögens oder eines Gesellschafters der Personengesellschaft zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn der Begünstigte, Gründer eines Treuhandvermögens, Gesellschafter oder wirtschaftliche Eigentümer selbst Gläubiger der Schuldverschreibungen wäre.

- (3) *FATCA*. Alle in Bezug auf die Schuldverschreibung zu zahlenden Beträge sind ohne Einbehalt oder Abzug gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code von 1986 in der jeweils aktuellen Fassung (der **Code**), gegenwärtigen oder künftigen gemäß dem Code erlassenen Regelungen oder seiner offiziellen Auslegung, einer gemäß Section 1471(b) des Codes geschlossenen Vereinbarung oder steuerrechtlichen oder aufsichtsrechtlichen Vorschriften, Regelungen oder Verfahrensweisen, die nach einer zur Umsetzung der entsprechenden Bestimmungen des Codes geschlossenen zwischenstaatlichen Vereinbarung eingeführt wurden, (zusammen **FATCA**) vorzunehmen.

Die Emittentin ist nicht verpflichtet, zusätzliche Beträge zu zahlen oder Gläubiger auf andere Weise für einen FATCA-Einbehalt oder -Abzug durch die Emittentin, die Zahlstelle oder eine andere Person freizustellen.

- (4) *Andere Steuerjurisdiktion*. Falls die Emittentin zu irgendeinem Zeitpunkt einer anderen Steuerrechtsordnung als der gegenwärtig maßgeblichen Steuerrechtsordnung der Emittentin oder einer zusätzlichen Steuerrechtsordnung unterworfen wird, sollen die Bezugnahmen in diesem § 8 auf die Rechtsordnung der Emittentin als Bezugnahmen auf die Rechtsordnung der Emittentin und/oder diese anderen Rechtsordnungen gelesen und ausgelegt werden.

§ 9

VORLEGUNGSFRIST, VERJÄHRUNG

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für die Schuldverschreibungen wird auf zehn

beneficial owner of such payment to the extent such payment would be required by the laws of the Republic of Austria to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

- (3) *FATCA*. Any amounts payable in respect of the Notes will be paid net of any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (collectively, **FATCA**).

The Issuer will have no obligation to pay additional amounts or otherwise indemnify any Holder for any such FATCA withholding deducted or withheld by the Issuer, the Paying Agent or any other party.

- (4) *Other Tax Jurisdiction*. If at any time the Issuer becomes subject to any taxing jurisdiction other than, or in addition to, the currently relevant taxing jurisdiction of the Issuer, references in this § 8 to the jurisdiction of the Issuer shall be read and construed as references to the jurisdiction of the Issuer and/or to such other jurisdiction(s).

§ 9

PRESENTATION PERIOD, PRESCRIPTION

The presentation period provided for in section 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches*

Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre vom Ende der betreffenden Vorlegungsfrist an.

§ 10 KÜNDIGUNGSGRÜNDE

- (1) *Kündigungsgründe.* Tritt ein Kündigungsgrund ein und dauert dieser an, so ist jeder Gläubiger berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen durch Abgabe einer Kündigungserklärung gemäß Absatz (2) gegenüber der Zahlstelle fällig zu stellen und (vorbehaltlich des nachfolgenden Absatzes (4)) deren unverzügliche Rückzahlung zu ihrem Nennbetrag zuzüglich bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zu verlangen. Jedes der folgenden Ereignisse stellt einen **Kündigungsgrund** dar:
- (a) Die Emittentin oder die Garantin zahlt auf die Schuldverschreibungen fällige Kapital- oder Zinsbeträge oder sonstige Beträge nicht innerhalb von 15 Tagen nach Fälligkeit; oder
 - (b) die Emittentin oder die Garantin erfüllt eine sonstige wesentliche Verpflichtung aus den Schuldverschreibungen nicht und die Nichterfüllung dauert – sofern sie geheilt werden kann – jeweils länger als 30 Tage fort, nachdem die Zahlstelle eine schriftliche Aufforderung in der in Absatz (2) vorgesehenen Art und Weise von einem Gläubiger erhalten hat, die Verpflichtung zu erfüllen; oder
 - (c) eine nicht im Rahmen der Schuldverschreibungen bestehende Finanzverbindlichkeit der Emittentin, der Garantin oder einer Wesentlichen Tochtergesellschaft (i) wird bei Fälligkeit nicht bedient oder innerhalb einer etwaigen Kündigungsfrist nicht gezahlt, (ii) wird infolge eines Kündigungsgrunds (unabhängig von der Bezeichnung) vor ihrer festgelegten Fälligkeit fällig und zahlbar (sei es durch Kündigung, automatische Fälligkeitstellung oder auf andere Weise) oder (iii) die Kreditusage für eine Finanzverbindlichkeit der Emittentin,

Gesetzbuch) is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 10 EVENTS OF DEFAULT

- (1) *Events of Default.* If an Event of Default occurs and is continuing, each Holder shall be entitled to declare due and payable by submitting a Termination Notice pursuant to paragraph (2) to the Paying Agent its entire claims arising from the Notes and demand (subject to paragraph (4) below) immediate redemption at the principal amount thereof together with unpaid interest accrued to (but excluding) the date of actual redemption. Each of the following is an **Event of Default**:
- (a) The Issuer or the Guarantor fails to pay principal, interest or any other amounts due under the Notes within 15 days from the relevant due date; or
 - (b) the Issuer or the Guarantor fails to duly perform any other material obligation arising from the Notes and such failure, if capable of remedy, continues unremedied for more than 30 days after the Paying Agent has received a written request thereof in the manner set forth in paragraph (2) from a Holder to perform such obligation; or
 - (c) any Financial Indebtedness of the Issuer, the Guarantor or any Material Subsidiary (other than under the Notes) (i) is not paid when due or within any applicable grace period, (ii) becomes due and payable prior to its specified maturity (whether by declaration, automatic acceleration or otherwise) or (iii) any commitment for any Financial Indebtedness of the Issuer, the Guarantor or any Material Subsidiary is cancelled or suspended by a creditor in each case as a result of an event of default (howsoever described), provided that the aggregate amount

der Garantin oder einer Wesentlichen Tochtergesellschaft wird infolge eines Kündigungsgrunds (unabhängig von der Bezeichnung) durch eine Gläubigerin gekündigt oder ausgesetzt, wobei der Gesamtbetrag der Finanzverbindlichkeiten mindestens €50.000.000 (bzw. den Gegenwert in anderen Währungen) beträgt. Dieser Absatz (1)(c) findet keine Anwendung im Hinblick auf Finanzverbindlichkeiten der Emittentin, der Garantin oder einer Wesentlichen Tochtergesellschaft gegenüber einer Tochtergesellschaft der Garantin und solche Finanzverbindlichkeiten werden bei der Berechnung des im vorstehenden Satz genannten Betrags nicht berücksichtigt. Zur Klarstellung wird festgehalten, dass dieser Absatz (1)(c) auch keine Anwendung findet, wenn die Emittentin, die Garantin oder die jeweilige Wesentliche Tochtergesellschaft nach Treu und Glauben bestreitet, dass eine Zahlungsverpflichtung besteht, fällig ist oder die Anforderungen für die vorzeitige Fälligkeit erfüllt sind; oder

- (d) die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen generell ein; oder
- (e) gegen die Emittentin, Garantin oder eine Wesentliche Tochtergesellschaft wird ein Insolvenzverfahren eingeleitet und nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt, oder die Emittentin oder die Garantin beantragt oder leitet ein solches Verfahren ein, oder
- (f) die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft geht in Liquidation, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und die andere Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin, die Garantin oder die Wesentliche Tochtergesellschaft im

of Financial Indebtedness amounts to at least €50,000,000 (or its equivalent in other currencies). This paragraph (1)(c) does not apply with respect to any Financial Indebtedness of the Issuer, the Guarantor or any Material Subsidiary to any subsidiary of the Guarantor and such Financial Indebtedness shall not be included for the purpose of calculating the amount named in preceding sentence. For the avoidance of doubt, this paragraph (1)(c) shall also not apply, where the Issuer, the Guarantor or the relevant Material Subsidiary contests in good faith that a payment obligation exists, is due or the requirements for the acceleration are satisfied; or

- (d) the Issuer, the Guarantor or a Material Subsidiary announces its inability to meet its financial obligations or ceases its payments generally; or
- (e) insolvency proceedings against the Issuer, the Guarantor or a Material Subsidiary are instituted and have not been discharged or stayed within 60 days, or the Issuer applies for or institutes such proceedings; or
- (f) the Issuer, the Guarantor or a Material Subsidiary enters into liquidation unless this is done in connection with a merger or other form of combination with another company and such company assumes all obligations of the Issuer, the Guarantor or the Material Subsidiary in connection with the Notes; or

Zusammenhang mit den
Schuldverschreibungen ein-
gegangen ist; oder

- (g) vorbehaltlich ihrer Bedingungen die
Garantie nicht vollumfänglich
wirksam ist.

Finanzverbindlichkeiten bezeichnet alle
Verbindlichkeiten (sowohl aus der
Aufnahme von Kapital als auch aus
Bürgschaften und Garantien) für die
Zahlung oder Rückzahlung von
aufgenommenen Geldern gegenüber
einem Drittgläubiger (ausschließlich
Verbindlichkeiten gegenüber verbundenen
Unternehmen) und (unter Ausschluss
einer Doppelberücksichtigung) Garantien,
Bürgschaften oder
Freistellungsverpflichtungen für solche
Verbindlichkeiten, unabhängig davon, ob
sie gegenwärtig oder zukünftig oder
bedingt oder unbedingt sind.

