OFFERING CIRCULAR NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

£250,000,000 4.125% Senior Secured Notes due 2022

B&M European Value Retail S.A. (the "**Issuer**"), a Luxembourg public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with its registered office at 9, allée Scheffer L-2520 Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B 187275, is offering £250,000,000 aggregate principal amount of 4.125% Senior Secured Notes due 2022 (the "**Notes**"). The proceeds from the offering will be used to repay certain of the Group's existing indebtedness and for general corporate purposes. See "*Use of Proceeds*".

The Notes will bear interest at a rate of 4.125% and will mature on February 1, 2022. Interest on the Notes will be paid semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 2017.

The Issuer may redeem the Notes in whole or in part at any time on or after February 1, 2019, in each case, at the redemption prices set out in this offering circular (the "**Offering Circular**"). Prior to February 1, 2019, the Issuer will be entitled to redeem, at its option, all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, plus a "make-whole" premium, as described in this Offering Circular. Prior to February 1, 2019, the Issuer may, at its option, and on one or more occasions, also redeem up to 40% of the original aggregate principal amount of the Notes with the net proceeds from certain equity offerings. Additionally, the Issuer may redeem the Notes in whole, but not in part, at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to repurchase all or any portion of the Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

The Notes are senior obligations of the Issuer, guaranteed (the "**Guarantees**" and, each, a "**Guarantee**") on a senior basis by B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Limited and B&M Retail Limited (together, the "**Guarantors**"), and secured by the Collateral (as defined herein). The Notes and Guarantees will rank *pari passu* in right of payment with all of the Issuer's and Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Notes, including indebtedness incurred under the New Senior Facilities Agreement (as defined herein). The property and assets that will secure the Notes and the Guarantees will also secure liabilities under the New Senior Facilities Agreement and may secure certain hedging obligations and certain other future indebtedness (the "**Senior Obligations**") on a *pari passu* basis. The validity and enforceability of the Guarantees and the security interests and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". The Collateral and the Guarantees may be released in certain circumstances.

This Offering Circular constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus for securities dated July 10, 2005, as amended. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market of the Luxembourg Stock Exchange (the "**Euro MTF Market**"). The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments. The Euro MTF Market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

An investment in the Notes involves a high degree of risk.
Please see "Risk Factors" beginning on page 21.

Price for the Notes: 100.000%, plus accrued interest, if any, from the Issue Date

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act, or the laws of any other jurisdiction, and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the offering is being made only to investors who the seller reasonably believes to be qualified institutional buyers (QIBs) within the meaning of Rule 144A in compliance with Rule 144A under the U.S. Securities Act. You are hereby notified that the Initial Purchaser of the Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, the offering is being made to certain persons in offshore transactions in reliance on Regulation S. For additional information about eligible offerees and transfer restrictions, please see "*Notice to Investors*".

The Notes will be issued in the form of one or more Global Notes in registered form, which will be delivered in Book-Entry form through a common depositary of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**") on or about February 2, 2017 (the "**Issue Date**"). See "*Book-Entry; Delivery and Form*".

Global Coordinators and Joint Physical Bookrunners

BofA Merrill Lynch **HSBC**

Joint Bookrunners

Barclays **BNP PARIBAS** **Goldman Sachs International** **Lloyds Bank**

The date of this Offering Circular is January 26, 2017

IMPORTANT INFORMATION

In making an investment decision regarding the Notes and the Guarantees offered by this Offering Circular, you must rely on your own examination of the Issuer and the terms of this offering, including the merits and risks involved. This Offering Circular relates to the offering of the Notes on the Issue Date. The Offering is being made on the basis of this Offering Circular only. Any decision to purchase the Notes and the Guarantees in the offering must be based on the information contained in this Offering Circular.

The Issuer accepts responsibility for the information in this Offering Circular. We have prepared this Offering Circular solely for use in connection with this offering and for application of the Notes for listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.

You are not to construe the contents of this Offering Circular as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes and the Guarantees. You are responsible for making your own examination of the Notes and the Issuer and your own assessment of the merits and risks of investing in the Notes and the Guarantees. None of the Issuer, the Guarantors or any of the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes and the Guarantees by you under appropriate legal investment or similar laws.

To the best of our knowledge and belief, having taken all reasonable care to ensure such is the case, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import. The information contained in this Offering Circular has been furnished by the Issuer and other sources we believe to be reliable. This Offering Circular contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. You should contact the Issuer or the Initial Purchasers with any questions about this offering or if you require additional information to verify the information contained in this Offering Circular. All summaries are qualified in their entirety by this reference. Copies of such documents and other information relating to the issuance of the Notes and the Guarantees will be available at the specified offices of the listing agent in Luxembourg. See "*Listing and General Information*".

The Initial Purchasers will provide prospective investors with a copy of this Offering Circular and any related amendments or supplements. By receiving this Offering Circular, you acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether or not to invest in the Notes and the Guarantees.

The information set out in those sections of this Offering Circular describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer or the Guarantors will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Book-Entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such Book-Entry interests.

No person is authorised in connection with any offering made by this Offering Circular to give any information or to make any representation not contained in this Offering Circular and, if given or made, any other information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this Offering Circular is accurate as of the date hereof. Neither the delivery of this Offering Circular at any time nor any subsequent commitment to purchase the Notes or the Guarantees shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Circular or in the business of the Issuer or the Guarantors since the date of this Offering Circular.

The Initial Purchasers, the Trustee, the Security Agent and the agents of the Issuer make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future. The Issuer and the Guarantors have furnished the information contained in this Offering Circular.

The Notes and the Guarantees are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Plan of Distribution" and "Notice to Investors*".

It is intended that the Notes will be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the Issuer has submitted this Offering Circular to the Luxembourg Stock Exchange in connection with the listing application. In the course of any review by the Luxembourg Stock Exchange, the Issuer may be requested to make changes to the financial and other information included in this Offering Circular. Comments by the Luxembourg Stock Exchange may require significant modification or reformulation of information contained in this Offering Circular or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this Offering Circular to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF Market and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditional on obtaining this listing.

The Issuer reserves the right to withdraw this offering at any time. The Issuer is making this offering subject to the terms described in this Offering Circular and the purchase agreement relating to the Notes (the "**Purchase Agreement**"). The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The distribution of this Offering Circular and the offer and sale of the Notes and the Guarantees are restricted by law in some jurisdictions. This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes and the Guarantees in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes and the Guarantees must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and the Guarantees or possesses or distributes this Offering Circular, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility thereof. See "*Notice to Certain Investors*", "*Plan of Distribution*", and "*Notice to Investors*".

Investing in the Notes involves a high degree of risk. Please see "Risk Factors" beginning on page 21.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, MERRILL LYNCH INTERNATIONAL (THE "**STABILISING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER OR STABILISING MANAGERS) MAY OVER-ALLOT THE NOTES 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, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO CERTAIN INVESTORS

General

This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Circular.

For a description of certain restrictions relating to the offer and sale of the Notes, see "*Plan of Distribution*". The Issuer accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

United Kingdom

The issue and distribution of this Offering Circular is restricted by law. This Offering Circular is not being distributed by, nor has it been approved for the purposes of Section 21 of the FSMA by, a person authorised under the FSMA. This Offering Circular is directed solely at persons who: (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order; (ii) are persons falling within Article 49(2)(a) to 49(2)(d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. No part of this Offering Circular should be published, reproduced, distributed or otherwise made available in whole or in part to any person who is not a relevant person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Luxembourg

This Offering Circular has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") for purposes of public offering or sale in Luxembourg ("**Luxembourg**"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the listing on the Official List of the Luxembourg Stock Exchange and admission to trading of the Notes on the Euro MTF Market and except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Luxembourg Prospectus Act.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Issuer is a Luxembourg public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg with registration number B 187275. The Issuer's registered office is 9, allée Scheffer L-2520 Luxembourg.

This Offering Circular contains:

- the combined financial information of B&M European Value Retail 1 S.à r.l. and its subsidiaries as of and for the three financial years ending March 29, 2014 (the "**2014 IPO Financial Statements**"), which were prepared in accordance with the basis of preparation described in note 2 to the 2014 IPO Financial Statements, and reported upon by Grant Thornton UK LLP, as stated in its report, which is included elsewhere in this Offering Circular;
- the audited consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries as of and for the financial years 2015 and 2016 (collectively, the "**Audited Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and audited by Grant Thornton Lux Audit S.A., as stated in their reports, which are included elsewhere in this Offering Circular; and
- the interim unaudited condensed consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries for the financial six months 2016 and 2017 (collectively, the "**Unaudited Interim Financial Statements**"), which have been prepared in accordance with IFRS, specifically interim financial reporting (IAS 34).

In this Offering Circular, except as specifically noted, references to:

- financial year 2018 means the 53 weeks ended March 31, 2018;
- financial year 2017 means the 52 weeks ended March 25, 2017;
- financial year 2016 means the 52 weeks ended March 26, 2016;
- financial year 2015 means the 52 weeks ended March 28, 2015;
- financial year 2014 means the 52 weeks ended March 29, 2014;
- financial six months 2017 means the 26 weeks ended September 24, 2016; and
- financial six months 2016 means the 26 weeks ended September 26, 2015.

Each quarter of a financial year is divided into a five-week period followed by two four-week periods. Each financial year begins on the calendar day following the previous financial year end and ends on the last Saturday in March of the next year. Accordingly, from time to time, the financial year accounting period covers a 53-week period, as it will in financial year 2018. Each financial year under review in this Offering Circular is a 52-week period.

The 2014 IPO Financial Statements were prepared for inclusion in the prospectus of B&M European Value Retail S.A. dated 12 June 2014 in connection with our initial public offering. With respect to the financial information for the financial year 2014 included in the 2014 IPO Financial Statements, such financial information was derived from the IFRS statutory financial statements and underlying financial information of B&M European Value Retail 1 S.à r.l. and its subsidiaries and prepared on the basis of accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, as set out more fully in note 2 to the 2014 IPO Financial Statements included elsewhere in this Offering Circular.

B&M European Value Retail 1 S.à r.l. became the direct wholly owned subsidiary of the Issuer as a result of the reorganisation of the Group after our initial public offering, and the Group now reports at the level of the Issuer (see note 1 to the Audited Financial Statements for the financial year 2015 for more information). As the Group's reported results for the financial year 2014 were prepared at a different level in the Group, and using a different basis of preparation to financial years 2015 and 2016, the financial information for the financial year 2014 may not be directly comparable with the financial information for the financial years 2015 and 2016, and period to period comparisons may be more difficult.

In addition, to eliminate the effects of foreign exchange rate fluctuations and therefore facilitate comparability of certain financial information across periods, certain financial information in this Offering Circular is presented on a "constant currency" basis. Financial information presented on constant currency basis involves restating the financial data from the prior period using the same exchange rate as used to translate the current period financial data.

Non-IFRS Information

This Offering Circular contains certain financial measures that are not defined or recognised under IFRS, including EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Profit Before Tax, UK Like-for-Like Revenue Growth, Underlying UK Like-for-Like Revenue Growth, Adjusted Operating Cash Flow and Cash Conversion.

EBITDA, Adjusted EBITDA and Related Margins

EBITDA represents operating profit before interest, tax, depreciation and amortisation. EBITDA Margin is defined as EBITDA expressed as a percentage of revenue (which excludes value added tax ("**VAT**")).

Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude items that we consider to be exceptional or non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals. Adjusted EBITDA Margin is defined as Adjusted EBITDA expressed as a percentage of revenue (which excludes VAT).

In this Offering Circular, the items of administrative expense under IFRS that we exclude from EBITDA in the calculation of Adjusted EBITDA during the periods under review are referred to as "Adjusting Cost Items".

We use EBITDA and Adjusted EBITDA as key performance indicators of our business. We use EBITDA and Adjusted EBITDA to manage our business including, among other things, to evaluate the performance of our operations, to develop budgets and to measure our performance against those budgets. We believe EBITDA and Adjusted EBITDA to be useful supplemental tools to assist in evaluating operating performance because, in the case of EBITDA, it eliminates depreciation and amortisation, and in the case of Adjusted EBITDA, it eliminates exceptional or non-trading items. We consider Adjusted EBITDA to provide additional useful information for prospective investors on our performance, enhances comparability from period to period, and is consistent with how business performance is measured internally. EBITDA, Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. In addition, we believe that EBITDA, Adjusted EBITDA and related measures are commonly reported by comparable businesses and used by investors and analysts in comparing the performance of businesses without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred). EBITDA, Adjusted EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements or the Unaudited Interim Financial Statements.

Adjusted Profit Before Tax

Adjusted Profit Before Tax is profit before tax adjusted to exclude items that we consider to be exceptional or non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals.

The items that we exclude from profit before tax are the Adjusted Cost Items (see "*—EBITDA, Adjusted EBITDA and Related Margins*") as well as certain items of finance costs and finance income that we consider to be exceptional or non-trading items. In this Offering Circular, the items of finance costs and finance expense under IFRS that we exclude from profit before tax under IFRS in the calculation of Adjusted Profit Before Tax during the periods under review are referred to as "Adjusting Interest Items".

We believe Adjusted Profit Before Tax is a useful supplemental tool as it eliminates items that we consider to be exceptional or non-trading items, in particular, during the periods under review, items related to our initial public offering and our previous financing structure. We consider Adjusted Profit Before Tax to provide additional useful information for prospective investors on our performance, and enhances comparability from period to period, and is consistent with how business performance is measured internally. Adjusted Profit Before Tax is not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. Adjusted Profit Before Tax may not be comparable to similarly titled measures disclosed by other companies and investors should not use this non-GAAP measure as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements or the Unaudited Interim Financial Statements.

UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth

UK Like-for-Like Revenue Growth is a comparison between two periods of our sales of all relevant B&M stores in the UK that were open for a minimum of one week in the first relevant period and not closed permanently by the end of the second relevant period. UK Like-for-Like Revenue includes each store's revenue for that part of the second relevant period that falls at least 14 months after that store opened and compares it to the revenue for the corresponding part of the previous relevant period. The 14 month approach has been taken as it excludes the two-month halo period which new stores experience upon opening. Underlying UK Like-for-Like Revenue includes UK Like-for-Like Revenue of all relevant B&M stores in the UK which have traded for over 14 months, but excludes stores that are within a three mile radius of a new B&M store opening for the first 12 months following the opening of that new store (i.e., cannibalisation effects). Three miles has been judged by management to be a conservative distance to use as the customer catchment area for a store. UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth each is expressed as a percentage. We do not report like-for-like revenue growth or underlying like-for-like revenue growth for the Jawoll stores in Germany.

Adjusted Operating Cash Flow and Cash Conversion Ratio

Adjusted Operating Cash Flow is defined as Adjusted EBITDA plus or minus the changes in Adjusted Working Capital less net cash capital expenditures.

Cash Conversion Ratio is defined as Adjusted Operating Cash Flow as a percentage of Adjusted EBITDA.

Working Capital is the sum of inventories, trade and other receivables, trade and other payables and provisions.

Adjusted Working Capital is Working Capital adjusted for any non-cash elements of the Adjusting Cost Items.

Other Financial and Operating Information

Net new stores is calculated as the number of new stores opened net of relocations and stores closed.

Operating expenses are calculated as administrative expenses, less Adjusting Cost Items.

Store Contribution is calculated as gross profit for a store, less its rent, service charges, landlords insurance, business rates, water rates, heat and light expenses, store wages and store administration costs.

Payback Period for a store or stores is calculated as the sum of capital expenditure and pre-opening costs for such store(s) divided by the sum of Store Contribution and the cash impact of any rent free periods for such store(s), expressed in months.

Payback Period Including Working Capital for a store or store(s) is calculated as the sum of capital expenditure, pre-opening costs and Working Capital (calculated as the average annual Working Capital of the Group for a given year expressed as a percentage of the Group's revenue for that year multiplied by the individual store's revenue) for such store(s) divided by the sum of Store Contribution and the cash impact of any rent free periods for such store(s), expressed in months.

As Adjusted Financial Information

We present in this Offering Circular certain financial information on an as adjusted basis to give effect to the Transactions, including financial data as adjusted to reflect the effect of the Transactions as if the Transactions had occurred as of September 24, 2016. See "*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*" and "*Capitalisation*" and for a description of the adjustments to give effect to the Transactions, including the issuance of the Notes offered hereby and the application of the proceeds thereof; see "*Use of Proceeds*". The as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the Transactions occurred on September 24, 2016, nor does it purport to project our indebtedness at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X of the US Securities Act, the Prospectus Directive, IFRS or any generally accepted accounting standards.

Other Information

Unless otherwise specified or the context otherwise requires, references in this Offering Circular to B&M stores herein are only to the Group's stores in the UK and references to Jawoll stores are only to the Group's stores in Germany.

Rounding

Certain figures in this document, including financial information, have been subject to rounding adjustments.

MARKET, ECONOMIC AND INDUSTRY DATA

Certain information contained in this Offering Circular relating to the general merchandise discount retail market and the industry in which we operate as well as certain economic and industry data and forecasts used in, and statements regarding our market position made in, this document were extracted or derived from other third party reports, market research, government and other publicly available information and independent industry publications, as the case may be, prepared by Euromonitor International, Kantar Worldpanel Data and PDIQ.

Certain information in this Offering Circular on the general merchandise discount retail market is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision. Any statements sourced from Euromonitor International regarding market data refer to data on estimated sales as of November 2016.

While we believe the third party information included in this Offering Circular to be reliable, we have not independently verified such third party information, and none of the Issuer or the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information as set forth in this document. We confirm that such third party information has been accurately reproduced, and so far as we are aware and are able to ascertain from information available from those publications, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the accuracy of such third party information is subject to availability and reliability of the data supporting such information and neither the information nor the underlying data has been independently verified. Additionally, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. We cannot therefore assure you of the accuracy and completeness of such information as it has not been independently verified.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Circular belongs to its holder.

TAX CONSIDERATIONS

Prospective investors in the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the offering. See "*Certain Tax Considerations*".

FORWARD-LOOKING STATEMENTS

Some of the statements under the headings "*Summary*", "*Risk Factors*", "*Industry*", "*Business*", "*Operating and Financial Review*" and elsewhere in this document include forward-looking statements that reflect our, our management's or third parties' current views with respect to, among other things the intentions, beliefs and current expectations of our business or management or such third parties concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies and dividend policy of our business and the industry in which it operates.

Statements that include the words "expects", "intends", "plans", "believes", "projects", "forecasts", "predicts", "assumes", "anticipates", "will", "targets", "aims", "may", "should", "shall", "would", "could", "continue", "risk" and similar statements of a future or forward-looking nature can be used to identify forward-looking statements.

All forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Undue reliance should not be placed on such forward looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond our control. Forward-looking statements are not guarantees of future performance or actual results of operations or financial condition, and the development of the sectors and industries in which we operate may differ materially from those indicated in or suggested by the forward-looking statements contained in this document. Accordingly, there are or will be known and unknown risks and uncertainties that could cause our actual results to differ materially from those indicated in or suggested by these statements. We believe that these risks and uncertainties include, but are not limited to, those described "*Risk Factors*", "*Industry*", "*Business*" and "*Operating and Financial Review*" and includes, among others, statements relating to:

- the macro-economic outlook in the UK and Germany;
- our strategy outlook and growth prospects;
- our ability to attract and retain key senior management and skilled personnel;
- our distribution centres, transportation fleet and supply chain;
- the effect of the UK referendum advising for the exit of the UK from the EU;
- exchange rate fluctuations;
- the nature of the competitive environment in which we operate;
- our performance during peak selling season;
- our leasehold property portfolio;
- our ability to predict and fulfil customer preferences or demand and manage our inventory efficiently;
- disruptions in the supply of our products from key suppliers;
- our exposure to product liability claims and other litigation;
- the reputation and value of the B&M and Jawoll brands;
- our information technology, network and communications systems;
- our ability to protect confidential information of customers and employees;
- the regulatory environment in the countries in which we operate, particularly with regard to employment-related regulations;
- the effect of natural disasters, pandemic outbreaks, terrorist acts, global political events and other unforeseen circumstances on our operations;
- our ability to maintain and enforce our intellectual property rights;
- concerns over any future acquisitions;
- changes in floating interest rates;

- our ability to obtain commercial insurance at acceptable prices;
- the default of counterparties in respect of monies and products owed to us;
- our level of indebtedness;
- risks associated with the Notes; and
- other factors discussed in this Offering Circular.

If one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, it could affect our ability to achieve our objectives and could cause our actual results of operations or financial condition to differ materially from those in the forward-looking statements. Any forward-looking statements in this document should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect current views with respect to future events and are subject to these and other risks, uncertainties and assumptions.

We, nor our management or any of the Initial Purchasers can give any assurances regarding the actual occurrence of the predicted developments upon which the forward-looking statements are based. We, our management and each of the Initial Purchasers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in our expectations or any change in events, conditions, or circumstances on which such statements are based.

We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or individuals acting on behalf of us are expressly qualified in their entirety by this section.

USE OF TERMS

Unless otherwise specified or the context requires otherwise in this Offering Circular, references to:

Collateral are to (i) pledges over all of the issued share capital of each Guarantor, (ii) fixed and floating charges over substantially all of the Guarantors' and the Issuer's property and assets in England pursuant to an English law debenture and (iii) pledges over certain bank accounts in Luxembourg of the Luxembourg Guarantors and the Issuer. See "*Description of the Notes—Security".*

Company, the ***Group***, ***we***, ***us*** and ***our*** are to the Issuer and its subsidiaries, except as otherwise indicated or where the context otherwise requires.

EEA are to the European Economic Area.

English Guarantors are to B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Limited and B&M Retail Limited.

EU are to the European Union.

Existing Facilities are to the Existing Term Loan A, the Existing Term Loan B and the Existing Revolving Facility.

Existing Revolving Facility are to the existing revolving facility under the Existing Senior Facilities Agreement.

Existing Senior Facilities Agreement are to the senior facilities agreement for the Existing Facilities dated 21 May 2014, among, *inter alios*, B&M European Value Retail Holdco 4 Ltd as original borrower, the Issuer as parent, Bank of America Merrill Lynch International Limited and Goldman Sachs Bank USA as coordinating mandated lead arrangers, the financial institutions specified therein as original lenders and Bank of America Merrill Lynch International Limited as agent, security agent and issuing bank.

Existing Term Loan A are to the £300 million existing Facility A under the Existing Senior Facilities Agreement.

Existing Term Loan B are to the existing £140 million Facility B under the Existing Senior Facilities Agreement.

FCMG are to fast moving consumer goods.

FSMA are to the Financial Services and Markets Act 2000.

Guarantees are to the guarantees of the Notes by the Guarantors.

Guarantors are to the English Guarantors and the Luxembourg Guarantors.

IFRS are to international financial reporting standards, as adopted by the EU.

Indenture are to the indenture governing the Notes to be dated the Issue Date, between, among others, the Issuer, the Guarantors and the Trustee.

Initial Purchasers are to Merrill Lynch International, HSBC Bank plc, Barclays Bank plc, BNP Paribas, Goldman Sachs International and Lloyds Bank plc.

Intercreditor Agreement are to the intercreditor agreement to be dated on or about the Issue Date, between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent and the financial institutions listed therein; see "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Issue Date are to the date of the issuance of the Notes.

Issuer are to B&M European Value Retail S.A., a Luxembourg public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with its registered office at 9, allée Scheffer L-2520 Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B 187275.

Jawoll are to J.A. Woll Handels GmbH and its subsidiaries.

Jawoll Option are to the option held by the Group to acquire the remaining 20% of Jawoll (and the corresponding option held by the Jawoll management owners to put the remaining 20% to the Group) each of which is exercisable in 2019.

Luxembourg Guarantors are to B&M European Value Retail 1 S.à r.l. and B&M European Value Retail 2 S.à r.l.

Multi-Lines are to Multi-Lines International Company Ltd, our Hong Kong based joint venture sourcing company in which we own a 50% interest alongside its Hong Kong management.

New Facilities are to the New Term Loan A and the New Revolving Facility.

New Revolving Facility are to the £150 million Revolving Facility under the New Senior Facilities Agreement.

New Senior Facilities Agreement are to the senior facilities agreement for the New Facilities dated January 23, 2017, among, *inter alios*, B&M European Value Retail Holdco 4 Ltd as original borrower, the Issuer as parent, Bank of America Merrill Lynch International Limited and HSBC Bank plc as global coordinators, the financial institutions specified therein as original lenders, Bank of America Merrill Lynch International Limited as agent and Deutsche Bank AG, London Branch as security agent. See "*Description of Certain Financing Arrangements—New Senior Facilities Agreement*".

New Term Loan A are to the £300 million Facility A under the New Senior Facilities Agreement.

Non-Guarantor Subsidiaries are to subsidiaries of the Issuer that are not Guarantors.

Notes are to the £250 million 4.125% Senior Secured Notes due 2022 to be issued by the Issuer under the Indenture in the offering.

Pound, ***Pounds Sterling***, ***U.K. pound*** *or* ***£*** mean the lawful currency of the United Kingdom.

Security Agent are to Deutsche Bank AG, London Branch.

Security Documents are to the security agreements defining the terms of the Collateral that secures the Notes, the New Senior Facilities Agreement and the Guarantees.

SKUs are to stock keeping units.

Trustee are to Deutsche Trustee Company Limited.

Transactions are to the offering of the Notes hereby, the consummation of the refinancing of the Existing Facilities, and the other actions described under "The Transactions", including the entry into the New Senior Facilities Agreement.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, all references to "$", "US$" or "U.S. dollars" are to the lawful currency of the United States of America and all references to "€ " or "Euros" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

The tables below set forth the pounds sterling versus the U.S. dollar exchange rates as certified by Bloomberg. We do not represent that the U.S. dollar amounts referred to below could have been or could be converted into pounds sterling at any particular rate indicated or at any other rate. The rates below may differ from the rates used in the financial information appearing in this document.

The table below shows the high and low Bloomberg rates for pounds sterling versus the U.S. dollar for each respective year and the rate at the end of the year. The average amounts set forth below under "Average" are calculated as the average of Bloomberg rates for pounds sterling versus the U.S. dollar on the last business day of each month for each respective year.

Period	Low	High	Average	End of Year
	(U.S. dollars per pounds sterling)			
2012	1.5295	1.6276	1.5852	1.6242
2013	1.4858	1.6566	1.5648	1.6566
2014	1.5515	1.7165	1.6474	1.5581
2015	1.4654	1.5872	1.5283	1.4734
2016	1.2158	1.4810	1.3554	1.2345

The table below shows the high and low Bloomberg rates for pounds sterling versus the U.S. dollar for each month during the three full months prior to the date of this document:

	High	Low
	(U.S. dollars per pounds sterling)	
October 2016	1.2854	1.2158
November 2016	1.2601	1.2236
December 2016	1.2720	1.2226
January 2017 (as of January 25, 2017)	1.2607	1.2068

The pounds sterling versus the U.S. dollar Bloomberg exchange rate on January 25, 2017 was U.S.$1.2607 per £1.00.

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SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. The information set forth in this summary does not contain all the information you should consider before making your investment decision. You should carefully read the entire Offering Circular, including the section "*Risk Factors*" and our consolidated financial statements and related notes, which is included elsewhere in this Offering Circular, before making your investment decision. This summary contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly in the future as a result of factors such as those set forth in "*Risk Factors*" and "*Forward-Looking Statements*".

Unless the context otherwise requires, all references herein to "***we***", "***our***", "***us***" and the "***Company***" are to the Issuer and its direct and indirect subsidiaries, except as otherwise indicated or where the context otherwise requires.

Overview

We are one of the leading limited assortment discount retailers in the UK based on number of stores and sales, with a growing presence in Germany through our 80% owned subsidiary Jawoll. We trade under the B&M brand in the UK and Jawoll brand in Germany.

For the 52 weeks ended September 24, 2016, we generated revenue and Adjusted EBITDA of £2,210.8 million and £215.1 million, respectively. For the financial six months 2017, we generated revenue and Adjusted EBITDA of £1,105.9 million and £99.2 million, respectively. For the financial six months 2016, we generated revenue and Adjusted EBITDA of £930.3 million and £86.6 million, respectively. For the financial year 2016, we generated revenue and Adjusted EBITDA of £2,035.3 million and £202.5 million, respectively, as compared to £1,272.0 million and £130.4 million, respectively, for the financial year 2014. Since 2014, we have grown our portfolio of stores from 373 B&M stores in the UK and, following our acquisition of an 80% shareholding in Jawoll in 2015, 49 Jawoll stores in Germany, to 533 B&M stores in the UK and 73 Jawoll stores in Germany as of December 26, 2016. As of September 24, 2016, we employed over 25,000 employees, including part-time employees. As of January 20, 2017, our market capitalisation was £2,992.0 million. Our UK business is one of the largest companies in the fast growing general merchandise discount retail market in the UK, which we believe is having a disruptive impact on the overall UK retail market. We believe that our stores offer a compelling customer proposition, combining leading branded fast-moving consumer goods ("**FMCG**") products at attractive prices with a strong non-grocery product offering which together deliver great value to customers over a wide range of price points.

In both our B&M stores in the UK and our Jawoll stores in Germany we stock a mix of grocery (typically branded FMCG products) and non-grocery products. In the UK we maintain a very disciplined approach to inventory management, stocking around 6,000 live SKUs and maintaining inventory lead times of approximately 13 weeks, allowing us to focus on the most profitable and fast-moving lines. We operate a flexible store format and our dynamic trading strategy flexes our product ranges regularly to take advantage of seasonal shifts in customer demand over the course of each year. Under this flexible category and space management model, the layout and SKU range of each B&M store is regularly adjusted in order to maximise the space allocated to seasonal and other faster-moving merchandise. We believe our stores compete across the UK and German grocery, specialist and general merchandise discount retail markets (the "**UK Addressable Market**" and "**German Addressable Market**", respectively). Within the UK Addressable Market, we particularly focus on the fragmented UK specialty retail segment, which generated an estimated £130 billion in retail value sales in 2016, according to Euromonitor International.

We are currently in the process of rolling out best practices from our UK model to our German business while continuing to take advantage of Jawoll's local management's expertise and success. Since we acquired an 80% shareholding in Jawoll in 2014, we have progressively reduced the number of live SKUs (currently approximately 10,000 live SKUs, down from approximately 15,000 in 2014), introduced some smaller store formats and enhanced stock management principles, while continuing to grow the business and generate attractive returns.