- (2) **Erklärungen.** Eine Erklärung eines
Gläubigers (i) gemäß Absatz (1)(b) oder
(ii) zur Kündigung seiner
Schuldverschreibungen gemäß diesem §
10 (eine **Kündigungserklärung**) hat in
der Weise zu erfolgen, dass der Gläubiger
der Zahlstelle eine entsprechende
Erklärung in Textform (z.B. Fax oder E-
Mail) in deutscher oder englischer
Sprache übermittelt und dabei durch eine
Bescheinigung seiner Depotbank (wie in §
15(3) definiert) nachweist, dass er die
betreffenden Schuldverschreibungen zum
Zeitpunkt der Kündigungserklärung hält.
- (3) **Heilung.** Zur Klarstellung wird
festgehalten, dass das Recht zur
Kündigung der Schuldverschreibungen
gemäß diesem § 10 erlischt, falls der
Kündigungsgrund vor Ausübung des
Rechts geheilt worden ist; es ist zulässig,
den Kündigungsgrund gemäß Absatz
(1)(c) durch Rückzahlung der
maßgeblichen Finanzverbindlichkeiten in
voller Höhe zu heilen. Vorbehaltlich
anwendbarer zwingender
Rechtsvorschriften berechtigen andere als
die in Absatz (1) genannten Ereignisse
oder Umstände die Gläubiger nicht dazu,
ihre Schuldverschreibungen vorzeitig zur
Rückzahlung fällig zu stellen, es sei denn,
dies ist ausdrücklich in diesen
Anleihebedingungen bestimmt.
- (4) **Quorum.** In den Fällen gemäß den
Absätzen (1)(b) bis (f) wird eine
Kündigungserklärung erst wirksam, wenn
bei der Zahlstelle Kündigungserklärungen
von Gläubigern im Nennbetrag von
mindestens 10% des

- (g) subject to its terms and conditions,
the Guarantee is not in full force and
effect.

Financial Indebtedness means any
obligation (whether incurred as principal or
as surety) for the payment or repayment of
money borrowed from any third party
creditor (excluding any indebtedness owed
to affiliates) and (without double counting)
guarantees or indemnities in respect of
such obligations, whether present or
future, actual or contingent.

- (2) **Notices.** Any notice by a Holder (i) in
accordance with paragraph (1)(b) or (ii) to
terminate its Notes in accordance with this
§ 10 (a **Termination Notice**) shall be
made by means of a declaration in text
form (*Textform*, e.g. fax or e-mail) to the
Paying Agent in the German or English
language together with evidence by
means of a certificate of the Holder's
Custodian (as defined in § 15(3)) that such
Holder, at the time of such Termination
Notice, is a holder of the relevant Notes.
- (3) **Cure.** For the avoidance of doubt, the right
to declare Notes due in accordance with
this § 10 shall terminate if the situation
giving rise to it has been cured before the
right is exercised and it shall be
permissible to cure the Event of Default
pursuant to paragraph (1)(c) by repaying
in full the relevant Financial Indebtedness.
No event or circumstance other than an
event specified in paragraph (1) shall
entitle Holders to declare their Notes due
and payable prior to their stated maturity,
save as expressly provided for in these
Terms and Conditions and subject to
applicable mandatory law.
- (4) **Quorum.** In the events specified in
paragraph (1)(b) to (f), any notice
declaring Notes due shall become
effective only when the Paying Agent has
received such default notices from the
Holders representing at least 10 per cent.

Gesamtnennbetrages der dann ausstehenden Schuldverschreibungen eingegangen sind.

§ 11

ERSETZUNG, SITZVERLEGUNG

- (1) *Ersetzung.* Die Emittentin ist berechtigt, wenn kein Zahlungsverzug hinsichtlich Kapital oder Zinsen auf die Schuldverschreibungen vorliegt, jederzeit ohne die Zustimmung der Gläubiger ein mit der Emittentin Verbundenes Unternehmen an Stelle der Emittentin als Hauptschuldnerin (die **Nachfolgeschuldnerin**) für alle Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin im Zusammenhang mit den Schuldverschreibungen rechtswirksam übernimmt;
 - (b) die Nachfolgeschuldnerin und die Emittentin alle für die Ersetzung notwendigen Genehmigungen und Zustimmungen von staatlichen Stellen und Aufsichtsbehörden erhalten haben, die Nachfolgeschuldnerin alle für die Erfüllung ihrer Verpflichtungen aus den Schuldverschreibungen notwendigen Genehmigungen und Zustimmungen von staatlichen Stellen und Aufsichtsbehörden erhalten hat und sämtliche dieser Genehmigungen und Zustimmungen in vollem Umfang gültig und wirksam sind und die Verpflichtungen der Nachfolgeschuldnerin aus den Schuldverschreibungen gemäß ihren Bestimmungen wirksam und rechtsverbindlich und durch jeden Gläubiger durchsetzbar sind;
 - (c) die Nachfolgeschuldnerin alle für die Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen erforderlichen Beträge in der erforderlichen Währung an die Zahlstelle überweisen kann, ohne zum Einbehalt oder Abzug von Steuern oder sonstigen Abgaben gleich welcher Art verpflichtet zu sein, die in dem Land erhoben werden, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz hat oder

of the aggregate principal amount of the Notes then outstanding.

§ 11

SUBSTITUTION, TRANSFER OF DOMICILE

- (1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any Affiliate of the Issuer as principal debtor in respect of all obligations arising from or in connection with these Notes (the **Substitute Debtor**) provided that:
- (a) the Substitute Debtor, in a manner legally effective, assumes all obligations of the Issuer in respect of the Notes;
 - (b) the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Notes and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor in respect of the Notes are valid and binding in accordance with their respective terms and enforceable by each Holder;
 - (c) the Substitute Debtor can transfer to the Paying Agent in the currency required and without being obligated to withhold or deduct any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;

- steuerlich ansässig ist;
- (d) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben, Festsetzungen oder behördlichen Lasten freizustellen, die einem Gläubiger im Zusammenhang mit der Ersetzung auferlegt werden; und
- (e) die Emittentin einem zu diesem Zweck bestellten Beauftragten ein Rechtsgutachten bezüglich jeder betroffenen Rechtsordnung von anerkannten Rechtsanwälten vorgelegt hat, das bestätigt, dass die Bestimmungen in den vorstehenden Unterabsätzen (a) bis (d) erfüllt worden sind.

- (d) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution; and
- (e) the Issuer shall have delivered to an agent appointed for that purpose one legal opinion for each jurisdiction affected of lawyers of recognized standing to the effect that subparagraphs (a) to (d) above have been satisfied.

Für die Zwecke dieses § 11 bezeichnet **Verbundenes Unternehmen** ein verbundenes Unternehmen im Sinne von § 15 AktG.

For purposes of this § 11, **Affiliate** shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*).

- (2) *Bekanntmachung.* Jede Ersetzung der Emittentin gemäß diesem § 11 sowie das Datum, an dem die Ersetzung wirksam wird, ist gemäß § 14 bekanntzugeben.
- (3) *Änderung von Bezugnahmen.* Mit Wirksamwerden der Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin (mit Ausnahme der Bezugnahme auf die Emittentin in § 11) ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin, und jede Bezugnahme auf die Republik Österreich im Hinblick auf die Emittentin gilt ab diesem Zeitpunkt als Bezugnahme auf die im Hinblick auf die Nachfolgeschuldnerin maßgebliche Steuerjurisdiktion. Mit Wirksamwerden der Ersetzung gilt jede Bezugnahme auf die Emittentin ab dann als Bezugnahme auf die Nachfolgeschuldnerin.
- (4) *Weitere Ersetzungen.* Die Nachfolgeschuldnerin ist jederzeit nach einer Ersetzung gemäß vorstehendem Absatz (1) berechtigt, ohne die Zustimmung der Gläubiger eine weitere Ersetzung vorzunehmen, vorausgesetzt, dass alle Bestimmungen der vorstehenden Absätze (1) bis (3) sinngemäß Anwendung finden und, ohne hierauf beschränkt zu sein, Bezugnahmen in diesen Anleihebedingungen auf die Emittentin, sofern der Zusammenhang dies verlangt, (auch) als Bezugnahmen auf jede weitere Nachfolgeschuldnerin gelten.

- (2) *Notice.* Any substitution of the Issuer pursuant to this § 11 and the date of effectiveness of such substitution shall be published in accordance with § 14.
- (3) *Change of References.* Upon effectiveness of the substitution any reference in these Terms and Conditions to the Issuer (other than references to the Issuer in § 11) shall from then on be deemed to refer to the Substitute Debtor and any reference to the Republic of Austria with respect to the Issuer shall from then on be deemed to refer to the relevant taxing jurisdiction with respect to the Substitute Debtor. Upon effectiveness of the substitution any reference to the Issuer shall from then on be deemed to refer to the Substitute Debtor.
- (4) *Further Substitution.* At any time after a substitution pursuant to paragraph (1) above, the Substitute Debtor may, without the consent of the Holders, effect a further substitution *provided that* all the provisions specified in paragraphs (1) to (3) above shall apply, *mutatis mutandis*, and, without limitation, references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Debtor.

- (5) *Sitzverlegung.* Eine Verlegung des Sitzes der Emittentin in ein anderes Land oder Gebiet ist nur zulässig, wenn die vorstehend in den Absätzen (1) und (2) genannten Voraussetzungen entsprechend erfüllt sind. Absatz (3) zweiter Halbsatz des ersten Satzes findet entsprechende Anwendung.