Our product offering consists of a range of approximately 6,000 live SKUs in our B&M stores and 10,000 live SKUs in our Jawoll stores, across grocery and general merchandise products:

- *Grocery products* principally consist of branded FMCG products (such as food, confectionary, soft drinks, alcohol and toiletries) at competitive prices. A high proportion of B&M stores' grocery products are branded and sourced directly from leading FMCG suppliers (such as Procter & Gamble, Unilever, Mondelez and Nestlé), with whom we maintain strong relationships. We deliver significant savings to the customer when compared to comparable products from other retailers.

- *General merchandise products* consist of a broad range of higher-value products including housewares, electrical, gardening, toys, pet care and seasonal products. The broad choice of products at good value, with a rapid turnover of seasonal products and flexible store layouts to take advantage of seasonal shifts in customer demand, all supported by our direct sourcing model, enables us to offer our general merchandise products at a significant discount relative to our specialist retailer competition.

We believe our sourcing model gives us a significant competitive advantage, by allowing us to leverage relationships and reduce margins. Our grocery products are typically sourced directly from global FMCG manufacturers, who we work with to enable us to focus on best-selling products. Within our non-grocery product categories, we have established a strong network of suppliers in the Far East (principally China), either directly through a network of over 600 manufacturers, or through our Hong Kong based joint venture company, Multi-Lines, that allows us to bypass domestic importers and distributors. We have a well-developed Far East sourcing process that enables us to respond quickly to consumer taste. We have developed a strong and well-resourced in-house buying team, composed of over 180 people as of September 24, 2016, that leverages our strong supplier relationships to make informed sourcing decisions. This platform, as well as a highly focused approach to SKU count and disruptive pricing, allows us to deliver great value for money to customers, which we believe has enabled us to attract and develop a broad and loyal customer base.

Our Competitive Strengths

We believe that we have a competitive advantage because of the following key strengths, which will enable us to take advantage of current and future growth opportunities:

Unique, disruptive business model focused on sourcing discipline and cost efficiency

Our business model enables us to provide superior value to our customers by offering high quality products at significant discounts to our competitors. We are able to compete effectively on price through our ability to source products directly from our suppliers in a cost efficient and dynamic manner.

As part of our sourcing strategy, we purchase a large share of our products directly from the manufacturer. By disintermediating the wholesale chain, we believe that we are able to reduce costs, enabling us to charge lower prices than our competition. We believe that such a disruptive approach provides us with a competitive advantage and allows us to keep offering value to our customers. Our scale and strong growth over a number of years makes us an attractive counterparty for major branded FMCG producers.

Our products are high-quality, and either branded (in the case of grocery and specific portions of the general merchandise product category, such as toys) or unbranded (in the case of the rest of the general merchandise products). Our close relationships with our suppliers mean that we are able to bring new SKUs to market rapidly, enabling us to move our inventory efficiently.

We have a strong buying team consisting of over 180 people responsible for managing a concentrated portfolio of live SKUs that is strictly monitored frequently to generate optimal returns, with a focus on constant replacement of slow-moving products. This disciplined range management is a large contributor to the introduction of approximately 100 new live SKUs in B&M stores every week.

Our live SKUs count per product category is typically much lower than specialist retailers. Our disciplined approach requires our buyers to focus on "best sellers" which, along with the higher volume for the selected SKUs, creates buying power, allowing us to benefit from advantageous buying terms with suppliers.

In the UK, we have also developed a stable of our own private-label brands that builds on our direct sourcing relationships and strong design expertise within our in-house product design team. It can take us less than nine weeks to go from initial design to selling the item at B&M stores in the UK, underpinning our ability to bring new products to market quickly. We are currently in the process of introducing best practices from our UK model to our Jawoll business which now has access to, and has begun to draw upon, our Far East supply chain and are imposing a more disciplined approach to managing its live SKUs.

We actively adjust our store floor space throughout the year so that our product offering is favourably aligned to seasonal trading patterns. For example, during the Spring/Summer season, we tailor our product offering and floor space to offer a compelling range of gardening and outdoor products, while in the late summer and autumn we focus on back-to-school, Halloween and Christmas products. This allows us to avoid seasonal low trading periods, unlike single category specialist retailers whose product offering is largely fixed throughout the year. We believe that because we offer a particular season's most sought-after products, we demonstrate less seasonality than many other retailers, and are therefore able to be profitable in all quarters of a year.

Structurally attractive market, benefiting from supportive consumer behaviour

The UK Addressable Market is large, estimated at approximately £7 billion for general merchandise discount retailers, £164 billion for grocery retailers, and £130 billion for specialist retailers in 2016, according to Euromonitor International. Discounters are underpenetrating total grocery retailing in the UK (approximately 8% penetration rate in the UK, compared with 8% in France, 12% in Italy and 35% in Germany), offering clear growth opportunities for us (Source: Euromonitor International).

Growth in the UK general merchandise discount retail sector outpaced growth in the general UK retail market, with a 9.0% CAGR over the period 2011-2016 (as compared to a 1.0% CAGR for the general UK retail market) (source: Euromonitor International), driven by positive trends on both the demand side (consumer income squeeze, demand for convenience/ease of shopping) and the supply side (availability of low-cost real estate and support from FMCG manufacturers). Additionally we believe that the general merchandise discount retail sector is generally resilient to changes in economic cycles.

We have seen a tangible shift in consumer behaviour in recent years, with more evident focus on value for money in everyday shopping, similar to the experience of other sectors (low-cost airlines, online marketplaces, shared services). On that basis, we believe that we benefit by a shift from specialist retailers during challenging economic periods, and growth in footfall during more benign economic periods.

Increasing national and international footprint, warehouse capacity, and a record of quick payback periods for new store openings

Since the Group was acquired by Simon and Bobby Arora in December 2004, we have expanded our store network from 21 stores to 533 stores in the UK as of December 26, 2016. We believe that there is scope to grow to 850 B&M stores in the UK.

The capital expenditure requirements for our store expansion programme are small, as we have minimal needs within each store (especially as we have no requirements for refrigeration). We typically invest approximately £0.5 million per B&M store, which have a fast payback profile. In recent years, B&M stores opened in the UK had an average Payback Period of approximately 8 months and an average Payback Period Including Working Capital of approximately 15 months. We believe that these are among the leading payback periods in the UK retail market.

Since our acquisition of an 80% shareholding in Jawoll, we have expanded Jawoll's store portfolio from 49 as at March 29, 2014 to 73 as at December 26, 2016. We currently expect to open 19 net new Jawoll stores (10 organically and 9 through acquisition) during the financial year 2017. We intend to continue to grow our international business, in Germany and other European markets, through careful investments and adopting best practices from both the UK and local management.

In the UK, we operate a well-invested warehouse and distribution system for our B&M stores that consists of four principal distribution centres located in Speke (two centres), Middlewich and Runcorn, as well as two secondary distribution centres located in Knowsley and Blackpool. We also operate an in-house fleet of heavy goods vehicles for B&M store deliveries and intra-warehouse transfers in the UK. We have also invested in our warehouse infrastructure in Germany to enable the expansion of the Jawoll offering (transport services in Germany are subcontracted). We believe that our existing warehouse and distribution capacity will support our current growth trajectory in both the UK and Germany for 18 months without the need for additional investment.

Track record of profitable growth and cash generation

We have generated strong revenue and Adjusted EBITDA growth over the last three financial years. Revenues grew from £1,272.0 million for the financial year 2014 to £2,035.3 million for the financial year 2016 (a CAGR of 26.5%). Adjusted EBITDA grew from £130.4 million for the financial year 2014 to £202.5 million for the financial year 2016 (a CAGR of 24.6%).

The rapid growth in revenue has been accompanied by a consistently strong performance in EBITDA margin, growing from 8.9% for the financial year 2014 to 9.6% for the financial year 2016. Adjusted EBITDA margin has remained strong, at 10.2% for the financial year 2014 and 9.9% for the financial year 2016.

The strong growth in revenue and EBITDA was driven primarily by new store openings and positive UK Like-for-Like Revenue Growth across the UK store network. UK Like-for-Like Revenue Growth was 0.9%, 4.9% and 7.2% in the financial years 2016, 2015 and 2014, respectively. Underlying UK Like-for-Like Revenue Growth was 2.4% in the financial year 2016. New store openings during this period were entirely financed by internal cash flow generated from operations.

We benefit from strong cash generation primarily due to our low capital expenditure model and fast inventory turnover. B&M stores are welcoming and easy-to-shop but require limited recurring maintenance capital due to their functional nature. Despite the growth of the B&M store portfolio over the period, Adjusted Operating Cash Flow grew from £74.8 million for the financial year 2014 to £124.2 million for the financial year 2016.

In addition to financing the opening of new B&M and Jawoll stores, we have made effective investments in our central functions, as we further developed our business processes, infrastructure and product offering.

Experienced management team with a demonstrated record of success

We have a highly experienced management team led by the Arora brothers who acquired the company in 2004. Simon Arora has been CEO since the acquisition in 2004. Sir Terry Leahy, the non-executive Chairman, spent 32 years at Tesco, acting as CEO from 1997 to 2011. Paul McDonald (CFO), Bobby Arora (Trading Director), Martin Roberts (Operations Director) and Andy Monk (Supply Chain Director) all have between 20 and 30 years' experience in retail.

The Group's senior management has been supported by a large, well trained employee base that includes high quality buying, retail and operational teams. Many of our buyers have experience with other leading specialist retailers, giving us access to many of the same sources of supply, and helping us to compete on price while delivering on comparable quality.

Our Strategy

Our strategic objective is to build upon our existing position as a leading limited assortment discount retailer to deliver superior value for our customers, to focus on operational excellence, to invest in new stores and to grow internationally.

Delivering great value for our customers

We intend to continue executing our core strategy of providing customers with great value for money across a broad range of product categories and also a fun and appealing shopping experience so that customers will want to return to our stores. Our disruptive pricing, unique sourcing model and SKU discipline help us deliver this appealing proposition to our customers. The success of our model is demonstrated by our UK Like-for-Like Revenue Growth and the speed with which our new stores pay back the initial investment.

Drive operations to generate attractive returns and growth

We intend to continue developing our efficient, flexible and agile business operations that allow us to deliver attractive returns and generate cash flow that can be reinvested for growth.

In each of our stores, we work actively to generate the optimum sales for the given floor space. We do this by changing the layout of our products frequently and bringing key items into the optimum sales areas in the given floor space to cover seasonal variations. For example, we are able to flex floor space to address seasonal demand such as gardening equipment in the spring, back-to-school in late summer and autumn and toys at Christmas. Our flexible approach allows us to be profitable throughout the year, unlike many retailers.

Our IT systems allow managers to see selling hotspots within the overall inventory while on the shop floor, as well as facilitating our automatic re-stocking system that enables us to reinforce successful product lines.

Our inventory discipline limits us to an average of 6,000 live SKUs per B&M store (significantly lower than most major UK retailers) and 10,000 live SKUs per Jawoll store, which allows us to buy significant volumes per SKU, and therefore obtain competitive terms from suppliers. We also impose strong turnover discipline to remove SKUs that underperform. Our experienced buying team focuses on locating the best opportunities, helping to maximise returns. In addition, the smaller number of SKUs also allows us to run more efficient logistics and distribution centres.

We are also implementing best practices from our UK operations in Germany, allowing us to share our experience with our Jawoll management team while taking advantage of their knowledge of the German market and consumer tastes.

Careful and efficient investment in new stores

New stores remain the key driver of the Group's revenue and earnings growth. As of December 26, 2016, our store portfolio was 533 stores in the UK and 73 stores in Germany. Our strategy is to continue growing both our UK and German store portfolios. In the financial year 2016, we opened a net 74 new stores in the UK and a further 6 new stores in Germany. Based on third party data and our own analysis of the market, we believe that there is scope to grow to around 850 B&M stores in the UK, with average new store openings of 40-50 stores per annum.

We base our investment decisions on stringent investment criteria (such as capital expenditure required, sales, operating costs and rent) leading to a short average Payback Period, which in the UK is currently approximately 8 months, or 15 months for Payback Period Including Working Capital.

Currently, our UK portfolio is concentrated in the North and Midlands in England, as well as Scotland, Wales and Northern Ireland. We are currently growing our presence in East Anglia and the Southwest of England and we anticipate further growth in areas where we are similarly under represented, such as the Southeast of England as well as in-fill opportunities in other regions. In Germany, our portfolio is concentrated in the north-central region of the country, and we believe that there are significant opportunities elsewhere in the country for us to expand. In both the UK and Germany, we expect to grow through opening stores organically, the acquisition of bundles of stores being disposed of by other retailers, or bolt-on acquisition opportunities that meet our return requirements.

We believe that our growth is helpful in generating scale and efficiency, and helps us to attract better terms from suppliers who are eager to work with us. We are increasingly focused on working with retail property developers to design and build new stores specifically for us, often on retail park locations alongside one or more other retailers.

In addition, we are continuing to invest carefully in the efficiency of our warehouses. We estimate that we have sufficient capacity to support at least the next 18 months of projected store roll-out both in the UK and in Germany.

Develop our international business

We intend to continue to grow our international business through careful investments and by adopting best practices from both the UK and local management. Currently, our only international investment is in Germany, which is a large, highly fragmented and underserved market for our variety retailing format. Additionally, the German market has an intrinsic strong discount culture and similar consumer tastes to the UK, allowing us to deploy our disruptive business model outside the UK.

Our strategy in Germany is to bring the Jawoll business closer to the B&M model in terms of sourcing, assortment and store format, while reflecting local management experience and consumer tastes. Going forward, there are three key areas which we are focusing on as we prepare for more expansion:

- Increasing access for Jawoll's buyers to the B&M buying model in the Far East giving it the benefit of scale while also catering to German retail preferences;
- Reducing the number of SKUs at Jawoll to help benefit from B&M's SKU discipline; and
- Continuing the successful roll-out of smaller stores that are closer to the operating model of B&M.

We plan to open 19 Jawoll stores (10 organically and 9 through acquisition) in financial year 2017.

While our focus is primarily on the UK and Germany, we actively consider investments in other international jurisdictions where we would be able to benefit from a local culture of discount retailing, an opportunity to apply the B&M model and a strong management team with a track record of successful operation in the local retail market.

Recent Trading and Developments

For the third quarter of financial year 2017 (relating, in the UK, to the period from September 25, 2016 to December 24, 2016, and in Germany, to the period from October 1, 2016 to December 31, 2016), the Group generated revenue of £789.1 million, a 21.8% increase from the corresponding period in financial year 2016 on an actual currency basis, when Group revenue totalled £647.8 million.

In the UK, we opened 14 net new B&M stores during the third quarter. The Group's B&M stores generated revenue of £741.4 million in the third quarter of financial year 2017, a 20.7% increase from the corresponding period in financial year 2016, when our revenue in the UK was £614.5 million. UK Like-for-Like Revenue Growth in the third quarter was 7.2%, and Underlying UK Like-for-Like Revenue Growth (which excludes cannibalisation effects) was 8.4%. The stronger UK Like-for-Like Revenue Growth in the third quarter of financial year 2017 reflected several factors, including strong seasonal product performance, improved in-store standards for customers and the improved operational performance from our two new distribution centres as compared to the corresponding period of financial year 2016. We also benefited from an extra day of trading in the third quarter of financial year 2017 as compared to the corresponding period of financial year 2016, which improved UK Like-for-Like Revenue Growth by 1.1% as compared to the third quarter of financial year 2016. That timing benefit will unwind in the fourth quarter of financial year 2017.