**§ 12
BEGEBUNG WEITERER
SCHULDVERSCHREIBUNGEN, ANKAUF UND
ENTWERTUNG**

- (1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit in jeder Hinsicht gleicher Ausstattung (gegebenenfalls mit Ausnahme des jeweiligen Begebungstags, des Verzinsungsbeginns, der ersten Zinszahlung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.
- (2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden.
- (3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 13
MITTEILUNGEN**

- (1) *Mitteilungen.* Alle die Schuldverschreibungen betreffenden Mitteilungen werden im Bundesanzeiger veröffentlicht, wenn nicht in § 14(6) anders vorgesehen, sowie, falls nach den einschlägigen Börsenregularien vorgeschrieben, in den dort vorgesehenen zusätzlichen Medien. Jede derartige Mitteilung gilt am dritten Kalendertag nach dem Tag der Veröffentlichung (oder bei mehrfacher Veröffentlichung am dritten Kalendertag nach dem Tag der ersten solchen Veröffentlichung) als wirksam gegenüber den Gläubigern erfolgt.
- (2) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu

- (5) *Transfer of Domicile.* A transfer of domicile of the Issuer to another country or territory is only permissible if the requirements set forth in paragraphs (1) and (2) above are complied with accordingly. Paragraph (3) second half-sentence of the first sentence shall apply *mutatis mutandis*.

**§ 12
FURTHER ISSUES, PURCHASES AND
CANCELLATION**

- (1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the relevant issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single series with the Notes.
- (2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Paying Agent for cancellation.
- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 13
NOTICES**

- (1) *Notices.* Except as stipulated in § 14(6), all notices concerning the Notes shall be published in the Federal Gazette (*Bundesanzeiger*) and, if required by the rules of the relevant stock exchange, in the form of media determined by such rules in addition thereto. Any notice so given will be deemed to have been validly given to the Holders on the third calendar day following the date of such publication (or, if published more than once, on the third calendar day following the date of the first such publication).
- (2) The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders to the

übermitteln, sofern die Regularien der Börse dies zulassen. Jede derartige Bekanntmachung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

- (3) *Mitteilungen an die Emittentin.* Mitteilungen eines Gläubigers an die Emittentin haben in der Weise zu erfolgen, dass der Gläubiger der Zahlstelle eine entsprechende Erklärung in Textform (z.B. Fax oder E-Mail) in deutscher oder englischer Sprache übermittelt. Eine derartige Mitteilung kann von jedem Gläubiger gegenüber der Zahlstelle durch das Clearingsystem in der von der Zahlstelle und dem Clearingsystem dafür vorgesehenen Weise erfolgen.

§ 14

ÄNDERUNG DER ANLEIHEBEDINGUNGEN DURCH BESCHLÜSSE DER GLÄUBIGER, GEMEINSAMER VERTRETER

- (1) *Änderung der Anleihebedingungen.* Die Emittentin und die Garantin kann mit den Gläubigern Änderungen der Anleihebedingungen und der Garantie durch Mehrheitsbeschluss der Gläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (**SchVG**) in seiner jeweils geltenden Fassung beschließen. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen und der Garantie, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen, durch Beschlüsse mit den in dem nachstehenden Absatz (2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger gleichermaßen verbindlich.
- (2) *Mehrheit.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen oder der Garantie geändert wird, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte (eine **Qualifizierte Mehrheit**).
- (3) *Abstimmung ohne Versammlung.* Vorbehaltlich Absatz (4) sollen Beschlüsse

extent that the rules of the stock exchange so permit. Any such notice shall be deemed to have been validly given to the Holders on the seventh day following the day on which it was given to the Clearing System.

- (3) *Notification to the Issuer.* Notices to be given by any Holder to the Issuer shall be made by means of a declaration in text form (*Textform*, e.g. fax or email) to the Paying Agent in the German or English language. Such notice may be given by any Holder to the Paying Agent through the Clearing System in such manner as the Paying Agent and the Clearing System may approve for such purpose.

§ 14

AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE

- (1) *Amendment of the Terms and Conditions.* The Issuer may agree with the Holders on amendments to the Terms and Conditions and the Guarantee by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions and the Guarantee, including such measures as provided for under section 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under paragraph (2) below. A duly passed majority resolution shall be binding equally upon all Holders.
- (2) *Majority.* Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions or the Guarantee, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a **Qualified Majority**).
- (3) *Vote without a meeting.* Subject to paragraph (4), resolutions of the Holders

der Gläubiger ausschließlich durch eine Abstimmung ohne Versammlung nach § 18 SchVG gefasst werden. Die Aufforderung zur Stimmabgabe enthält nähere Angaben zu den Beschlüssen und den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Gläubigern mit der Aufforderung zur Stimmabgabe bekannt gemacht. Die Ausübung der Stimmrechte ist von einer Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(3)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum Tag, an dem der Abstimmungszeitraum endet (einschließlich), nicht übertragbar sind, nachweisen.

(4) *Zweite Gläubigerversammlung.* Wird für die Abstimmung ohne Versammlung gemäß Absatz (3) die mangelnde Beschlussfähigkeit festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, die als zweite Versammlung im Sinne des § 15 Abs. 3 Satz 3 SchVG anzusehen ist. Die Teilnahme an der zweiten Gläubigerversammlung und die Ausübung der Stimmrechte sind von einer Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(3)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(5) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines

shall exclusively be made by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 of the SchVG. The request for voting will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from (and including) the day such registration has been sent to (and including) the day the voting period ends.

(4) *Second Noteholders' Meeting.* If it is ascertained that no quorum exists for the vote without a meeting pursuant to paragraph (3), the scrutineer (*Abstimmungsleiter*) may convene a noteholders' meeting, which shall be deemed to be a second noteholders' meeting within the meaning of section 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second noteholders' meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second noteholders' meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from (and including) the day such registration has been sent to (and including) the stated end of the noteholders' meeting.

(5) *Holders' Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint

gemeinsamen Vertreters (der **Gemeinsame Vertreter**), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Anleihebedingungen oder der Garantie gemäß Absatz (2) zuzustimmen.

- (6) *Veröffentlichung.* Bekanntmachungen betreffend diesen § 14 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

§ 15

SCHLUSSBESTIMMUNGEN

- (1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.
- (2) *Erfüllungsort und Gerichtsstand.* Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland. Vorbehaltlich eines zwingend vorgeschriebenen Gerichtsstands für bestimmte Verfahren nach dem SchVG ist das Landgericht Frankfurt am Main nicht ausschließlicher Gerichtsstand für sämtliche aus oder im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren.
- (3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu sichern und geltend zu machen: (i) einer Bescheinigung der Depotbank, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) einer Kopie

representative (the **Holders' Representative**), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorized to consent, in accordance with paragraph (2) hereof, to a material change in the substance of the Terms and Conditions or the Guarantee.

- (6) *Publication.* Any notices concerning this § 14 shall be made exclusively pursuant to the provisions of the SchVG.

§ 15

FINAL PROVISIONS

- (1) *Governing Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.
- (2) *Place of Performance and Place of Jurisdiction.* Place of performance is Frankfurt am Main, Federal Republic of Germany. Subject to any mandatory jurisdiction for specific proceedings under the SchVG, the district court of Frankfurt am Main (*Landgericht Frankfurt am Main*) shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes.
- (3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Global Note representing the relevant Notes certified as being a true copy of the original Global Note by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the

der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person von dem Clearingsystem oder einer Verwahrstelle des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet **Depotbank** jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Depotgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich dem Clearingsystem. Unbeschadet der vorstehenden Bestimmungen ist jeder Gläubiger berechtigt, seine Rechte aus diesen Schuldverschreibungen auch auf jede andere im Land des Verfahrens zulässige Weise geltend zu machen.

- (4) *Ausschluss der Anwendbarkeit des Kuratorengesetzes.* Die Anwendung der Bestimmungen (i) des österreichischen Gesetzes vom 24. April 1874 betreffend die gemeinsame Vertretung der Rechte der Besitzer von auf Inhaber lautenden oder durch Indossament übertragbaren Teilschuldverschreibungen und die bücherliche Behandlung der für solche Teilschuldverschreibungen eingeräumten Hypothekarrechte (*Kuratorengesetz*), sowie (ii) des österreichischen Gesetzes vom 5. Dezember 1877, womit ergänzende Bestimmungen betreffend die Vertretung der Besitzer von Pfandbriefen oder von auf Inhaber lautenden oder durch Indossament übertragbaren Teilschuldverschreibungen erlassen werden, wird für die Schuldverschreibungen ausdrücklich ausgeschlossen.

§ 16 SPRACHE

Diese Anleihebedingungen sind in deutscher Sprache abgefasst; eine Übersetzung in die englische Sprache ist beigefügt. Nur die deutsche Fassung ist rechtlich bindend. Die englische Übersetzung ist unverbindlich.

Global Note representing the Notes. For purposes of the foregoing, **Custodian** means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes, including the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.

- (4) *Exclusion of the applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of (i) the Austrian act related to the joint representation of rights of holders of bearer notes or notes transferable via endorsement and related to the procedures for handling of mortgages established for such notes, dated 24 April 1874 (Austrian Notes Trustee Act - *Kuratorengesetz*), and (ii) the Austrian act related to supplementary provisions for the representation of holders of covered bonds or of bearer notes or notes transferable via endorsement, dated 5 December 1877 (Austrian Notes Trustee Supplementation Act – *Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

§ 16 LANGUAGE

These Terms and Conditions are written in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

GUARANTEE OF STEINHOFF INTERNATIONAL HOLDINGS N.V.