In Germany, we opened seven net new Jawoll stores in the third quarter. The Group's Jawoll stores generated revenue of £47.7 million in the third quarter of financial year 2017, a 43.2% increase from the corresponding period in financial year 2016 on an actual currency basis, when our revenue in Germany was £33.3 million.

History and Development of the Group

The first B&M store was opened in Blackpool, UK in 1976. In December 2004, the Group was acquired by the Aroras, and subsequently Simon Arora became the Chief Executive Officer with Bobby Arora becoming the Trading Director. Following the change in ownership, the Arora family significantly re-invented the Group's business model, in effect founding a new business.

Investment funds managed by Clayton, Dubilier & Rice, LLC ("CD&R") acquired a majority stake in the Group in March 2013 and Sir Terry Leahy was appointed as Chairman. Sir Terry Leahy has extensive retail experience, having previously served as Chief Executive Officer of Tesco from 1997 to 2011, during the period in which Tesco became one of the largest retailers in the world.

In April 2014, the Group acquired an 80% shareholding in Jawoll, a discount retail store operator headquartered in Soltau, north-west Germany, which owned and operated 49 stores.

In June 2014 the Issuer was listed on the London Stock Exchange and in June 2015 the Issuer was admitted to the FTSE 250 index.

In April 2016, the Group opened its 500th B&M store in the UK, and in December 2016 the Group opened its 533rd B&M store in the UK and its 73rd Jawoll store in Germany.

The Transactions

On the Issue Date, the Issuer will issue the Notes offered hereby and refinance its Existing Facilities (comprising the Existing Revolving Facility, Existing Term Loan A and Existing Term Loan B) with the proceeds from the New Term Loan A and the Notes. The New Facilities will comprise the £150 million New Revolving Facility and the £300 million New Term Loan A. As described further in "*Use of Proceeds*", the proceeds of the New Facilities and the Notes will also be used to pay fees and expenses incurred in connection with the foregoing, including fees and expenses incurred in connection with the offering, and for general corporate purposes, including acquisitions. See also "*Description of Certain Financing Arrangements*". All security interests granted in connection with the Existing Senior Facilities Agreement will be released simultaneously upon the completion of the Transactions.

Use of Proceeds

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the offering of the Notes, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including actual fees and expenses, the actual amount of indebtedness and the actual Issue Date.

Sources	(£ millions)	Uses	(£ millions)
Notes offered hereby	250.0	Repayment of Existing Term Loan A(1)	300.0
New Term Loan A	300.0	Repayment of Existing Term Loan B(2)	140.0
		Transaction fees and expenses(3)	6.0
		Cash to balance sheet	104.0
Total Sources	**550.0**	**Total Uses**	**550.0**

(1) Represents the aggregate principal amount outstanding under the Existing Term Loan A. Excludes accrued and unpaid interest to the Issue Date. We expect to repay all amounts outstanding under the Existing Term Loan A with proceeds of the New Term Loan A drawn on the Issue Date.

(2) Represents the aggregate principal amount outstanding under the Existing Term Loan B. Excludes accrued and unpaid interest to the Issue Date. On the Issue Date, we expect to repay all amounts outstanding under the Existing Term Loan B using part of the proceeds of the offering of the Notes.

(3) Represents estimated fees and expenses associated with the Transactions, including fees related to the New Facilities, Initial Purchasers' fees and other transaction costs and professional fees.

The Issuer

The Issuer is B&M European Value Retail S.A., a Luxembourg public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg with registration number B 187275. The Issuer's registered office is 9, allée Scheffer L-2520 Luxembourg. The Issuer was incorporated for an unlimited duration on May 19, 2014. The Issuer is listed in the premium listing segment of the Official List of the Main Market of the London Stock Exchange and trades under the symbol BME:LN.

The Issuer is managed by a board of directors, currently consisting of a total of eight executive and non-executive directors, appointed until the annual meeting of shareholders to be held in July 2017. The current directors are Sir Terence (Terry) Patrick Leahy (Non-executive Chairman), Sundeep (Simon) Arora (Executive), Paul Andrew McDonald (Executive), Henricus (Harry) Brouwer (Non-executive), Kathleen Rose Guion (Non-executive), Thomas Martin Hübner (Non-executive—Senior Independent Director), Ronald (Ron) Thomas McMillan (Non-executive) and David Andrew Novak (Non-executive).

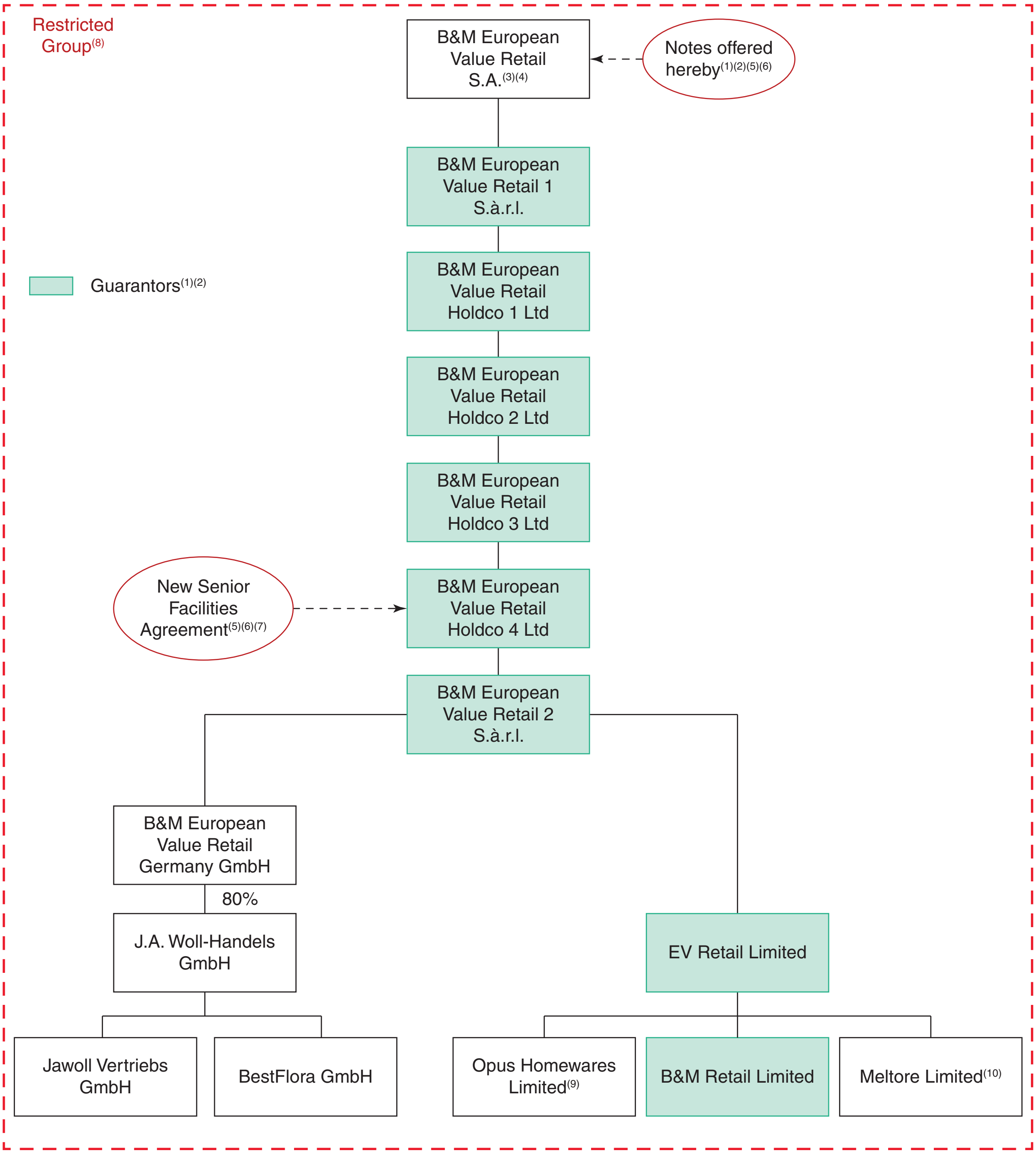
The Issuer's corporate purpose is described in article 3 of its articles of association and provides in particular that the Issuer may enter into the following transactions: to borrow money in any form or to obtain any form of credit and raise funds through, including, but not limited to, the issue of shares, bonds, notes, promissory notes, certificates and other debt instruments or debt securities, convertible or not, or the use of financial derivatives or otherwise.

The Issuer's fiscal year for Luxembourg corporate purposes begins on April 1 of each year and ends March 31 of the next year.

The share capital of the Issuer is set at one hundred million pound sterling (£100,000,000), represented by one billion (1,000,000,000) shares in registered form, having a nominal value of ten pence sterling (£0.10) each and is fully paid up.

Corporate and Financing Structure

The following chart shows a summary of our corporate structure as of the Issue Date, upon giving effect to the Transactions. For a summary of the debt obligations referenced in this diagram, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes*":



(1) On the Issue Date, the Notes will be guaranteed on a senior basis by the Guarantors.

(2) The Notes will rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer and the Guarantors that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the New Senior Facilities Agreement. As of September 24, 2016, the Guarantors and the Issuer represented 92.1% of the total assets of the Group on a consolidated basis. For the financial six months 2017, the Guarantors and the Issuer were responsible for 91.2% of the Group's total Adjusted EBITDA on the same consolidated basis.

(3) Our corporate headquarters for B&M are in Liverpool, England and our corporate headquarters for Jawoll are in Soltau, Germany.

(4) The Issuer is organised as a public limited liability company (*société anonyme*) under the laws of Luxembourg. The Issuer's registered office is located at 9, allée Scheffer L-2520 Luxembourg. The Issuer is registered with the Luxembourg Register of Commerce and Companies under number B 187275.
(5) We expect to use the proceeds of the Notes and the New Term Loan A, (i) to repay all amounts outstanding under the Existing Facilities, including all accrued and unpaid interest thereon, on the Issue Date; (ii) to pay associated fees and expenses and (iii) for general corporate purposes, including acquisitions. See "*Use of Proceeds*".
(6) On or prior to the Issue Date, the Notes and obligations under the New Senior Facilities Agreement will be secured, subject to the terms of the security documents, on a first-priority basis (by virtue of the Intercreditor Agreement) by the Collateral, which comprises of (i) an English law debenture, (ii) Luxembourg law bank account pledges and (iii) Luxembourg law share pledges, in each case as more specifically described under "*Description of the Notes—Security*".
(7) On or prior to the Issue Date, the Issuer and Guarantors will enter into the New Senior Facilities Agreement. The New Senior Facilities Agreement will provide for the New Term Loan A and the New Revolving Facility. On the Issue Date, the New Term Loan A will be used to refinance the Existing Term Loan A. See "*Description of Certain Financing Arrangements—New Senior Facilities Agreement*".
(8) The entities in the "Restricted Group" will be subject to the covenants in the New Senior Facilities Agreement and the Indenture.
(9) As of the Issue Date, Opus Homewares Limited is a dormant entity.
(10) As of the Issue Date, Meltore Limited is in the process of being wound up.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. It may not contain all the information that is important to you. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Description of the Notes" section of this Offering Circular for a more detailed description of the terms and conditions of the Notes.

Issuer	B&M European Value Retail S.A., organised under the laws of Luxembourg as a *société anonyme* (the "**Issuer**").
Guarantors	Upon issuance, the Notes will be guaranteed (the "**Guarantees**" and, each, a "**Guarantee**") on a senior secured basis by B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Limited and B&M Retail Limited. (together, the "**Guarantors**").
Notes Offered	£250,000,000 aggregate principal amount of 4.125% Senior Secured Notes due 2022 (the "**Notes**").
Issue Date	February 2, 2017.
Maturity Date	February 1, 2022.
Issue Price	100.000%, plus accrued and unpaid interest, if any, from the Issue Date.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 2017. Interest on the Notes will accrue from the Issue Date.
Denominations	Each Note will have a minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof. Notes in denominations of less than £100,000 will not be available.
Ranking of the Notes	The Notes: • will be senior secured obligations of the Issuer; • will be secured on a first-priority basis; • will rank pari passu in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Issuer's obligations in respect of the New Senior Facilities Agreement as guarantor thereunder; • will rank senior in right of payment to any existing and any future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; • will be guaranteed on a senior basis by the Guarantors, which guarantees may be subject to the guarantee limitations as described in "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*"; and

- will be structurally subordinated to any existing and future indebtedness of the Issuer's subsidiaries that are not Guarantors.

Ranking of the Guarantees .... After the Issue Date, the Guarantee of each Guarantor:

- will be senior secured obligations of the relevant Guarantor;
- will be secured on a first-priority basis;
- will rank pari passu in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated in right of payment to the relevant Guarantee, including obligations owed to lenders under the New Senior Facilities Agreement;
- will rank senior in right of payment to any existing and any future indebtedness of that Guarantor that is subordinated in right of payment to the relevant Guarantee;
- will be effectively senior in right of payment to any existing or future unsecured obligations of that Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the relevant Guarantee; and
- will be structurally subordinated to any existing and future indebtedness of such Guarantor's subsidiaries that are not Guarantors.

Security .... On the Issue Date, the Notes will be secured by:

(1) pledges over all of the issued share capital of each Guarantor;

(2) fixed and floating charges over substantially all of the Guarantors' and the Issuer's property and assets in England pursuant to an English law debenture; and

(3) pledges over certain bank accounts in Luxembourg of the Luxembourg Guarantors and the Issuer (together, the "**Collateral**").

The Collateral will also secure the liabilities under the New Senior Facilities Agreement and may secure certain hedging obligations and certain other future indebtedness. Any proceeds received upon any enforcement over any Collateral will be applied pro rata in payment of all liabilities in respect of obligations under the New Senior Facilities Agreement, such hedging obligations (if any), the indenture governing the Notes (the "**Indenture**"), the Notes and any other indebtedness of the Issuer or its restricted subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

Optional Redemption .... At any time on and after February 1, 2019, the Issuer will be entitled to redeem, at its option, all or a portion of the Notes at the redemption prices described under "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date.

Prior to February 1, 2019, the Issuer may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus a "make-whole" premium as described under "*Description of the Notes—Optional Redemption*," plus accrued and unpaid interest to the redemption date.

Prior to February 1, 2019 the Issuer may, at its option, and on one or more occasions, redeem up to 40% of the original aggregate principal amount of the Notes (including Additional Notes) with funds in an equal

	aggregate amount not exceeding the aggregate net cash proceeds of one or more equity offerings, at a redemption price equal to % of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date, so long as at least 60% of the original aggregate principal amount of the Notes (including Additional Notes) remains outstanding immediately after the redemption. Any amount payable in any such redemption may be funded from any source. In connection with any tender for the Notes, if holders of not less than 90% in the aggregate principal amount of the outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any other person making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes that remain outstanding following such purchase at a price in cash equal to the price offered to each holder in such tender offer, plus accrued and unpaid interest to the redemption date. See "*Description of Notes—Optional Redemption*".
Redemption for Tax Reasons	If certain changes in the law of any Relevant Taxing Jurisdiction (as defined in the Description of the Notes) are announced, enacted or become effective on or after the date of this Offering Circular that would impose withholding taxes or other deductions on the payments on the Notes or any Guarantee, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Optional Redemption for Changes in Withholding Taxes*".
Additional Amounts	Any payments made by the Issuer or any Guarantor under or with respect to the Notes or any Guarantee will be made without withholding or deduction for taxes imposed or levied by any Relevant Taxing Jurisdiction, unless required by law or regulation. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or a Guarantee, subject to certain exceptions, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary so that the net amount received by the holders of the Notes after such withholding or deduction is not less than the amount that they would have received in the absence of such withholding or deduction. See "*Description of the Notes—Additional Amounts*".
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all or any part of the outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest to the date of such repurchase. "*Description of the Notes—Change of Control*".
Certain Covenants	The Indenture governing the Notes will contain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to, among other things: • incur additional indebtedness; • create liens;

- pay dividends, redeem capital stock or make certain other restricted payments or investments;
- enter into agreements that restrict dividends from restricted subsidiaries;
- sell assets, including capital stock of restricted subsidiaries;
- impair the security interests for the benefit of the holders of the Notes;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions and certain of them will be suspended if and when, and for so long as, the Notes are rated investment grade. For more details see "*Description of the Notes—Certain Covenants*".

Intercreditor Agreement .... On the Issue Date, the Trustee, the Security Agent and certain other parties will enter into an intercreditor agreement (the "**Intercreditor Agreement**"), which will govern the relative rights of the obligors and creditors under certain of our existing and future financing arrangements (including the New Senior Facilities Agreement, the Notes and certain hedging obligations). Among other things, with respect to such indebtedness, the Intercreditor Agreement will regulate its relative priority, the ranking of security interests from which it benefits, the timing of payments, enforcement procedures and release of guarantees and security interests as well as providing for the subordination of certain of our indebtedness and turnover, equalisation and redistribution provisions. For more information, see "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Use of Proceeds .... We estimate that the gross proceeds from the offering of the Notes will be approximately £250 million. We expect to use the proceeds of the offering of the Notes, the New Term Loan A and cash on balance sheet (i) to repay all amounts outstanding under the Existing Facilities, including all accrued and unpaid interest thereon, on the Issue Date; (ii) to pay associated fees and expenses and (iii) for general corporate purposes, including acquisitions. See "*Use of Proceeds*".

No Registration Rights .... We will not register the Notes under the U.S. federal or state securities laws or under the securities laws of any other jurisdiction.

Transfer Restrictions .... The Notes and the Guarantees have not been registered under the U.S. Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes will be subject to certain other restrictions on transfer as described under "*Notice to Investors*".

Listing .... Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF market. See "*Listing and General Information*".

There can be no assurance that the Notes will be listed and admitted to trading on the Euro MTF market. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes may not become, or*

	remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited."
Governing Law	The Notes and the indenture governing the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by English law and the laws of Luxembourg, where applicable.
Registrar, Listing Agent, and Transfer Agent	Deutsche Bank Luxembourg, S.A.
Trustee	Deutsche Trustee Company Limited
Paying Agent	Deutsche Bank AG, London Branch
Security Agent	Deutsche Bank AG, London Branch
Risk Factors	Investing in the Notes involves a high degree of risk. Please see the "*Risk Factors*" section beginning on page 21 for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER FINANCIAL AND OPERATING DATA

The following tables present summary consolidated financial and other data for the Issuer as of and for the financial six months 2016 and 2017 and as of and for the financial years ended 2014, 2015 and 2016. We have derived the summary financial data as of and for the financial six months 2016 and 2017 from our Unaudited Interim Financial Statements, the summary financial data as of and for the financial year 2014 from our 2014 IPO Financial Statements and the summary financial information as of and for the financial years 2015 and 2016 from our Audited Financial Statements. The Audited Financial Statements included in this Offering Circular and the accompanying notes thereto have been prepared in accordance with IFRS and have been audited by Grant Thornton Lux Audit S.A., as stated in their reports, which are included elsewhere in this Offering Circular. The 2014 IPO Financial Statements have been prepared in accordance with the basis of preparation described in note 2 to the 2014 IPO Financial Statements. The Unaudited Interim Financial Statements included in this Offering Circular have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

The 2014 IPO Financial Statements were prepared for inclusion in the prospectus of the Issuer dated 12 June 2014 in connection with our initial public offering. With respect to the financial information for the financial year 2014 included in the 2014 IPO Financial Statements, such financial information was derived from the IFRS statutory financial statements and underlying financial information of B&M European Value Retail 1 S.à r.l. and its subsidiaries and prepared on the basis of accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, as set out more fully in note 2 to the 2014 IPO Financial Statements included elsewhere in this Offering Circular.

B&M European Value Retail 1 S.à r.l. became the direct wholly owned subsidiary of the Issuer as a result of the reorganisation of the Group after our initial public offering, and the Group now reports at the level of the Issuer (see note 1 to the Audited Financial Statements for the financial year 2015 for more information). As the Group's reported results for the financial year 2014 were prepared at a different level in the Group, and using a different basis of preparation to financial years 2015 and 2016, the financial information for the financial year 2014 may not be directly comparable with the financial information for the financial years 2015 and 2016, and period to period comparisons may be more difficult. See "*Presentation of Financial and Other Information*".

The following tables also include summary consolidated financial and other data for the Issuer for the 52 weeks ended September 24, 2016. The unaudited financial information for the 52 weeks ended September 24, 2016 is based on the financial year 2016 Audited Financial Statements and the Unaudited Interim Financial Statements and is calculated by taking the consolidated interim financial information for the financial six months 2017 derived from the Unaudited Interim Financial Statements, and adding it to the consolidated financial information for the financial year 2016 derived from the Audited Financial Statements for the financial year 2016 and subtracting the financial six months 2016 derived from the Unaudited Interim Financial Statements. This data has been prepared solely for the purpose of this Offering Circular, is not prepared in the ordinary course of our financial reporting and has not been audited.

The tables below also include certain financial data on an as adjusted basis to give effect to the Transactions, including financial data as adjusted to reflect the effect of the Transactions on the indebtedness of the Group as if the Transactions had occurred as of September 24, 2016. See "*Presentation of Financial and Other Information*", "*Capitalisation"* and "*Operating and Financial Review*", and for a description of the adjustments to give effect to the Transactions, including the issuance of the Notes offered hereby and the application of the proceeds thereof, see "*Use of Proceeds*". The as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the Transactions occurred on September 24, 2016, nor does it purport to project our indebtedness at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X of the US Securities Act, the Prospectus Directive, IFRS or any generally accepted accounting standards.

This Offering Circular contains certain financial measures that are not defined or recognised under IFRS, including EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Profit Before Tax, Adjusted Operating Cash Flow and Cash Conversion.

This financial information should be read in conjunction with the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements included elsewhere in the Offering Circular and with "*Presentation of Financial and Other Information*", "*Selected Historical Consolidated Financial Data*", and "*Operating and Financial Review*".

The results of operations for the financial six months 2016 and 2017 and prior financial years are not necessarily indicative of the results to be expected for any future period.

Consolidated Statement of Comprehensive Income Data

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
Revenue	**1,271,980**	**1,646,824**	**2,035,285**	**930,319**	**1,105,856**	**2,210,822**
Cost of sales	(839,972)	(1,076,916)	(1,332,263)	(609,746)	(722,494)	(1,445,011)
Gross profit	**432,008**	**569,908**	**703,022**	**320,573**	**383,362**	**765,811**
Administrative expenses	(329,311)	(437,049)	(528,530)	(242,724)	(299,893)	(585,699)
Operating profit	**102,697**	**132,859**	**174,492**	**77,849**	**83,469**	**180,112**
Share of profits of investments in associates	269	1,632	1,166	—	—	1,166
Profit on ordinary activities before interests and tax	**102,966**	**134,491**	**175,658**	**77,849**	**83,469**	**181,278**
Finance costs	(101,195)	(72,875)	(21,573)	(11,342)	(9,953)	(20,184)
Finance income	1,855	99	460	227	174	407
Profit on ordinary activities before tax	**3,626**	**61,715**	**154,545**	**66,734**	**73.690**	**161,501**
Income tax expense	(6,939)	(21,852)	(28,142)	(13,948)	(15,029)	(29,223)
Other tax expense	—	—	(603)	—	—	(603)
Profit/(Loss) for the period	**(3,313)**	**39,863**	**125,800**	**52,786**	**58,661**	**131,675**

Consolidated Statement of Financial Position Data

	As at				
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Non-current assets	970,857	1,040,952	1,083,913	1,064,064	1,104,795
Current assets	241,583	387,391	480,990	455,548	444,439
Total assets	**1,212,440**	**1,428,343**	**1,564,903**	**1,519,612**	**1,549,234**
Total equity	**18,902**	**(723,829)**	**(814,350)**	**(752,710)**	**(757,386)**
Total current liabilities	(751,395)	(176,609)	(206,408)	(233,153)	(238,381)
Total non-current liabilities	(479,947)	(527,905)	(544,145)	(533,749)	(553,467)
Total liabilities	**(1,231,342)**	**(704,514)**	**(750,553)**	**(766,902)**	**(791,848)**
Total equity and liabilities	**(1,212,440)**	**(1,428,343)**	**(1,564,903)**	**(1,519,612)**	**(1,549,234)**

Consolidated Statement of Cash Flows Data

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
Net cash flows from operating activities	**78,088**	**111,285**	**142,606**	**35,197**	**64,970**	**172,379**
Net cash flows from investing activities	**(33,028)**	**(92,902)**	**(54,697)**	**(31,999)**	**(25,724)**	**(48,422)**
Net cash flows from financing activities	**(46,560)**	**21,706**	**(61,704)**	**(35,322)**	**(116,088)**	**(142,470)**
Net increase/(decrease) in cash and cash equivalents	(1,501)	40,089	26,205	(32,124)	(76,842)	(18,513)
Cash and cash equivalents at the beginning of the period	26,403	24,854	64,943	64,943	91,148	32,819
Cash and cash equivalents at the end of the period	**24,902**	**64,943**	**91,148**	**32,819**	**14,306**	**14,306**

OTHER FINANCIAL DATA

The following table sets out certain key non-IFRS financial and operational data of the Group for the periods indicated. We believe that the following non-IFRS financial and operational data provide useful supplemental information to understand and analyse the underlying results of the Group.

Other Financial Data

	As at or for the 52 weeks ended			As at or for the 26 weeks ended		As at or for the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
			£'000, except percentages			
Revenue	1,271,980	1,646,824	2,035,285	930,319	1,105,856	2,210,822
UK Like-for-Like Revenue Growth (%)(1)	7.2%	4.9%	0.9%	1.7%	0.2%	
Underlying UK Like-for-Like Revenue Growth (%)(2)	—	—	2.4%	2.9%	1.9%	—
Gross margin (%)(3)	34.0%	34.6%	34.5%	34.5%	34.7%	34.6%
EBITDA(4)	112,714	150,165	196,084	87,314	95,732	204,502
EBITDA margin (%)(5)	8.9%	9.1%	9.6%	9.4%	8.7%	9.3%
Adjusted EBITDA(6)	130,375	174,268	202,471	86,572	99,233	215,132
Adjusted EBITDA margin (%)(7)	10.2%	10.6%	9.9%	9.3%	9.0%	9.7%
Net cash capital expenditures(8)	33,063	33,180	56,175	32,106	23,529	47,598
Adjusted Operating Cash Flow(9)	74,784	124,209	124,241	17,015	58,771	165,997
Cash Conversion Ratio (%)(10)	57.4%	71.3%	61.4%	19.7%	59.2%	77.1%
As adjusted total gross debt(11)						557.9
As adjusted total net debt(12)						464.6
Ratio of as adjusted net debt to Adjusted EBITDA						2.2x

(1) UK Like-for-Like Revenue Growth is a comparison between two periods of our sales of all relevant B&M stores in the UK that were open for a minimum of one week in the first relevant period and not closed permanently by the end of the second relevant period. UK Like-for-Like Revenue includes each store's revenue for that part of the second relevant period that falls at least 14 months after that store opened and compares it to the revenue for the corresponding part of the previous relevant period. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth*".

(2) Underlying UK Like-for-Like Revenue Growth is a comparison between two periods of the Group's Underlying UK Like-for-Like Revenue. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth".*
(3) Gross margin consists of gross profit expressed as a percentage of revenue.
(4) EBITDA represents operating profit before interest, tax, depreciation and amortisation. EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements. See also "*Presentation of Financial and Other Information*" for further information. For a reconciliation of EBITDA, see "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*" below.
(5) EBITDA margin represents EBITDA expressed as a percentage of revenue (which excludes VAT).
(6) Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude items that we consider to be exceptional or non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals. Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. Adjusted EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements. See also "*Presentation of Financial and Other Information*" for further information. For a reconciliation of Adjusted EBITDA, see "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*" below.
(7) Adjusted EBITDA margin represents Adjusted EBITDA expressed as a percentage of revenue (which excludes VAT).
(8) Net cash capital expenditures consists of cash additions to land and buildings, plant, fixtures and equipment, motor vehicles and intangible assets net of cash proceeds from disposals.
(9) Adjusted Operating Cash Flow is defined as Adjusted EBITDA plus or minus the changes in Adjusted Working Capital less net cash capital expenditures. Adjusted Working Capital is Working Capital adjusted for any non-cash elements of the Adjusting Cost Items. See "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*".
(10) Cash Conversion Ratio is defined as Adjusted Operating Cash Flow as a percentage of Adjusted EBITDA.
(11) As adjusted total gross debt is given only as at September 24, 2016 and reflects total gross debt as of such date as adjusted for the Transactions. See "*Capitalisation*".
(12) As adjusted total net debt is given only as at September 24, 2016 and reflects as adjusted total net debt as of such date less cash and cash equivalents. See "*Capitalisation*".

EBITDA, Adjusted EBITDA and Adjusting Cost Items

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to gross profit for the periods indicated.

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
Gross profit	**432,008**	**569,908**	**703,022**	**320,573**	**383,362**	**765,811**
Administrative expenses	(329,311)	(437,049)	(528,530)	(242,724)	(299,893)	(585,699)
Add back depreciation and amortisation	9,749	15,674	20,426	9,465	12,263	23,244
Share of profits of investments in associates	269	1,632	1,166	—	—	1,166
EBITDA	**112,714**	**150,165**	**196,084**	**87,314**	**95,732**	**204,502**
Fees related to the initial public offering	—	19,709	770	—	—	770
Fees related to the acquisition of the German entities[(1)]	—	827	—	—	452	452
Fair value adjustments to foreign exchange and fuel derivatives	1,872	(2,270)	(3,577)	(5,568)	1,164	3,155
Professional fees associated with the prior financing structure[(2)]	5,628	970	—	—	—	—
New store pre-opening costs[(3)]	3,813	5,272	7,573	4,497	3,250	6,326
Excise duty dispute[(4)]	3,560	—	—	—	—	—
Historic long term incentive plan bonuses[(5)]	1,381	—	—	—	—	—
Foreign exchange movements on intercompany balances	—	2,840	198	83	(55)	60
Exceptional items related to the Group's property estate[(6)]	722	(3,148)	1,322	132	(924)	266
Other exceptional items[(7)]	684	(97)	101	114	(386)	(399)
Total Adjusting Cost Items	**17,660**	**24,103**	**6,387**	**(742)**	**3,501**	**10,630**
Adjusted EBITDA	**130,375**	**174,268**	**202,471**	**86,572**	**99,233**	**215,132**

(1) Fees related to the German entities related to, in financial year 2015, the acquisition of Jawoll and in financial six months 2017, Jawoll's acquisition of a small German chain of stores.