Introduction

The Guarantor unconditionally and irrevocably guarantees the due payment of all amounts payable under the Notes pursuant to the Conditions of Issue of the Notes to the holders of the Notes. Purpose and intention of this Guarantee is to secure that noteholders receive under all factual or legal circumstances all amounts payable of interest and capital on the due dates provided for in the Terms and Conditions of the Notes irrespective of the validity and enforceability of the obligations of the Issuer or any entity substituted for the Issuer in accordance with § 11 of the Terms and Conditions of the Notes and irrespective any other reasons that may cause the absence of payments by the Issuer.

Payments of the Guarantor under the Guarantee shall be paid without withholding or deduction of present or future taxes, duties or official charges of whatever nature imposed, levied or collected by the Republic of South Africa or for their account or by or for the account of a political subdivision or any authority thereof or therein having power to tax, unless it is required by law to make such withholding or deduction.

This Guarantee constitutes an unconditional, unsecured and unsubordinated obligation of the Guarantor and ranks *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to § 328 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB"), which gives rise to the right of each Holder to require performance of the obligations undertaken herein directly from the Guarantor and to enforce such obligations directly against the Guarantor.

Guarantee

The German text of this guarantee (the "Guarantee") is legally binding. The English translation is provided for information purposes only.

Die deutsche Version dieser Garantie (die „Garantie“) ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

GARANTIE	GUARANTEE
der	of
Steinhoff International Holdings N.V. (Herengracht 466, 1017 CA, Amsterdam, Niederlande) (die Garantin)	Steinhoff International Holdings N.V. (Herengracht 466, 1017 CA, Amsterdam, The Netherlands) (the Guarantor)
zugunsten der Gläubiger der €800.000.000 1,875% Schuldverschreibungen fällig 2025 der	for the benefit of the holders of the €800,000,000 1.875 per cent. Notes due 2025 issued by
Steinhoff Europe AG (Rennweg 77, 2345 Brunn am Gebirge, Republik Österreich) (die Emittentin) ISIN XS1650590349 (die Schuldverschreibungen).	Steinhoff Europe AG (Rennweg 77, 2345 Brunn am Gebirge, Republic of Austria) (the Issuer) ISIN XS1650590349 (the Notes).
(1) Definitionen	(1) Definitions
Die in dieser Garantie verwendeten und nicht anders definierten Begriffe haben die ihnen in den Bedingungen der Schuldverschreibungen (die Anleihebedingungen) zugewiesene Bedeutung.	Terms used in this Guarantee and not otherwise defined herein shall have the meaning attributed to them in the terms and conditions of the Notes (the Terms and Conditions).
(2) Garantie	(2) Guarantee
(a) Die Garantin übernimmt gegenüber der	(a) The Guarantor unconditionally and

The Bank of New York Mellon acting through its London Branch, One Canada Square, London E14 5AL, United Kingdom (die **Zahlstelle**), zugunsten jedes Inhabers von Schuldverschreibungen (jeweils ein **Anleihegläubiger**) die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße und pünktliche Zahlung aller nach Maßgabe der Anleihebedingungen von der Emittentin auf die Schuldverschreibungen zu zahlenden Beträge. Diese Garantie begründet eine selbständige Verpflichtung der Garantin (keine Bürgschaft), deren Bestand unabhängig von der rechtlichen Beziehung zwischen der Emittentin und den Anleihegläubigern ist, und die insbesondere nicht von der Wirksamkeit oder der Durchsetzbarkeit der Ansprüche gegen die Emittentin aus den Schuldverschreibungen abhängt.

- (b) Diese Garantie begründet eine unmittelbare und nicht nachrangige Verpflichtung der Garantin, die mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Garantin zumindest im gleichen Rang steht, mit Ausnahme von Verbindlichkeiten, die nach geltenden Rechtsvorschriften vorrangig sind. Mit der Erfüllung einer Zahlungsverpflichtung der Garantin zugunsten eines Anleihegläubigers aus der Garantie erlischt zugleich das jeweilige garantierte Recht eines Anleihegläubigers aus den Anleihebedingungen.
- (c) Die Garantin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt wurden, keine dinglichen Sicherungsrechte an ihren Vermögenswerten zur Besicherung von Kapitalmarktverbindlichkeiten mit Ausnahme Verbriefter Kapitalmarktverbindlichkeiten zu bestellen oder fortbestehen zu lassen, und zu gewährleisten, dass keine ihrer Wesentlichen Tochtergesellschaften die zuvor genannten Sicherungsrechte bestellt oder fortbestehen lässt, es sei denn, die Verbindlichkeiten der Garantin aus dieser Garantie werden, vorbehaltlich § 3 (3) der Anleihebedingungen, durch das

irrevocably guarantees towards The Bank of New York Mellon acting through its London Branch, One Canada Square, London E14 5AL, United Kingdom (the **Paying Agent**), for the benefit of each holder (each a **Holder**) of each Note, the unconditional and irrevocable guarantee for the due and punctual payment of any amounts payable by the Issuer in respect of the Notes pursuant to the Terms and Conditions. This Guarantee constitutes an independent obligation of the Guarantor, which is independent from the legal relationship between the Issuer and the Holders, and which is in particular independent from the validity or the enforceability of the claims against the Issuer under the Notes.

- (b) This Guarantee constitutes a direct and unsubordinated obligation of the Guarantor, ranking at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations which may be preferred by applicable law. Upon discharge of any payment obligation of the Guarantor subsisting under the Guarantee in favour of any Holder, the relevant guaranteed right of such Holder under the Terms and Conditions will cease to exist.
- (c) The Guarantor undertakes, so long as any of the Notes are outstanding, but only up to the time that all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create or permit to subsist, and to procure that none of its Material Subsidiaries will create or permit to subsist, any security interest in rem (*dingliches Sicherungsrecht*) over its assets to secure any Capital Market Indebtedness other than Securitized Capital Market Indebtedness unless, subject to paragraph § 3 (3) of the Terms and Conditions, the Guarantor's obligations under this Guarantee are secured equally with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness

betreffende Sicherungsrecht gleichrangig mit der jeweiligen Kapitalmarktverbindlichkeit (oder, sofern es sich dabei um eine nachrangige Verbindlichkeit handelt, im Vergleich dazu vorrangig) besichert.

§ 3 (2) und § 3 (3) der Anleihebedingungen gelten für diese Verpflichtung der Garantin entsprechend. Dabei gelten alle Bezugnahmen auf die Emittentin als Bezugnahmen auf die Garantin und alle Bezugnahmen auf Verpflichtungen unter den Schuldverschreibungen als Verpflichtungen unter der Garantie.

- (d) Im Falle einer Ersetzung der Emittentin durch eine Nachfolgeschuldnerin gemäß § 11 der Anleihebedingungen erstreckt sich diese Garantie auf sämtliche von der Nachfolgeschuldnerin gemäß den Anleihebedingungen zu zahlenden Beträge. Dies gilt auch dann, wenn die Nachfolgeschuldnerin die Verpflichtungen aus den Schuldverschreibungen von der Garantin übernommen hat.

(3) Steuern

- (a) *Zahlungen ohne Einbehalt oder Abzug von Steuern.* Alle in Bezug auf die Schuldverschreibungen an einen Gläubiger (oder an einen Dritten im Interesse eines Gläubigers) zu zahlenden Beträge werden ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern, Gebühren oder Abgaben jeglicher Art (die **Steuern**) gezahlt, im Wege des Einhalts oder Abzugs an der Quelle auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.
- (b) *Zahlung Zusätzlicher Beträge.* Ist ein Einbehalt oder Abzug in Bezug auf zu zahlende Beträge auf die Schuldverschreibungen gesetzlich vorgeschrieben, so wird die Garantin, soweit gesetzlich zulässig, diejenigen zusätzlichen Beträge (die **Zusätzlichen Beträge**) zahlen, die erforderlich sind, damit die einem Gläubiger (oder einem Dritten im Interesse eines Gläubigers) zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug vom Gläubiger (oder einem Dritten im Interesse eines Gläubigers) erhalten

secured by such security interest.

§ 3 (2) and § 3 (3) of the Terms and Conditions apply mutatis mutandis to the undertaking of the Guarantor. In this context, all references to the Issuer shall be construed as references to the Guarantor and all references to obligations under the Notes shall be construed as references to obligations under the Guarantee.

- (d) In the event of a substitution of the Issuer by a Substitute Debtor pursuant to § 11 of the Terms and Conditions, this Guarantee shall extend to any and all amounts payable by the Substitute Debtor pursuant to the Terms and Conditions. The foregoing shall also apply if the Substitute Debtor shall have assumed the obligations arising under the Notes from the Guarantor.