(2) Such professional fees comprised monitoring fees paid to the shareholders of the Group or their affiliates prior to the initial public offering.

(3) Pre-opening store costs consist of costs incurred after entering into the lease of the property but before opening the store.

(4) The excise duty dispute related to certain goods purchased on which, according to HMRC, the Group owed duty. The Group typically purchases its goods duty paid.

(5) Management long term incentive plan bonuses consisted of the bonuses under management long term incentive plan associated with pre-initial public offering ownership structure which matured in December 2013.

(6) During the periods under review, exceptional items related to the Group's property estate comprised provisions for onerous leases, dilapidations, compulsory purchase order income and profit or loss on re-measurement of finance leases.

(7) During the periods under review, other exceptional items comprised profit or loss on fixed asset disposals, acquisition costs associated with the acquisition of the Group by investment funds managed by CD&R, a loss on extinguishing a lease obligation, certain inter-company write-offs, a foreign exchange adjustment, Luxembourg value-added tax income and exceptional items relating to the Group's German entities of the same nature as those described in this footnote and the other adjusting items set out on the table above.

Store data

The following table set outs store data (gross and net) for the Group over the periods indicated.

	As at or for the 52 weeks ended			As at or for the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
Number of stores(1)	373	475	555	524	585
UK	373	425	499	472	519
Germany	—	50	56	52	66
Net new stores(2)	42	53	80	49	30
UK	42	52	74	47	20
Germany	—	1	6	2	10

(1) Number of stores is the gross number of operating stores at the end of the period indicated (including acquired stores not newly opened).
(2) Net new stores is calculated as the number of new stores opened net of relocations and stores closed.

Adjusted Cash Flow Available for Debt Service and Growth

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
EBITDA(1)	112,714	150,165	196,084	87,314	95,732	204,502
Change in net working capital(2)	(24,924)	(15,609)	(21,864)	(37,924)	(19,926)	(3,866)
Net cash capital expenditures(3)	(33,063)	(33,180)	(56,175)	(32,106)	(23,529)	(47,598)
Income tax paid	(11,415)	(13,726)	(27,558)	(8,929)	(12,704)	(31,333)
Cash available for debt service and growth	43,313	87,650	90,487	8,355	39,573	121,705
Adjusting Cost Items(4)	17,660	24,103	6,387	(742)	3,501	10,630
Adjusted cash available for debt service and growth	60,973	111,753	96,874	7,613	43,074	132,335

(1) EBITDA represents operating profit before interest, tax, depreciation and amortisation. EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements. See also "*Presentation of Financial and Other Information*" for further information. For a reconciliation of EBITDA, see "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*" above.
(2) Change in net working capital represents the change in inventories, trade and other receivables, trade and other payables and provisions from the start of the period to the end of the period.
(3) Net cash capital expenditures consists of cash additions to land and buildings, plant, fixtures and equipment, motor vehicles and intangible assets, net of cash proceeds from disposals.
(4) See "*Presentation of Financial and other Information*" and "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*".

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Circular, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our business, financial condition or results of operations, or our ability to fulfil our obligations under the Notes and affect your investment.

This Offering Circular contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Circular. Please see "Forward-Looking Statements".

Risks Related to Our Business

Economic conditions and other contributors to disposable income in the UK, Germany and globally may adversely impact our business.

Our business is impacted by the prevailing UK, German and global economic climates, inflation, levels of employment, real disposable income, salaries, wage rates (including any increase as a result of payroll cost inflation or governmental action to increase minimum wages or contributions to pension provisions), interest rates, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. In particular, in a period of economic uncertainty or downturn, there might be a decrease in higher margin "impulse purchases" and/or discretionary purchases. Under stronger economic conditions, when consumers have more disposable income, we believe that consumers will continue to shop in our stores, and may spend more, including on higher value discretionary products. However, there is a risk that we could also be adversely impacted during a period of economic growth, as consumer confidence grows and consumers switch their discretionary spending to competitors offering more expensive products or which are not viewed as discount retailers. Global economic conditions and uncertainties may also impact our suppliers, including, for example, increases in the cost of merchandise. Any of these trends may have a material adverse effect on our business, results of operations, financial condition, or prospects.

A failure to implement our growth strategy may adversely affect our business.

Our growth strategy involves both continuing to rapidly expand our network of stores in order to increase the density of stores in the UK and Germany and increasing sales in our existing stores. Our ability to successfully expand our network of stores, by opening stores that prove to be profitable, depends on several factors, including: the availability of attractive store locations; the absence of occupancy delays; the successful negotiation of favourable lease terms; the ability to hire and train new personnel, especially store managers, in a cost efficient manner; the ability to identify customer demand in different geographic areas; general economic conditions and the availability of sufficient funds for expansion. The expansion of our store network is a large part of our strategy to increase customer awareness of our brands. Our ability to increase sales in existing stores is dependent on factors such as competition, merchandise sourcing and selection, prices, store operations, product range and customer satisfaction.

A number of factors, including the manifestation of the other risks described in this document, could prevent us from implementing our growth strategy in full or in a prompt manner. Delays or failures in opening new stores, achieving lower than expected sales in new stores, drawing a greater than expected proportion of sales in new stores from existing stores, higher store costs, inability to increase brand awareness in a cost-effective manner or at all, or any failure to achieve targeted results associated with the implementation of operational programmes or initiatives could materially adversely affect our growth and/or profitability. In addition, we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores or expanding profitably. We also may experience logistical difficulties associated with the expansion of our operations.

Some of our new stores may be located in regions of the UK and Germany where we currently have less of a presence and those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than the stores in our existing markets. The opening of new stores could also result in an over-saturation of the market, with new stores diverting sales from our existing stores in the same market. There can be no assurance that we will continue to implement successfully the rapid expansion of our store network or increase brand recognition, and any failure to do so could materially adversely affect our business, results of operations, financial condition or prospects.

We are dependent upon senior management and other skilled personnel and the inability to attract and retain such management or personnel could adversely affect our business.

Our success will depend, in part, on the efforts of our executive officers and other key employees. In addition, the market for experienced personnel is competitive and our future success will depend on our ability to attract and retain these personnel. We will continue to review and, where necessary, strengthen our senior management as the needs of the business develop, including through internal promotion and external hires. There may be a limited number of persons available and we may not be able to locate or employ such experienced personnel on terms acceptable to us or at all. Therefore, the unplanned loss of one or more of our directors or members of senior management, or our failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition until a suitable replacement can be found. See "*Management*".

A disruption, malfunction, increased costs or failure to make improvements in the operation, expansion or replenishment of our distribution centres, transportation fleet or supply chain could have a material adverse effect on our business, results of operations, financial condition, or prospects.

Any major breakdown of plant or equipment, information technology systems failure or disruption, accidents such as a serious fire or flood, industrial disputes or other interruption or malfunction at our distribution centres (or at any future new distribution centre), at our offices or at any of our key suppliers, which affects the operations of our in-house transportation fleet or which otherwise impacts our supply chain, may significantly impact our ability to manage our operations, distribute products to our stores and maintain an adequate product supply chain.

Our in-house distribution infrastructure consists of four principal UK distribution centres located in Speke (two centres), Middlewich and Runcorn, two secondary UK distribution centres located in Knowsley and Blackpool, an in-house transportation fleet responsible for the delivery of products to B&M stores across the UK and a distribution centre for our German business in Soltau, Germany. Any serious disruption or malfunction at these distribution centres or with our in-house transport fleet could reduce our distribution capacity or render us unable to distribute products to our stores. Such disruption, particularly during the peak trading period, could have an adverse effect on our in-store inventory and therefore could materially adversely affect our business, results of operations, financial condition, or prospects. A disaster or disruption in the infrastructure that supports our UK and German businesses could have a material adverse effect on our ability to continue to operate our business without interruption. Whilst we have established disaster recovery procedures, these may not be sufficient to mitigate the harm that may result from such a disaster or major disruption.

The success of our UK and German businesses also depends on our ability to transport goods from our distribution centres to our stores in a timely and cost-effective manner. Any unexpected delivery delays, for example due to severe weather, disruptions to or malfunctions in the national or international transportation infrastructure, or increases in transportation costs, such as due to increased fuel costs, could materially adversely affect our business. While we mainly rely on our in-house transportation fleet to deliver our goods from our UK distribution centres to our UK stores, we rely on subcontracts with two main third-party transportation providers to deliver the container loads of imported products from the Liverpool docks to the appropriate UK distribution centre and we sub-contract some store deliveries (in particular to our stores in Northern Ireland and Scotland). In Germany, we mainly outsource deliveries from their point of arrival in Germany to the Soltau distribution centre, and from the Soltau distribution centre to Jawoll stores. Our use of third-party transportation providers is subject to risks related to those third parties, which are outside of our control, such as labour shortages and work stoppages, and any disruption, unanticipated expense or operational failure related to these services could negatively affect our business, results of operations, financial condition, or prospects.

We require distribution infrastructure that is able to adequately support our anticipated growth and increased number of stores by providing sufficient scalable space and distribution capacity. We have recently successfully increased capacity at our German distribution centre in Soltau by 46,500 square feet and have plans to increase capacity in the UK; however, any failure to continue successfully increasing capacity for storing and distributing products in the UK and Germany may reduce our ability to grow and could adversely affect our business. There can be no assurance that the costs of investments in improving our logistics and distribution infrastructure will not exceed estimates or that such investments will be as beneficial as predicted. If we are unable to realise the benefits of an improved logistics and distribution infrastructure, our business, results of operations, financial condition, or prospects could be materially adversely affected.

The UK referendum advising for the exit of the UK from the EU could have a material adverse effect on our business, financial condition or results of operations.

On June 23, 2016, the UK held a referendum in which voters approved, on an advisory basis, an exit from the EU, commonly referred to as "Brexit." Although the vote is non-binding, it is expected that the referendum will be passed into law and the British government will commence negotiations to determine the terms of the UK's withdrawal from the EU. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the UK and the EU, undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the UK and the EU or other nations as the UK pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets, as well as significant currency fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies, namely the British pound sterling and the euro.

We are predominantly a UK business although we have a growing presence in Germany in the EU, and we source our products internationally. The potential impacts, if any, of the uncertainty relating to Brexit or the resulting terms of the withdrawal of the UK from the EU on customer behaviour, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. Examples of the impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets;
- legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws and directives to replace or replicate, or where previously implemented by enactment of UK laws or regulations, to retain, amend or repeal;
- uncertainty as to the terms of the UK's withdrawal from, and future relationship with, the EU in terms of the impact on the free movement of our services, capital and employees; and
- various geopolitical forces may impact the global economy and our business, including, for example, other EU member states proposing referendums to, or electing to, exit the EU.

Any of these effects of Brexit, and others that we cannot anticipate, could adversely impact our business, results of operations and financial condition.

Currency fluctuations and hedging risks could materially adversely affect our results of operations.

We are subject to certain transactional currency exposures, principally to the U.S. dollar and the Euro, as a result of purchases of non-grocery products from the Far East which are denominated in U.S. dollars and the sales in our stores in Germany which are denominated in Euro. Our sales are primarily denominated in pounds sterling and we report our consolidated financial results in pounds sterling. The exchange rates between U.S. dollars and pounds sterling and between Euro and pounds sterling have fluctuated in recent years and may fluctuate significantly in the future. We could be adversely affected by future unfavourable shifts in currency exchange rates, particularly by a strengthening of the U.S. dollar compared to the pound sterling. Although it is our policy to manage our currency exposures as we consider appropriate, through the use of hedging instruments such as forward foreign exchange contracts, there can be no assurance that such hedging arrangements will be effective or that all of our currency exposure will be hedged. Furthermore, such hedging arrangements may from time to time result in the Group paying currency exchange rates that are unfavourable compared to the prevailing currency exchange rates. Any such unfavourable currency fluctuation could have a material adverse effect on our business, results of operations, financial condition or prospects.

We principally operate in the highly competitive UK and German general merchandise discount retail sector.

The UK and German retail industry, and more specifically the general merchandise discount retail market, is highly competitive, particularly with respect to price, product selection and quality, store location and design, inventory, customer service, advertising and marketing. We compete at national and local levels with a wide variety of retailers of varying sizes and covering different product categories across all of the geographic markets in which we operate. Our competitors include other multi-price general merchandise discount retailers, fixed-price general merchandise discount retailers, grocery discounters, supermarkets and high street, internet or specialty retailers in particular categories, such as household, homewares, pet care and health and beauty. Some of our competitors, particularly supermarkets and certain specialist retailers, may have greater market presence, name recognition, financial resources, supply chains, distribution, economies of scale and/or lower cost bases than we do and may be able to respond more swiftly to changes in market conditions, any of which could give them a competitive advantage over us. In particular, some of our competitors have an online transactional presence or may seek to establish one, which would increase competition, if there is an increase in the number of consumers who shop online for the products that make up our product offering. In addition, like many other retailers, we do not have exclusive rights to many of the elements that comprise our in-store experience and product offering. As a result, our competitors may seek to improve on their business strategy by copying elements of our strategy, which could significantly harm our competitive advantage.

Actions taken by our competitors, as well as actions taken by us to maintain our competitiveness and reputation, may place pressure on our pricing strategy, margins and profitability. Our competitors also may merge or form strategic partnerships, thus achieving economies of scale in buying, distribution and logistics, which could cause additional competitive pressure for us. There can be no assurance that we will be able to respond adequately to these multiple sources and forms of competition, whether from existing competitors or new market entrants. As a result of the above, or as a result of increasing competitive pressure due to factors beyond our control, our business, results of operations, financial condition or prospects could be materially adversely affected.

Our business could suffer as a result of weak sales during peak selling seasons, or extreme or unseasonal weather conditions.

Our UK and German businesses are subject to seasonal peaks. Traditionally, the most important trading period for our UK and German businesses in terms of sales, operating results and cash flow has been the Christmas season, with 32% of sales generated in the third quarter for the financial year 2016 (October, November and December). We also have seasonal peaks associated with other annual events, such as Easter, Halloween and the summer gardening season. We incur additional expenses in advance of these peak selling seasons in anticipation of higher sales during these periods, including the cost of additional inventory and, in the case of the Christmas season, hiring additional employees. In previous years, our investment in working capital has peaked around October and fallen significantly after Christmas.

If sales during our peak trading seasons prove to be significantly lower than we expect for any reason, we may be unable to adjust our expenses in a timely fashion and may be left with a substantial amount of unsold inventory, especially in seasonal merchandise that is difficult to liquidate. In that event, we may be forced to rely on markdowns or promotional sales to dispose of excess inventory, which may not offset additional inventory and wage costs, and could have a material adverse effect on our business, results of operations, financial condition, or prospects.

Our sales are also sensitive to periods of extreme weather conditions. We may see a reduction of sales during periods of inclement weather due to reduced customer footfall. Prolonged unseasonal weather conditions or temporary severe weather during our peak trading seasons could have a material adverse effect on our business, results of operations, financial condition, or prospects.

Our business and competitive position is subject to risks associated with our leasehold property portfolio.

All of our stores, distribution centres (with the exception of Jawoll's primary distribution centre in Soltau, Germany) and headquarters are held through leasehold interests, which are generally subject to periodic rent review, lease expiry and renegotiation. As a result, we are susceptible to changes in the property rental market, such as increases in market rents. As most of our leasehold properties are subject to rent reviews every five years and in Germany typically every three years, we may be affected in the future by changes in the commercial property rental market, such as a decrease in available sites or increases in market rents for both existing stores undergoing those scheduled rent reviews and new stores. In addition, we may not be able to renew our existing store leases where, for example, the landlord is able to establish statutory grounds for non-renewal or if the leases do not have the benefit of statutory or contractual rights of renewal. Currently, a small minority of the leases on our stores in the UK do not provide for a right of renewal. Any inability to renew existing leases may result in, among other things, significant alterations to rental terms (including increasing rental rates), the closure of stores in desirable locations, increased costs to fit out replacement locations or failure to secure a relocation in attractive locations. The manifestation of any of these risks could have a material adverse effect on our business, results of operations, financial condition, or prospects.

In addition, in line with our growth strategy of continuing to open new stores rapidly, our ability to obtain appropriate real estate for both new stores and any new distribution centre depends upon the availability of sites that meet our criteria, our ability to negotiate terms that meet our financial targets and our ability to obtain planning consent for the use of our stores on satisfactory terms with the local planning authorities or, in the case of leasehold assignments, superior landlord consent. In addition, in modernising or refurbishing our existing stores we may require consents from our landlords or local authorities. If any such works are carried out, or have been carried out, without such consents, disputes may arise which may result in us having to undertake reinstatement works or face liability for dilapidations, or the landlord may seek forfeiture of the relevant lease. Furthermore, in the event of a significant reduction in the profitability of some or all of our stores, our ability to reduce our costs through the negotiation of lease terminations or modifications on acceptable terms or at all may be limited. To the extent we remain obligated under leases for unprofitable or vacant stores, or to the extent that the termination or modification of leases results in significant costs, our ability to manage our costs and margins will be impacted and our business, results of operations, financial condition, or prospects may be adversely affected.

We may not be able to predict or fulfil accurately our customers' preferences or demands or to manage our inventory efficiently.

We derive revenue from the sale of products that are subject to changing customer demand. As a multi-category discount retailer, our success depends, in part, on our ability to predict and respond to changing customer demands and preferences, and to translate market trends into appropriate, saleable merchandise offerings. If our buying decisions do not accurately predict customer trends or purchasing actions, we may have to take unanticipated markdowns to dispose of the excess inventory, which could adversely impact our financial results. In addition, we must maintain sufficient inventory levels to meet our customers' demands without allowing those levels to increase to such an extent that the costs to store and hold the goods unduly impacts our financial condition. Conversely, we also cannot allow those levels to decrease to such an extent that shortages in inventory unduly impacts our financial results; we have, for example, experienced disruptions in the past when opening new distribution centres. If we are not successful in managing our inventory balances, our cash flows from operations may be negatively affected. If we are unable to identify, source and stock products at prices that customers find attractive, our business, results of operations, financial condition, or prospects may be materially adversely affected.

In addition, we are subject to the risk of inventory loss and theft. We have experienced inventory shrinkage in the past, and while this has been stable and under 0.9% of revenues for the financial year 2016, there can be no assurance that incidences of inventory loss and theft will not increase in the future or that the measures we are taking will effectively decrease inventory shrinkage. If we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, our business, results of operations, financial condition, or prospects could be adversely affected.

Interruptions in the availability or flow of stock, or changes in price from domestic and foreign suppliers from whom our products are sourced could have a material adverse effect on our business, results of operations, financial condition, or prospects.

We sell products that are sourced from a wide variety of domestic and international suppliers. For our UK business, our largest supplier, Multi-Lines, a Hong Kong sourcing operation in which we own a 50% interest alongside its Hong Kong management, accounted for approximately 6.9% of total purchases in the financial year 2016. We do not have a strong dependency on any single supplier. Our top 5, 10, 20 and 30 suppliers accounted for 9%, 14%, 21% and 27%, respectively, of the total purchases in the financial year 2016. Nevertheless, if a key supplier fails to deliver on key commitments, we could experience merchandise shortages, which could lead to lost sales. In addition, we may not be able to identify and develop relationships with qualified suppliers who can satisfy our standards for price, quality, safety standards, quantity and other requirements. Although we have long-term relationships with many of our suppliers, merchandise is generally sourced on a purchase-order basis for a two to three month supply of a product, rather than pursuant to a long-term supply arrangement. We have no legal assurance that any of these relationships will continue, or continue at the same price, and our sales and inventory levels could suffer if we are unable to promptly replace a supplier who is unwilling or unable to satisfy our price, quality, safety standards or quantity and other requirements. The loss of, or substantial decrease in the availability of, products from our suppliers, or the loss of a key supplier, could lead to lost sales or increased costs.

In the financial year 2016, approximately 31% of our products in B&M stores (by total purchases) were directly imported in U.S. dollars. In addition, many of our domestic suppliers also import their products or components of their products. Political and economic instability in the countries in which foreign suppliers or manufacturers are located, the financial instability of suppliers, suppliers' failure to meet our standards, issues with labour practices of our suppliers or labour problems they may experience (such as strikes), the availability and cost of raw materials to suppliers, merchandise quality or safety issues, transport availability and cost, inflation, and other factors relating to the suppliers and the countries in which they are located or from which they import are beyond our control and could have negative implications for the Group.

Disruptions due to labour stoppages, strikes or slowdowns, or other disruptions involving our suppliers or the shipping, transportation and handling industries also may affect our ability to receive merchandise in a timely manner and thus may negatively affect our sales and profitability. We may in the future experience product shortages, due to any or all of the factors described above, which could have a material adverse effect on our business, results of operations, financial condition, or prospects.

We are subject to product liability claims, including claims concerning food products.

We may be subject to product liability claims with respect to the sale of food and other products that are recalled, defective or otherwise alleged to be harmful. Injuries may result from tampering by unauthorised third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. While we believe that our products comply in all material respects with all applicable laws and regulations, we cannot be sure that consumption or use of products sold in our stores will not cause illness or injury in the future or that we will not be subject to claims or lawsuits relating to such matters. Although we generally seek contractual indemnification and insurance coverage from our suppliers and carry product liability insurance, we may not have adequate contractual indemnification and/or insurance available, which in certain cases may require us to respond to claims or complaints from customers as if we were the manufacturer. Even if a product liability claim is unsuccessful or is not fully pursued or is covered by adequate insurance and indemnification, the negative publicity surrounding such claims could adversely affect our reputation with existing and potential customers. Any of these factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

Complaints and litigation could damage our brand and reputation and divert management resources.

From time to time, we may be the subject of complaints and litigation from our customers, employees, suppliers and other third parties, alleging product, injury, health, environmental, safety, data protection, or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. Any such complaints and claims could have significant negative cost effects and, even if successfully resolved without direct adverse financial effects, could have a material adverse effect on our brand and reputation and divert our financial and management resources from more beneficial uses. If we were to be found liable under any such complaints and claims, our business, results of operations, financial condition, or prospects could be materially adversely affected.

Any events that negatively impact the reputation of, or value associated with, the B&M and Jawoll brands could adversely affect our business.

The B&M and Jawoll brands are important assets of our business. Maintaining the reputation of and value associated with the B&M and Jawoll brands is central to the success of our business and we could be adversely affected if customers lose confidence in the safety and quality of the products sold or provided by us. For third-party brands, we are dependent on our suppliers' investment in their own marketing and promoting their brands in order for customers to purchase their products rather than those of the suppliers' competitors. We also depend on our suppliers to comply with applicable employment, environmental and other laws and standards so as not to negatively impact the B&M and Jawoll name. However, there can be no assurance that suppliers are or will remain in compliance with such laws.

Our UK business has also expanded its own range of private label items, which amounted to approximately 120 brands as at September 24, 2016, and which are important for future growth prospects as private label items offer an important means of competitor differentiation and also generally offer more attractive margins. These private label items are principally manufactured in China, and while our policies set out standards for ethical business practices, we do not control these manufacturers or their labour or other business practices. Maintaining broad market acceptance of our private label items depends on many factors, including pricing, costs, quality and customer perception, and we may not achieve or maintain expected sales for our private label items.

In light of the increased public focus on employment, health and safety and environmental matters, a violation, or allegations of a violation of such laws or regulations, or a failure to achieve particular standards by any of our suppliers or manufacturers, could lead to unfavourable publicity and a decline in public demand for our products, or require us to incur expenditure or make changes to our supply chain and other business arrangements to ensure compliance. Any such events concerning us or any of the manufacturers or suppliers that supply products to us could create substantial erosion in the reputation of, or value associated with, the B&M and Jawoll brands and could result in a material adverse effect on our business, results of operations, financial condition, or prospects.

The efficient operation of our business is dependent on our information technology, network and communications systems.

We depend on our key operational business systems for the efficient functioning of our business. In particular, we rely on our information technology, network and communications systems to effectively manage our sales, warehousing, distribution, merchandise planning and replenishment functions and to maintain our in-stock positions and a record of our results of operations and financial position. Any failure or significant disruption to these information technology, network or communications systems could have an adverse effect on the proper functioning of our businesses, both at the point of sale with regard to store replenishment and distribution activities and at an operational level with regard to our ability to maintain our financial records and produce timely financial information to enable us to manage our operations. Notwithstanding efforts to prevent an information technology, network or communications system failure or disruption, our systems may be vulnerable to damage or interruption from fire, telecommunications failures, floods, physical or electronic break-ins, computer viruses or hacking, power outages and other malfunctions or disruptions. There can be no certainty that our disaster recovery and contingency plans will be effective or sufficient in the event that they need to be activated. As we expand our operations we may make further investments in our information technology and related systems. There can be no assurance that we will be able to upgrade or install technology in a timely manner, train our employees effectively in the use of our technology or obtain the anticipated benefits of our technology. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition, or prospects.

Our business may be materially adversely affected by changes to governmental regulations that could require us to modify our current business practices, incur increased costs and subject us to potential liabilities.

Our UK and German business operations are affected by various statutes, regulations and laws applicable to businesses generally, including but not limited to laws affecting advertising, consumer protection, product safety, quality and liability, health and safety, environmental, fire, planning, landlord/tenant relationships, competition, tax, data protection, employment practices (including pensions) and other laws and regulations which apply to retailers generally and/or govern the import, promotion and sale of products and the operation of retail stores and distribution centres. If any of these statutes, laws or regulations were to change or our management, employees or suppliers were to fail to comply with them, we may be required to implement extensive system and operating changes, and as a result, could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our products and damage our business, results of operations, financial condition, or prospects.

For example, at the store level we are mostly dependent on hourly employees, whose pay is subject to the relevant national minimum wage. The statutory minimum wage for adults aged 25 and over in the UK increased from £6.70 per hour to £7.20 per hour in April 2016, and for adults in the UK aged 21 to 24 it increased from £6.70 per hour to £6.95 per hour in October 2016. The statutory minimum wage for adults in Germany in 2016 was €8.50 per hour, and is expected to increase to €8.84 in 2017. Any further increase to the minimum wage in the UK or Germany could cause us to incur additional employment costs, which could adversely affect our profitability. In addition, under other employment-related laws, such as the UK National Insurance Contributions and Statutory Payments Act 2004, employers must contribute National Insurance and pension payments on behalf of each UK-based employee earning above a designated threshold. An increase in employers' mandatory National Insurance contributions would increase the amount we are required to contribute on behalf of our employees. Similar risks in relation to the regulatory environment apply in Germany.

Legal requirements are subject to frequent changes and differing interpretations, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations, within any of the territories in which we operate. We may be required to make significant expenditures or modify our business practices in order to comply with amendments to existing laws and regulations and/or with future laws and regulations, which may increase our costs and limit our ability to operate our business. Furthermore, changes in tax laws, the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our effective tax rate. The occurrence of any of the factors detailed above could have a material adverse effect on our business, results of operations, financial condition or prospects.

Natural disasters, pandemic outbreaks, terrorist acts, global political events and other unforeseen circumstances could decrease customer traffic, cause permanent or temporary store closures, or impair our ability to purchase, receive or replenish inventory.

The occurrence of one or more natural disasters, such as floods, pandemic outbreaks, weather conditions, such as major or extended winter storms, terrorist acts, disruptive global political events or other disruptions in the UK, Germany or other countries in which our suppliers are located could materially and adversely affect our business, results of operations, financial condition, or prospects. Such events could result in physical damage to, or the complete loss of, one or more of our properties, the closure of one or more of our stores or distribution centres, the lack of an adequate work force in a given market, the inability of customers or employees to reach or have transportation to any affected stores or distribution centres, the evacuation of the populace from areas in which our stores are located, changes in the purchasing patterns of consumers and in consumers' disposable income, the temporary or long-term disruption in our supply chain, the reduction in the availability of certain products in our stores, the disruption of utility services to our stores and distribution centres, or disruption in our communications with our stores. In addition, such events could have indirect consequences such as increases in the cost of insurance if they result in significant loss of or damage to property or other insurable damage. Such activities may cause disruption, adversely affect our operations in the areas in which these events occur and/or lead to a reduction of customer footfall at our stores and could therefore adversely affect our business, results of operations, financial condition, or prospects.

We may lose important intellectual property rights, including our key trademarks and domain names, and we may be subject to third party claims that we have infringed on their intellectual property rights.

As of September 24, 2016, our portfolio of UK intellectual property rights consists of three registered UK trademarks and one EU registered trademark relating to the B&M brand and 122 brands registered as either UK design rights or UK trademarks relating to our private label products, and our portfolio of German intellectual property rights included three registered German trademarks relating to the Jawoll brand. Our key trademarks are important to our UK and German businesses. While we rely on a combination of trademark and copyright laws, database protections and contractual arrangements, where appropriate, to establish and protect our intellectual property rights, third parties may in the future try to challenge the ownership of and/or validity of our intellectual property. We may not always be successful in securing protection for or stopping infringements of our intellectual property rights. We may need to resort to litigation in the future to enforce our intellectual property rights. Any such litigation could result in substantial costs and a diversion of resources. Our failure to protect and enforce our intellectual property rights could have a material adverse effect on our business, results of operations, financial condition, or prospects.

It is also possible that we may not adequately identify third party intellectual property rights or assess the scope and validity of these third party rights, which may lead to claims that we have infringed or are alleged to have infringed intellectual property rights owned by third parties, who may challenge our right to continue to sell certain products and/or may seek damages from us. Any such claims or lawsuits, whether proven to be with or without merit, could be expensive and time consuming to defend and could divert the attention and resources of our management. We cannot provide any assurance that we will prevail in any litigation related to infringement claims against us. A successful claim of infringement against us could result in our being required to pay significant damages, cease the sale of certain products that incorporate the challenged intellectual property or obtain licenses from the holders of such intellectual property which may not be available on commercially reasonable terms, any of which could materially adversely affect our business, results of operations, financial condition, or prospects.

Any future acquisitions could consume significant resources and management attention.

From time to time, we evaluate acquisition opportunities and may acquire or make significant investments in complementary businesses in the UK or elsewhere. For example, we acquired an 80% shareholding in Jawoll in Germany in 2014. There can be no assurance that any such future investment or acquisition will be successful. The success of any future acquisition will depend on senior management's ability to identify, negotiate and complete such acquisitions and integrate such businesses or properties. Failure to manage and successfully integrate acquired businesses or properties could harm our business. Acquisitions involve numerous risks, including difficulties and costs associated with integrating the operations and staff of the acquired businesses, employee-related liabilities that are transferred under an acquisition; the diversion of management's attention away from the normal daily operations of the business and the implementation of our strategy, insufficient additional revenue to offset increased expenses associated with acquisitions and the potential loss of key employees of the acquired businesses, the occurrence of one or more of which could have a material adverse effect on our business, results of operations, financial condition or prospects.