(3) Taxes

- (a) *Payments Free of Withholding or Deduction of Taxes.* All amounts payable in respect of the Notes to a Holder (or a third party on behalf of a Holder) shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever (the **Taxes**) imposed or levied at source by way of withholding or deduction, unless such withholding or deduction is required by law.
- (b) *Payments of Additional Amounts.* If such withholding or deduction with respect to amounts payable in respect of the Notes is required by law, the Guarantor shall, to the extent permitted by law, pay such additional amounts (the **Additional Amounts**) as shall be necessary in order that the net amounts received by a Holder (or a third party on behalf of a Holder), after such withholding or deduction, shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable on

worden wären; eine Verpflichtung zur Zahlung solcher Zusätzlichen Beträge besteht jedoch nicht für Steuern, die:

- (i) anders als durch Einbehalt oder Abzug von Zahlungen auf die Schuldverschreibungen zu entrichten sind; oder
- (ii) nach Zahlung durch die Garantin während der Überweisung an einen Gläubiger (oder einen Dritten im Interesse eines Gläubigers) einbehalten oder abgezogen werden; oder
- (iii) einbehalten oder abgezogen werden, weil ein Gläubiger (oder ein Dritter im Interesse eines Gläubigers) einer anderen aus steuerlicher Sicht relevanten Beziehung zur Republik Südafrika unterliegt oder zum Zeitpunkt des Erwerbs der Schuldverschreibungen unterlegen ist, als lediglich der Inhaber der Schuldverschreibungen zu sein oder gewesen zu sein; oder
- (iv) einbehalten oder abgezogen werden, weil ein Gläubiger (oder ein Dritter im Interesse eines Gläubigers) eine Zahlung aus den Schuldverschreibungen von oder unter Einbindung einer südafrikanischen auszahlenden Stelle oder einer südafrikanischen depotführenden Stelle erhält; die südafrikanische Kapitalertragsteuer ist somit keine Steuer, für die die Garantin Zusätzliche Beträge zu zahlen hat; oder
- (v) einbehalten oder abgezogen werden, obwohl der Einbehalt oder Abzug durch Bewirkung einer Zahlung über eine andere Zahlstelle, welche nicht zu einem solchen Einbehalt oder Abzug verpflichtet ist, hätte vermieden werden können; oder
- (vi) einbehalten oder abgezogen werden aufgrund eines völkerrechtlichen oder eines zivilrechtlichen Vertrags zwischen einem Staat und/oder einer seiner politischen Untergliederungen und/oder einer seiner Behörden und/oder einer Staatengemeinschaft einerseits und der Republik Südafrika

account of Taxes which:

- (i) are payable otherwise than by withholding or deduction from payments on the Notes; or
- (ii) are withheld or deducted after payment by the Guarantor during the transfer to a Holder (or a third party on behalf of a Holder); or
- (iii) are withheld or deducted by reason of a Holder (or a third party on behalf of a Holder) for tax purposes having, or having had at the time of acquisition of the Notes, another nexus to the Republic of South Africa than merely being, or having been, the bearer of the Notes, or
- (iv) are withheld or deducted by reason of a Holder (or a third party on behalf of a Holder) receiving an amount payable in respect of the Notes by, or involving a South African paying agent or a South African custodian agent; South African withholding tax on investment income shall thus not qualify as a tax for which the Guarantor would be obliged to pay Additional Amounts; or
- (v) are withheld or deducted although such withholding or deduction could have been avoided by effecting a payment via another paying agent which would not have been obliged to such withholding or deduction, or
- (vi) are withheld or deducted pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of South Africa and/or the Guarantor and/or an intermediary on the other hand; or

und/oder der Garantin und/oder eines Intermediärs andererseits; oder

- | | |
|---|---|
| (vii) aufgrund von Rechtsnormen der Republik Südafrika, eines internationalen Abkommens oder informellen Übereinkommens, dessen Partei die Republik Südafrika ist, rückerstattbar oder an der Quelle entlastbar wären; oder | (vii) would be refundable or for which a relief at source would be available pursuant to the laws of the Republic of South Africa, or an international treaty or understanding to which the Republic of South Africa is a party; or |
| (viii) nicht einbehalten oder abgezogen hätten werden müssen, wenn der Gläubiger (oder ein Dritter im Interesse des Gläubigers) ordnungsgemäße Dokumentation oder Beweise zur Erlangung einer Befreiung von der Steuer vorgelegt hätte; oder | (viii) would not have had to be withheld or deducted if the Holder (or a third party on behalf of the Holder) had duly submitted documentation or evidence to qualify for a tax exemption; or |
| (ix) einbehalten oder abgezogen werden, weil der Gläubiger eine Bank ist, die die Schuldverschreibungen im ordentlichen Geschäftsgang ihres Kreditgeschäfts erwirbt; oder | (ix) are withheld or deducted because the Holder is a bank purchasing the Notes in the ordinary course of its lending business; or |
| (x) Erbschaftsteuern, Schenkungsteuern, Umsatzsteuern, Verbrauchsteuern, Verkehrssteuern, Vermögensteuern oder ähnliche Steuern darstellen, oder | (x) are inheritance, gift, sales, excise, transfer, personal property or similar taxes, or |
| (xi) einbehalten oder abgezogen werden aufgrund einer Rechtsänderung, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung wirksam wird; oder | (xi) are withheld or deducted by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or |
| (xii) nicht einbehalten oder abgezogen würden, wenn der Gläubiger (oder ein Dritter im Interesse des Gläubigers) den Anspruch auf die betreffende Zahlung ordnungsgemäß innerhalb von 30 Tagen nach dem jeweiligen Fälligkeitstag geltend gemacht hätte; oder | (xii) would not have been deducted or withheld if the Holder (or a third party on behalf of the Holder) had duly submitted a claim for the respective payment of principal or interest within 30 days after the due date; or |
| (xiii) aufgrund einer Kombination der in (i) bis (xii) genannten Ereignisse einbehalten oder abgezogen werden. | (xiii) are withheld or deducted due to a combination of the circumstances listed in (i) to (xii). |

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Gläubiger gezahlt, welcher die Zahlung als Treuhänder oder Personengesellschaft oder als

Further, no Additional Amounts shall be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be

sonstiger nicht alleiniger wirtschaftlicher Eigentümer der Zahlung erhält, soweit nach den Gesetzen der Republik Südafrika eine solche Zahlung für Steuerzwecke dem Einkommen des Begünstigten bzw. Gründers eines Treuhandvermögens oder eines Gesellschafters der Personengesellschaft zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn der Begünstigte, Gründer eines Treuhandvermögens, Gesellschafter oder wirtschaftliche Eigentümer selbst Gläubiger der Schuldverschreibungen wäre.

- (c) *FATCA*. Alle in Bezug auf die Schuldverschreibung zu zahlenden Beträge sind ohne Einbehalt oder Abzug gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code von 1986 in der jeweils aktuellen Fassung (der **Code**), gegenwärtigen oder künftigen gemäß dem Code erlassenen Regelungen oder seiner offiziellen Auslegung, einer gemäß Section 1471(b) des Codes geschlossenen Vereinbarung oder steuerrechtlichen oder aufsichtsrechtlichen Vorschriften, Regelungen oder Verfahrensweisen, die nach einer zur Umsetzung der entsprechenden Bestimmungen des Codes geschlossenen zwischenstaatlichen Vereinbarung eingeführt wurden, (zusammen **FATCA**) vorzunehmen.

Die Garantin ist nicht verpflichtet, zusätzliche Beträge zu zahlen oder Gläubiger auf andere Weise für einen FATCA-Einbehalt oder -Abzug durch die Garantin, die Zahlstelle oder eine andere Person freizustellen.

- (d) *Andere Steuerjurisdiktion*. Falls die Garantin zu irgendeinem Zeitpunkt einer anderen Steuerrechtsordnung als der gegenwärtig maßgeblichen Steuerrechtsordnung der Garantin oder einer zusätzlichen Steuerrechtsordnung unterworfen wird, sollen die Bezugnahmen in diesem § 8 auf die Rechtsordnung der Garantin als Bezugnahmen auf die Rechtsordnung der Garantin und/oder diese anderen Rechtsordnungen gelesen und ausgelegt werden.

- (4) Diese Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328

required by the laws of the Republic of South Africa to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

- (c) *FATCA*. Any amounts payable in respect of the Notes will be paid net of any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (collectively, **FATCA**).

The Guarantor will have no obligation to pay additional amounts or otherwise indemnify any Holder for any such FATCA withholding deducted or withheld by the Guarantor, the Paying Agent or any other party.

- (d) *Other Tax Jurisdiction*. If at any time the Guarantor becomes subject to any taxing jurisdiction other than, or in addition to, the currently relevant taxing jurisdiction of the Guarantor, references in this paragraph (3) of the Guarantee to the jurisdiction of the Guarantor shall be read and construed as references to the jurisdiction of the Guarantor and/or to such other jurisdiction(s).

- (4) This Guarantee constitutes a contract in favour of the respective Holders as third party beneficiaries pursuant to § 328 (1) of

Absatz 1 BGB dar, so dass ausschließlich die jeweiligen Anleihegläubiger Erfüllung der Garantie unmittelbar von der Garantin verlangen und die Garantie unmittelbar gegen die Garantin durchsetzen können.

- (5) Die Zahlstelle handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.
- (6) Verschiedene Bestimmungen
 - (a) Diese Garantie unterliegt deutschem Recht.
 - (b) Erfüllungsort ist Frankfurt am Main.
 - (c) Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit der Garantie entstehenden Klagen oder sonstige Verfahren ist das Landgericht Frankfurt am Main.
 - (d) Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus dieser Garantie auf der Grundlage einer von einer vertretungsberechtigten Person der Zahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.
 - (e) Die Zahlstelle verpflichtet sich, das Original dieser Garantie bis zur Erfüllung sämtlicher Verpflichtungen aus den Schuldverschreibungen und dieser Garantie zu verwahren.
- (8) Für Änderungen der Bedingungen der Garantie durch Beschluss der Anleihegläubiger mit Zustimmung der Garantin gilt § 14 der Anleihebedingungen entsprechend.
- (9) Die deutsche Version dieser Garantie ist bindend. Die englische Übersetzung dient nur Informationszwecken.

Amsterdam, 19. Juli 2017

Steinhoff International Holdings N.V.

Durch:

Wir nehmen die Bedingungen der vorstehenden Garantie im Namen der Anleihegläubiger ohne Obligo, Gewährleistung oder Haftung an.

the German Civil Code (*Bürgerliches Gesetzbuch*) so that only the respective Holders will be entitled to claim performance of this Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

- (5) The Paying Agent does not act in a fiduciary or in any other similar capacity for the Holders.
- (6) Miscellaneous Provisions
 - (a) This Guarantee shall be governed by, and construed in accordance with, German law.
 - (b) Place of performance shall be Frankfurt am Main.
 - (c) The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Guarantee.
 - (d) On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Paying Agent, each Holder may protect and enforce in its own name its rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Holder and the Guarantor are parties, without the need for presentation of this Guarantee in such proceedings.
 - (e) The Paying Agent agrees to hold the original copy of this Guarantee in custody until all obligations under the Notes and this Guarantee have been fulfilled.
- (8) In relation to amendments of the terms of the Guarantee by resolution of the Holders with the consent of the Guarantor, § 14 of the Terms and Conditions applies mutatis mutandis.
- (9) The German text of this Guarantee is binding. The English translation is for information purposes only.

Amsterdam, 19 July 2017

Steinhoff International Holdings N.V.

By:

We accept the terms of the above Guarantee on behalf of the Holders without recourse, warranty or liability.

London, 19. Juli 2017

Unterzeichnet für und im Namen der
The Bank of New York Mellon

Durch:

London, 19 July 2017

Signed for and on behalf of
The Bank of New York Mellon

By:

DESCRIPTION OF RULES REGARDING RESOLUTIONS OF HOLDERS

The German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – “SchVG”) provides that holders may, with the consent of the issuer (where required), amend the terms and conditions or resolve on other matters concerning debt securities by way of majority resolutions. If provided for in the terms and conditions, this applies *mutatis mutandis* to obligations that secure such debt securities. A majority resolution in accordance with the SchVG is binding for all holders of one series of debt securities. The SchVG applies to debt securities that form an issue of identical debt securities (*Gesamtemission*) which are governed by German law. Consequently, the SchVG applies to the Notes.

The following sections provide an overview of the statutory provisions of the SchVG with respect to the Notes.

Overview of the SchVG

Under the SchVG and in accordance with the Terms and Conditions, it is possible to extensively change and therefore restructure the Terms and Conditions and to adopt further measures concerning the Notes (where required) with the Issuer’s consent. Any such amendments or measures are only binding in respect of the Notes and do not apply to any other issue of debt securities of the Issuer.

Individual Subjects of Resolutions

As provided for by the SchVG, the Notes do not provide for an exclusive list of admissible amendments to the Terms and Conditions or other measures on which the Holders may take a resolution. In accordance with Section 5 paragraph 3 sent. 1 no. 1-10 SchVG, the individual subjects for resolutions may include (but are not limited to):

- amendments to the principal claim (due date, amount, currency, rank, debtors, object of performance);
- amendments to or removal of ancillary conditions of the Notes;
- modification or waiver of a right of termination and removal of the effect of the collective right of termination;
- substitution and release of security;
- amendments to legal transactions with joint obligors; and
- amendments to ancillary claims (due date, amount, exclusion, currency, rank, debtors, object of performance).

In addition, resolutions not affecting the contents of the Terms and Conditions may be passed, including on the following subjects:

- exchange of the Notes for other debt securities or shares; and
- appointment, duties and removal of a Holders’ Representative.

Relevant Majorities of the SchVG

The Terms and Conditions use the applicable majorities provided for by the SchVG. Hence, any resolutions which materially alter the Terms and Conditions or adopt other measures, in particular in the cases listed in Section 5 paragraph 3 sent. 1 no. 1-9 SchVG, require a majority of at least 75% of the votes participating in the vote (a “**Qualified Majority**”). All other resolutions may generally be passed with a simple majority of 50% of the participating votes.

Procedures for Taking Holder Resolutions

General

Resolutions of the Holders of the Notes shall generally exclusively be passed by way of a vote without a meeting pursuant to Section 18 and Sections 9 *et seq.* SchVG (*Abstimmung ohne Versammlung*).

The Issuer or a Holders’ Representative may convene and Holders who together hold 5% of the outstanding nominal amount of the Notes for specified reasons permitted by the SchVG may demand in writing a vote without a meeting.

The Issuer bears the costs of the vote and a (second) physical meeting and, if a court has convened a meeting, also the costs of such proceedings.

All resolutions adopted must be properly published. Resolutions which amend or supplement the Terms and Conditions have to be implemented by supplementing or amending the Global Note.

If a resolution constitutes a breach of law or the Terms and Conditions, Holders who have filed a complaint within 14 days after publication of the resolution may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

Resolution without a Physical Meeting

The voting will be conducted by a scrutineer (*Abstimmungsleiter*). Such scrutineer shall be (i) a notary public appointed by the Issuer, (ii) the Holders' Representative, if the vote was solicited by it, or (iii) a person appointed by the competent court.

The vote without a meeting will be convened by way of a notice given to the Holders to solicit their votes (*Aufforderung zur Stimmabgabe*) no later than 14 calendar days prior to the commencement of the vote. The solicitation notice shall set out the period within which votes may be cast (at least 72 hours), the agenda and the subject matter of the vote and the details of the conditions to be met for the votes to be valid. During the applicable voting period, the Holders may cast their votes to the scrutineer. Each Holder may be represented by proxy.

A resolution by way of voting without a meeting can only be passed if a quorum of at least 50% of the outstanding Notes by value participates in the vote during the voting period. The scrutineer shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders entitled to vote.

Resolution by (second) Physical Meeting

If the quorum of 50% of the outstanding aggregate principal amount of the Notes is not met, the scrutineer may convene a (second) physical meeting of the Holders at which no quorum will be required, provided that where a resolution may only be adopted by a Qualified Majority, a quorum requires the presence of at least 25%, of the outstanding Notes.

The meeting will be convened by way of a notice given to the Holders no later than 14 calendar days prior to the meeting. Attendance and exercise of voting rights at the meeting is subject to prior registration of Holders. The convening notice will provide what proof will be required for attendance and voting at the meeting. Each Holder may be represented in the meeting by proxy. The chairman shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders present or represented by proxy in the meeting.

Holders' Representative (gemeinsamer Vertreter)

The Holders may appoint a representative ("**Holders' Representative**") by way of a majority resolution. If at the same time rights are assigned to the Holders' Representative, thereby enabling it to consent to material amendments to the Terms and Conditions on behalf of the Holders, the appointment requires a Qualified Majority.

The Holders may at any time and without reason terminate the appointment of the noteholders' representative by majority resolution passed by a simple majority. The Holders' Representative is bound by the Holders' instructions (which are based on the relevant majority resolutions).

Any individual or competent legal entity may be appointed as Holders' Representative, provided that, for the avoidance of conflicts of interest, certain disclosure requirements are to be met.

The duties and rights of the noteholders' representative are determined by the SchVG and any resolutions of the Holders. To the extent that the exercise of the Holders' rights has been transferred to the Holders' Representative, the Holders themselves may not assert these rights, unless the majority resolution of the Holders provides otherwise. The Holders' Representative's liability may be restricted in accordance with the SchVG.

TAXATION

The following is a general description of certain tax considerations relating to the Notes in The Netherlands, Luxembourg and Austria. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences, under the tax laws of the country in which they are resident for tax purposes and under the tax laws of The Netherlands, Luxembourg and Austria of acquiring, holding and disposing of Notes and receiving payments of principal, interest and other amounts under the Notes. This summary is based upon the laws in force and their interpretation on the date of this Prospectus and is subject to any change in law or interpretation that may take effect after such date.

The Netherlands

The information set out below is a general summary of certain material Dutch tax consequences in connection with the acquisition, ownership and transfer of the Notes. This summary is not a comprehensive or complete description of all the Dutch tax considerations that may be relevant for a particular holder of Notes and it does not address the tax consequences that may arise in any jurisdiction other than The Netherlands in connection with the acquisition, ownership and transfer of the Notes. For Dutch tax purposes, a holder of Notes may include an individual who or an entity that does not have the legal title to the Notes, but to whom nevertheless the Notes, or the income thereof, are attributed based either on such individual or entity holding a beneficial interest in the Notes or based on specific statutory provisions.

This summary is based on the tax laws of The Netherlands as in effect on the date of this Prospectus, including regulations, rulings and decisions of The Netherlands and its taxing and other authorities available in printed form on or before this date and now in effect, and as applied and interpreted by Dutch courts, without prejudice to any developments or amendments introduced at a later date and implemented with or without retroactive effect.

As this summary is intended as general information only, (prospective) holders of Notes should consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Notes, including, in particular, the application to their particular situations of the tax considerations discussed below. Holders of Notes may be subject to a special tax treatment under any applicable law and this summary is not intended to be applicable in respect of all categories of holders of Notes.

For completeness sake it is mentioned that the Guarantor is of the opinion that its place of effective management is situated in South Africa, and not in The Netherlands, and assuming the Guarantor is liable to taxation in South Africa by virtue of having its place of effective management in there, the Guarantor will be considered tax resident in South Africa for purposes of the Convention between the Kingdom of The Netherlands and the Republic of South Africa for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, executed in Pretoria on October 10, 2005 (as amended from time to time).

Withholding Tax

Any payments to be made by the Guarantor under the Notes may be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

This summary is not intended for any holder of Notes:

- (i) who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in The Netherlands;
- (ii) who has, or that has, a Substantial Interest or a deemed Substantial Interest (as defined and explained below) in the Issuer or the Guarantor;
- (iii) that is an entity that is resident or deemed to be resident in The Netherlands and that is, in whole or in part, not subject to or exempt from Dutch corporate income tax (such as qualifying pension funds);

(iv) that is an exempt investment institution (*vrijgestelde beleggingsinstelling*) or a fiscal investment institution (*fiscale beleggingsinstelling*) as meant in Articles 6a and 28 of The Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*, “CITA”), respectively; or

(v) who is, or that is, not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Notes and/or the income and/or capital gains derived from the Notes.

Generally a holder of Notes will have a substantial interest (*aanmerkelijk belang*) in the Issuer or the Guarantor if he holds, alone or, in case the holder is an individual, together with his partner (statutorily defined term in Dutch tax law), whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer or the Guarantor, or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer or the Guarantor, or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit or to 5% or more of the liquidation proceeds of the Issuer or the Guarantor (a “**Substantial Interest**”).

A holder of Notes will also have a Substantial Interest in the Issuer or the Guarantor if one of certain relatives of that holder or of his partner has a Substantial Interest in the Issuer or the Guarantor. If a holder of Notes does not have a Substantial Interest, a deemed Substantial Interest will be present if (part of) a Substantial Interest has been disposed of, or is deemed to have been disposed of, without recognising a taxable gain.

Dutch Resident Individuals

A holder of Notes who is an individual and who is resident or deemed to be resident in The Netherlands for purposes of Dutch taxation (a “**Dutch Resident Individual**”), will generally be subject to Dutch income tax with respect to income and capital gains derived or deemed to be derived from the Notes at the progressive rates up to 52% (maximum rate for 2017) if:

- (i) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Notes are attributable or deemed to be attributable; or
- (ii) the holder derives income or capital gains from the Notes that are taxable as benefits from 'miscellaneous activities' (*resultaat uit overige werkzaamheden* as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*) and also include benefits resulting from a lucrative interest (*lucratief belang*).

If neither condition (i) nor condition (ii) mentioned above applies, a Dutch Resident Individual will generally be subject to Dutch income tax on a deemed return, regardless of the actual income or capital gains derived from the Notes. This deemed return is calculated by multiplying the individual's yield basis (*rendementsgrondslag*) insofar this exceeds a certain threshold (*heffingvrij vermogen*), with the progressive statutory rates of return that are depending on such individual's yield basis. For 2017, these rates of return range from 2.87% to 5.39%, but please note that these rates of return are adjusted annually.¹ The individual's yield basis is determined as the fair market value of certain qualifying assets held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on 1 January of the relevant year. The deemed return will be taxed at a rate of 30% (rate for 2017).

Dutch Resident Entities

A holder of Notes that is an entity and that is resident or deemed to be resident in The Netherlands for purposes of Dutch taxation (a “**Dutch Resident Entity**”), will generally be subject to Dutch corporate income tax with respect to income and capital gains derived or deemed to be derived from the Notes.

¹ It has been indicated by the Dutch Underminister of Finance that the rates of return for 2018 would range from 1,30% to 5,38%.

The Dutch corporate income tax rate is 20% for the first €200,000 of taxable profits and 25% for the taxable amount exceeding €200,000 (rates for 2017).

Non-Dutch Residents

A holder of Notes who is not, nor deemed to be, a Dutch Resident Individual or a Dutch Resident Entity (a "**Non-Dutch Resident**"), is generally not subject to Dutch income tax or Dutch corporate income tax with respect to income and capital gains derived from the Notes, provided that:

- (i) such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable or deemed attributable;
- (ii) in case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from the Notes, as the case may be, that are taxable as benefits from 'miscellaneous activities performed in The Netherlands' which include the performance of activities in respect of the Notes, that exceed regular, active portfolio management and also includes benefits resulting from a lucrative interest;
- (iii) in case of a Non-Dutch Resident who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment relationship, to which enterprise the Notes or payments in respect of the Notes are attributable; and
- (iv) in case of a Non-Dutch Resident that is an entity, such entity is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities, to which enterprise the Notes or payments in respect of the Notes are attributable.

Gift and Inheritance Taxes

No Dutch gift or inheritance taxes will be levied on the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

- (i) such holder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions;
- (iii) such holder dies while being resident or deemed resident in The Netherlands within 180 days after the date of a gift of the Notes; or
- (iv) the gift is made under a condition precedent and such holder is or is deemed to be resident in The Netherlands at the time the condition is fulfilled.

For purposes of the Dutch Gift and Inheritance Tax Act 1956, an individual who is of the Dutch nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of The Netherlands.

Value Added Tax

No Dutch value added tax (*omzetbelasting*) is payable by a holder of Notes in respect of payments of interest and principal under the Notes or on a transfer of Notes.

Other Taxes and Duties

No Dutch registration tax, stamp duty or any other similar tax or duty will be payable in The Netherlands by a holder of Notes in respect of or in connection with the acquisition, ownership or transfer of the Notes.

Residence

A holder of Notes will not become or be deemed to become a resident of The Netherlands for tax purposes solely by reason of the acquisition, ownership or transfer of the Notes.

Republic of Austria

General remarks

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons in the sense of sec. 27a(2)(2) of the Austrian Income Tax Act (*Einkommensteuergesetz*).

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in sec. 26 of the Austrian Federal Fiscal Procedures Act (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*), both as defined in sec. 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income taxation

Pursuant to sec. 27(1) of the Austrian Income Tax Act, the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax basis is the amount of the earnings received (sec. 27a(3)(1) of the Austrian Income Tax Act);
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital (including zero coupon bonds); the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (sec. 27a(3)(2)(a) of the Austrian Income Tax Act); and
- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs (sec. 27a(3)(3)(c) of the Austrian Income Tax Act).

Also the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes *vis-à-vis* other countries, e.g. a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (*cf.* sec. 27(6)(1) and (2) of the

Austrian Income Tax Act). The tax basis amounts to the fair market value minus the acquisition costs (sec. 27a(3)(2)(b) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). Investment income from the Notes without an Austrian nexus must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; sec. 27a(4)(2) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Sec. 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitized claims *vis-à-vis* credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with sec. 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless income tax at the flat rate of 27.5%). Investment income from the Notes without an Austrian nexus must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a key area of the respective investor's business activity (sec. 27a(6) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to income tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55% of the remaining negative difference may be offset against other types of income.

Pursuant to sec. 7(2) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes at a rate of 25%. Income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Losses from the alienation of the Notes can be offset against other income.

Pursuant to sec. 13(3)(1) in connection with sec. 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (sec. 12(2) of the Austrian Corporate Income Tax Act). Interim tax does generally not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. Investment income from the Notes with an Austrian nexus is in general subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes are attributable to such permanent establishment (*cf.* sec. 98(1)(3) of the Austrian Income Tax Act, sec. 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of sec. 27(2)(2) of the Austrian Income Tax Act and accrued interest (including from zero coupon bonds) in the sense of sec. 27(6)(5) of the Austrian Income Tax Act from the Notes if the (accrued) interest has an Austrian nexus and if withholding tax is levied on such (accrued) interest. This does not apply to individuals being resident in a state with which automatic exchange of information exists. Interest with an Austrian nexus is interest the debtor of which has its place of management and/or its legal seat in Austria or is an Austrian branch of a non-Austrian credit institution; accrued interest with an Austrian nexus is accrued interest from securities issued by an Austrian issuer (sec. 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office.

If the Notes were not legally or factually offered to an indefinite number of persons in the sense of sec. 27a(2)(2) of the Austrian Income Tax Act, then tax consequences deviating from those outlined above would apply: Regarding individuals holding the Notes, no withholding tax would be deducted and the special tax rate of 27.5% would not apply; rather, investment income from the Notes would have to be included in the investor's income tax return and would be subject to the progressive income tax rate of up to 55%. Also in the case of corporations and private foundations holding the Notes no withholding tax would be deducted and income would be subject to 25% corporate income tax.

Inheritance and gift taxation

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate generally is 2.5%, with higher rates applying in special cases.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of € 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of € 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10% of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to sec. 27(6)(1) and (2) of the Austrian Income Tax Act (see above).

Luxembourg

Residents

According to the law of 23 December 2005, as amended, interest on the Notes paid by a Luxembourg paying agent or paying agents established in the EU and/or the EEA to an individual holder of Notes who is a resident of Luxembourg will be subject to a withholding tax of 20%. In case of payment through a paying agent established in the EU and/or the EEA, the Luxembourg resident individual holder of Notes must under a specific procedure remit 20% tax to the Luxembourg Treasury.

If the individual Holder holds the Notes in the course of the management of his or her private wealth, the aforementioned 20% withholding tax will operate a full discharge of income tax due on such payments.

Interest on Notes paid by a Luxembourg paying agent to a resident holder of Notes who is not an individual is not subject to withholding tax.

When used in the preceding paragraphs "**interest**" and "**paying agent**" have the meaning given thereto in the Luxembourg laws 23 December 2005, as amended. "**Interest**" will include accrued or capitalised interest at the sale, repayment or redemption of the Notes.

Payments of interest or similar income under the Notes to Clearstream Banking AG, Clearstream Banking S.A. and Euroclear Bank SA/NV and payments by or on behalf of Clearstream Banking S.A. to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

Non-Residents

Under the existing laws of Luxembourg, there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes made to non-residents of Luxembourg.

Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the Republic of Austria) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SALE OF THE NOTES

General

The Joint Bookrunners have acknowledged that no representation is made by the Issuer or any of the Joint Bookrunners that any action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of the Prospectus or other material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner undertook to comply, to the best of its knowledge and belief, in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Joint Bookrunners have represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, the Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, the Joint Bookrunners have further represented, warranted and undertaken that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph shall have the same meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland (United Kingdom)

Each of the Joint Bookrunners has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

This Prospectus has been approved by the CSSF in its capacity as competent authority for the purposes of the approval of this Prospectus and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). By approving this Prospectus, the CSSF assumes no responsibility for the economical and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer.

General Information Regarding Initial Subscription for the Notes

Pursuant to a subscription agreement dated on or about 19 July 2017 (the “**Subscription Agreement**”) between the Issuer, the Guarantor and the Joint Bookrunners, the Issuer has agreed to sell to the Joint Bookrunners, and the Joint Bookrunners have agreed, subject to certain customary closing conditions, to purchase the Notes on the Issue Date. The Issuer has furthermore agreed to pay certain commissions to the Joint Bookrunners and to bear certain costs and expenses incurred in connection with the issue of the Notes. Commissions may also be payable by the Joint Bookrunners to certain third-party intermediaries in connection with the initial sale and distribution of the Notes.

The Subscription Agreement provides that the Joint Bookrunners will, under certain circumstances, be entitled to terminate the Subscription Agreement. In such event, Notes will not be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

Notice to Prospective Investors in the European Economic Area

This Prospectus has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Notes and is thus, for the purposes of the offering of the Notes, not a prospectus within the meaning of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes which are the subject of the offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Issuer or the Joint Bookrunners to produce a prospectus for such offers. None of the Issuer or the Joint Bookrunners has authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Bookrunners which constitute the final placement of the Notes contemplated in this Prospectus.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this Prospectus is for distribution only to qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) and qualified investors falling within Article 49 of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This Prospectus is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Interests of Natural and Legal Persons Involved in the Issue

From time to time, the Joint Bookrunners and their affiliates have performed, and may in the future perform, investment banking and advisory services for the Issuer for which they have received, or will receive, customary fees and expenses.

In particular, the Joint Bookrunners have entered into a contractual relationship with the Issuer and the Guarantor in connection with the Issue of the Notes.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer, as applicable, consistent with their customary risk management policies. Typically, the Joint Bookrunners

and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, potentially including the Notes. Any such short positions could adversely affect future trading prices of the Notes.

The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

Authorisation and Issue Date

The issuance of the Notes was authorized by the Management Board and the Supervisory Board of the Issuer on 5 June 2017. The Issue Date of the Notes is expected to be 24 July 2017.

Use of Proceeds

The Issuer intends to use the net proceeds from the issuance of the Notes for general corporate purposes and repaying existing financial indebtedness, which may include loan facilities in which some of the Joint Bookrunners may act as lenders.

Delivery of Notes

Delivery and payment of the Notes will be made on the Issue Date, which is expected to be 24 July 2017. The Notes so purchased will be delivered via book-entries through the Clearing System and their depository banks against payment of the issue price therefore.

Listing and Admission to Trading of the Notes

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (as amended). The admission to trading of the Notes is expected to occur on or around 24 July 2017. The total expenses related to the admission to trading of the Notes are estimated to amount to approximately €10,000.

Clearing System and Security Codes

The Notes will be accepted for clearance through:

Clearstream Banking S.A.
42 Avenue JF Kennedy 1855 Luxembourg
The Grand Duchy of Luxembourg

and

Euroclear Bank SA/NV
1 Boulevard du Roi Albert II 1210 Brussels
Kingdom of Belgium.

The Notes have the following securities codes:

International Securities Identification Number (ISIN)	XS1650590349
Common Code	165059034
German Securities Identification Number (WKN)	A19LXV

Ratings of the Issuer, the Guarantor and the Notes

The Issuer is not rated.

Moody's has assigned the long-term credit rating "Baa3 (stable outlook)"⁶ to the Guarantor.

The Issuer has made a credit rating application to Moody's in respect of the Notes. Moody's has announced that it will assign a "Baa3 (stable outlook)"⁶ credit rating to the Notes.

Moody's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended from time to time, (the "**CRA Regulation**") and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Yield

The yield in respect of the Notes from 24 July 2017 to (but excluding) the Maturity Date is 1.956% per annum, calculated on the basis of the issue price of the Notes. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method. The ICMA Method determines the effective interest rate on notes by taking into account accrued interest on a daily basis.

Documents Available

So long as Notes are outstanding, copies of the following documents will be available from the registered office of the Issuer and from the specified offices of the Paying Agent:

- the articles of association of the Issuer;
- the articles of association of the Guarantor;
- a copy of this Prospectus and any supplement thereto; and
- the documents incorporated herein by reference.

⁶ Moody's defines "Baa3" as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. [...] Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category."

INCORPORATION BY REFERENCE

The specified pages of the following documents which have previously been published and which have been filed with the CSSF are incorporated by reference into and form part of this Prospectus:

Financial statements of the Issuer:

- (1) The audited unconsolidated financial statements of the Issuer for the short financial year ended 30 September 2016 (3-month reporting period) as contained in the document "*Jahresabschluss zum 30. September 2016 der Steinhoff Europe AG*" in German language (the "**Issuer Financial Statements for the short financial year 2016**"), consisting, inter alia, of
 - income statement (page 3 of the Issuer Financial Statements for the short financial year 2016),
 - statement of financial position (page 2 of the Issuer Financial Statements for the short financial year 2016),
 - notes (pages 5 to 10 of the Issuer Financial Statements for the short financial year 2016),together with the auditor's report (pages 16 and 17 of the Issuer Financial Statements for the short financial year 2016).
- (2) The audited unconsolidated financial statements of the Issuer for the financial year ended 30 June 2016 as contained in the document "*Bericht über die Prüfung des Jahresabschlusses zum 30. Juni 2016*" in German language (the "**Issuer Financial Statements 2016**"), consisting, inter alia, of
 - income statement (page 12 of the Issuer Financial Statements 2016),
 - statement of financial position (page 11 of the Issuer Financial Statements 2016),
 - notes (pages 13 to 19 of the Issuer Financial Statements 2016),together with the auditor's report (pages 7 and 8 of the Issuer Financial Statements 2016).
- (3) The audited unconsolidated financial statements of the Issuer for the financial year ended 30 June 2015 as contained in the document "*Bericht über die Prüfung des Jahresabschlusses zum 30. Juni 2015*" in German language (the "**Issuer Financial Statements 2015**"), consisting, inter alia, of
 - income statement (page 12 of the Issuer Financial Statements 2015),
 - statement of financial position (page 11 of the Issuer Financial Statements 2015),
 - notes (pages 13 to 19 of the Issuer Financial Statements 2015),together with the auditor's report (pages 7 and 8 of the Issuer Financial Statements 2015).

Financial statements of the Guarantor:

- (1) The unaudited consolidated financial statements of the Guarantor for the six-month period ended 31 March 2017 as contained in the document "*Half-Year Report – unaudited interim results for the six months ended 31 March 2017*" (the "**Guarantor Financial Statements H1/2017**"), consisting, inter alia, of
 - income statement (page 35 of the Guarantor Financial Statements H1/2017),
 - statement of comprehensive income (page 36 of the Guarantor Financial Statements H1/2017),
 - statement of changes in equity (page 37 of the Guarantor Financial Statements H1/2017),
 - statement of financial position (page 38 of the Guarantor Financial Statements H1/2017),
 - statement of cash flows (page 39 of the Guarantor Financial Statements H1/2017),
 - notes (pages 41 to 49 of the Guarantor Financial Statements H1/2017).
- (2) The audited consolidated financial statements of the Guarantor for the financial year ended 30 September 2016 (15-month reporting period) as contained in the document "*Annual Report 2016*" (the "**Guarantor Financial Statements 2016**"), consisting, inter alia, of
 - income statement (page 74 of the Guarantor Financial Statements 2016),
 - statement of comprehensive income (page 75 of the Guarantor Financial Statements 2016),

- statement of changes in equity (page 76 of the Guarantor Financial Statements 2016),
 - statement of financial position (page 77 of the Guarantor Financial Statements 2016),
 - statement of cash flows (page 78 of the Guarantor Financial Statements 2016),
 - notes (pages 94 to 158 of the Guarantor Financial Statements 2016),
- together with the auditor's report (pages 173 to 180 of the Guarantor Financial Statements 2016).

(3) The audited consolidated financial statements of Steinhoff International Holdings Limited for the financial year ended 30 June 2015 as contained in the document "*Audited Financial Results 2015*" (the "**SIHL Financial Statements 2015**"), consisting, inter alia, of

- income statement (page 10 of the SIHL Financial Statements 2015),
 - statement of comprehensive income (page 11 of the SIHL Financial Statements 2015),
 - statement of changes in equity (pages 12 to 13 of the SIHL Financial Statements 2015),
 - statement of financial position (page 14 of the SIHL Financial Statements 2015),
 - statement of cash flows (page 15 of the SIHL Financial Statements 2015),
 - notes (pages 31 to 98 of the SIHL Consolidated Statements 2015),
- together with the auditor's report (page 2 of the SIHL Financial Statements 2015).

Any information not listed in the list above but included in the documents incorporated by reference is given for information purposes only.

The documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and may be inspected and are available free of charge at the specified offices of the Paying Agent as long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such stock exchange so require.

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