We are exposed to fluctuations in interest rates.

As of September 24, 2016 our consolidated net debt amounted to £458.6 million and, on an as adjusted basis giving effect to the Transactions, £464.6 million. We are therefore exposed to movements in interest rates. Although we have implemented an interest rate hedging policy, there can be no guarantee that future interest rate fluctuations will be effectively hedged by our use of interest rate swaps or other hedging instruments to manage interest rate exposure on our borrowings. Furthermore, such hedging instruments may from time to time result in us paying higher interest rates than the prevailing variable interest rates. Unfavourable movements in interest rates could have a material adverse effect on any unhedged borrowing exposure or on the returns generated by our investments, either of which could adversely affect our business, results of operations, financial condition, or prospects.

Inability to obtain commercial insurance at acceptable prices may have a negative impact on our business.

We believe that our commercial insurance coverage is appropriate for risk management purposes. Although we have historically been able to obtain insurance coverage that we believe is appropriate, it is possible that insurance costs may increase substantially in the future or that the availability of insurance coverage for certain risks may be withdrawn completely or increase significantly in cost. In these circumstances, we may be unwilling or unable to obtain commercial insurance either at acceptable prices or at all and, as such, may have to forego or limit our purchase of relevant commercial insurance. In addition, although we may obtain commercial insurance, the relevant policies may not cover all losses and the terms of the policies may preclude recovery in certain circumstances, including as a result of customary deductibles and exclusions. If we were unwilling or unable to obtain suitable commercial insurance, or to claim for certain losses under our commercial insurance policies, we could be forced to bear the losses of uninsured events and this could have a material adverse effect on our business, results of operations, financial condition, or prospects.

Our business may be affected by the default of counterparties in respect of monies and products owed to it.

Our exposure to credit risk on liquid funds, products, investments and derivative financial instruments arises from the risk of default of counterparties. We typically pay a deposit to overseas suppliers which varies from 10% to 30% of the total order value at the same time that those orders are placed and these deposits may be difficult or impossible to recover in the event of a counterparty default. It is our policy to limit counterparty exposures. However, there can be no assurance that our policy to limit counterparty exposures will effectively mitigate such exposures, and any such counterparty default may have a material adverse effect on our business, results of operations, financial condition, or prospects.

The interests of our principal shareholders may be inconsistent with the interests of holders of the Notes.

Our principal shareholders are CD&R European Value Retail Investment S.à r.l. (which, as of March 26, 2016, held 11.41% of the ordinary shares in the capital of the Company) and SSA Investments S.à r.l. (which, as of March 26, 2016, held 20.99% of the ordinary shares in the capital of the Company). Under relationship agreements with our principal shareholders entered into at the time of our initial public offering, our principal shareholders each have certain director appointment rights. See "*Management—Relationship Agreements with CD&R Holdco and the Arora Family*". SSA Investments S.à r.l. is ultimately beneficially owned by, among others, Simon Arora, our Chief Executive Officer and an Executive Director, and Bobby Arora, our Trading Director. As a consequence, the principal shareholders have considerable influence over the policies and operations of the Group and their interests could conflict with the interests of the holders of the Notes, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. The principal shareholders could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to holders of the Notes. There could also be conflicts or disagreements among the principal shareholders, which could have a negative impact on the Group and the holders of the Notes.

Risks Related to Our Financial Profile and the Notes

Risks relating to indebtedness.

As of September 24, 2016 our consolidated net debt amounted to £458.6 million and, on an as adjusted basis giving effect to the Transactions, £464.6 million. Subject to certain conditions, we may also incur or guarantee new borrowings. Our level of indebtedness may affect our financing capacity as well as the financial costs thereof. We may be required to devote a significant portion of our cash flow to meet our debt service obligations, which may result in a reduction of funds available to finance our operations, capital expenditures, organic growth initiatives or acquisitions. In particular, our financial expenses may increase in the event of a material increase in interest rates, inter alia in relation to the unhedged portion of our debt. We may therefore be at a disadvantage compared to competitors that do not have a similar level of indebtedness.

We are subject to contractual obligations which limit our operating and financial flexibility.

Our ability to meet our obligations, in particular complying with the restrictions and contractual obligations, contained in the New Senior Facilities Agreement or to pay interest on our loans or to refinance or repay our loans in accordance with the terms of our debt agreements will depend on the future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond our control. If at any time we have insufficient cash to service our debt, we may be forced to reduce or delay acquisitions or capital expenditures, sell assets, refinance our debt or seek additional funding, which may adversely affect our business or financial condition. We may not be able to refinance our debt or obtain additional financing on acceptable terms.

We are subject to restrictive covenants which limit our operating and financial flexibility.

The New Senior Facilities Agreement and the Indenture will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain loans, investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- issue or sell redeemable preferred shares;
- engage in certain transactions with affiliates;
- agree to limitations on the ability of our subsidiaries to make distributions;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes*" and "*Description of Certain Financing Arrangements*". The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. The restrictions contained in the New Senior Facilities Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organisation or finance our capital needs.

Any future indebtedness may include similar or other restrictive terms. These restrictions could materially and adversely affect our ability to finance our future operations or capital needs or to engage in other business activities or consummate transactions that may be in our best interests.

In addition to limiting our flexibility to operate our business, our failure to comply with the covenants under the New Senior Facilities Agreement and the Indenture, including as a result of events beyond our control, could result in an event of default under the terms of our other financing agreements and cause all the debt under these agreements to be accelerated. If this were to occur, it could materially and adversely affect our financial condition and results of operations and we can make no assurance that we would have sufficient assets to repay our debt.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Although the Indenture and the New Senior Facilities Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial and secured. Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional unsecured indebtedness so long as our consolidated coverage ratio (as defined in the Indenture) is at least 2.00 to 1.00, and any additional secured indebtedness (which may be secured on a junior priority basis or pari passu with the indebtedness securing the Notes and the New Senior Facilities Agreement) so long as our consolidated secured net leverage ratio (as defined in the Indenture, which, among other things, excludes certain specified permitted indebtedness from the calculation of such ratio) is no more than 3.00 to 1.00. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes. In addition, the Indenture and the New Senior Facilities Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Circular.

The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees.

The Issuer and certain of the Guarantors are holding companies with no business operations and no assets other than inter-company receivables and the equity interests they hold in each of their subsidiaries. These entities will therefore be dependent upon the cash flow from the operating subsidiaries of the Group in the form of dividends, interest payments on inter-company loans or other distributions or payments to meet their obligations, including their obligations under the Notes and the Guarantees, as well as under the New Senior Facilities Agreement. The obligations of the subsidiaries of the Issuer under inter-company loans will be subordinated in right of payment to certain existing and future senior indebtedness of such subsidiaries, including obligations under the New Senior Facilities Agreement. If the subsidiaries of the Issuer do not fulfil their obligations under the inter-company loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of dividends and distributions available to the Issuer and the holding company Guarantors will depend on the profitability and cash flows of the operating companies within the Group. The subsidiaries of the Issuer may not, however, be able to, or may not be permitted under applicable law to make dividends, distributions or otherwise make upstream payments or advance upstream loans to their shareholders (including the Issuer and the holding company Guarantors) to make payments in respect of our indebtedness, including the Notes and the Guarantees.

The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries.

Not all of our subsidiaries will guarantee the Notes and our subsidiaries do not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, any of the Non-Guarantor Subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any Non-Guarantor Subsidiary becomes insolvent, is liquidated, reorganised or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such Non-Guarantor Subsidiary; and
- the creditors of such Non-Guarantor Subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such Non-Guarantor Subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our Non-Guarantor Subsidiaries. As of September 24, 2016 the Non-Guarantor Subsidiaries had 5.5% of the Group's total liabilities on a consolidated basis. Any of the debt that our Non-Guarantor Subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including our obligations under the Notes, and to fund our ongoing operations, depends on our performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "Risk Factors", many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realised or that future debt or equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs, including the repayment at maturity of the then outstanding amount under the New Senior Facilities Agreement which matures in 2021.

If our future cash flow from operations and other capital resources (including borrowings under the New Senior Facilities Agreement) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. At the maturity of the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets or raise additional debt or equity financing in amounts that could be substantial. In addition, the terms of the Notes and any future debt may limit our ability to pursue any of these measures.

If we are unable to satisfy our obligations through alternative financing, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross acceleration or cross default provisions, including the Notes and the Senior Facilities Agreement, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

The loans under our New Senior Facilities Agreement bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The loans under our New Senior Facilities Agreement bear interest at floating rates of interest per annum equal to LIBOR (or, in the case of any loans in euro, EURIBOR), as adjusted periodically, plus a margin. These interest rates could rise significantly in the future. Although we are permitted to enter into interest rate hedging arrangements in order to mitigate some of the risk associated with fluctuations in these rates, there can be no assurance that hedging will be available on commercially reasonable terms at the relevant time. Under these interest rate agreements, we would be exposed to credit risk in respect of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the hedging agreements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

We may not be able to finance a change of control offer and the occurrence of certain important corporate events will not constitute a change of control.

The Indenture will require us to make an offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to (but excluding) the date of repurchase upon the occurrence of certain events constituting a change of control. Additionally, a change of control under the New Senior Facilities Agreement (which includes a different definition of change of control), unless waived by the lenders, would permit any lender under the New Senior Facilities Agreement to elect to cancel its commitments thereunder and the participation of that lender in all amounts outstanding under the New Senior Facilities Agreement would become immediately due and payable together with accrued but unpaid interest and all other amounts due to that lender that are accrued and unpaid. The source of funds for any repurchase required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the Indenture, which would, in turn, constitute a default under the New Senior Facilities Agreement. See "*Description of the Notes—Change of Control*". In addition, a change of control could constitute a default under our other indebtedness.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events that might adversely affect the value of the Notes (including certain reorganisations, restructurings, mergers or other similar transactions) because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control"*, the Indenture will not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and the restricted group taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in pounds sterling. If you measure their investment returns by reference to a currency other than pounds sterling, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the pounds sterling relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the pounds sterling against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations for U.S. Holders*".

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in these "Risk Factors" and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their respective subsidiaries are organised outside the United States, and their business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts.

A judgment issued by a U.S. court against the Issuer or a Guarantor will (due to the current absence of an applicable treaty for the mutual recognition and enforcement of judgments in civil and commercial matters) not automatically be recognised and enforced by the courts of England and Wales. In order to enforce any such US judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, however, the English court would not generally reinvestigate the merits of the original matter decided by the US court and it would usually be possible to obtain a summary judgment on such a claim (assuming that there is no good defence to it). Recognition and enforcement of a US judgment by an English court in such an action is conditional upon a number of factors. For further information, please see "*Enforcement of Civil Liabilities*."

There is uncertainty as to whether the courts of England and Wales would (i) recognise and enforce judgments of US courts obtained against the Issuer, the Guarantors, the directors, controlling persons and management who are not residents of the United States including those judgments predicated upon the civil liability provisions of the United States federal or state securities laws or (ii) accept jurisdiction and impose civil liability in original actions brought in England and Wales and predicated solely upon the United States federal or state securities laws.

Under Luxembourg law, the duties of directors and managers of a company are generally owed to the company only. Security holders of Luxembourg companies generally do not have rights to take action against directors or managers of the company, except in limited circumstances. Directors or managers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors or managers have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or manager of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director or manager may be jointly and severally liable with other directors implicated in the same breach of duty.

In addition, because the United States and Luxembourg are not currently party to a treaty with respect to the mutual recognition and enforcement of civil judgments, a judgment obtained against a Luxembourg company in a U.S. court in a dispute with respect to which the parties have validly agreed that such court is to have jurisdiction, will not be directly enforced by the courts in Luxembourg. In order to obtain a judgment which is enforceable in Luxembourg, enforcement proceedings must be initiated in Luxembourg (*exequatur*) before a competent court of Luxembourg. The courts of Luxembourg may recognise the binding effect of a final, conclusive and enforceable money judgment of a court of competent jurisdiction in the United States provided that certain conditions as set forth in the Luxembourg New Code of Civil Procedure and by Luxembourg case law are satisfied. As a result, even if a favorable judgment is obtained against the Issuer in the United States, such a judgment might not be directly enforced by the courts in Luxembourg and enforcement proceedings must be initiated in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment rendered in civil or commercial matters by the Luxembourg District Court (*Tribunal d'Arrondisement*) in Luxembourg. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—Luxembourg*".

Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes or the Guarantees will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including, but not limited to:

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under "*Description of the Notes—Defeasance" and "—Satisfaction and Discharge*";
- as described under "*Description of the Notes—Amendments and Waivers*" and "*Description of the Notes—Certain Covenants—Limitation on Liens*";
- automatically, if the lien granted in favour of the New Senior Facilities Agreement or such other Indebtedness that gave rise to the obligation to grant the lien over such Collateral is released (other than pursuant to the repayment and discharge thereof);
- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in the case of property and assets and capital stock of a Guarantor, to the extent such Guarantor is released from its Note Guarantee pursuant to the terms of the Indenture;
- to the extent permitted in accordance with the covenant described under the caption "*Description of the Notes—Certain Covenants—Impairment of Security Interest*" below;
- in connection with any asset sale or disposition or transfer of assets to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under the caption "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"; or
- as otherwise permitted under the Indenture.

In addition, under various circumstances, Guarantees will be released automatically, including, but not limited to:

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in such Guarantor (whether by direct sale or sale of a holding company) such that such Guarantor does not remain a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of such Guarantor (in each case, other than to the Issuer or a Restricted Subsidiary) in accordance with the terms of the Indenture (including, but not limited to, the covenants described under the caption "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*");
- if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary (as defined in the Description of the Notes) in accordance with the applicable provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under "Description of the Notes—Defeasance" and "*Description of the Notes—Satisfaction and Discharge*";
- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "Description of the Notes—Amendments and Waivers";
- as a result of a transaction permitted by "*Description of the Notes—Merger and Consolidation*"; or
- upon the release of the Guarantor's guarantee under any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*Description of the Notes—Certain Covenants—Future Guarantors*".

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes*".

The courts having jurisdiction to commence insolvency or similar proceedings with respect to the Issuer and the Guarantors may not be the courts within the territory of which the Issuer and the Guarantors have their respective registered offices. The bankruptcy and insolvency laws of England and Wales or Luxembourg may not be as favourable as the bankruptcy and insolvency laws in other jurisdictions with which you may be familiar.

The insolvency or similar proceedings to which the Issuer and the Guarantors may be subject will be under the jurisdiction of the courts within the territory of which each of the Issuer and Guarantors has its respective centre of main interests (for further information see "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—European Union*"). The location of the centre of main interests of the Issuer and each Guarantor would be determined at the date on which its petition for insolvency or similar proceedings is filed. It is therefore possible that the Issuer or a Guarantor may be the subject of insolvency or similar proceedings in a jurisdiction other than the jurisdiction in which it has its registered office.

The Issuer and certain of the Guarantors are incorporated under the laws of Luxembourg, and as such any insolvency proceedings applicable to such a company are in principle governed by Luxembourg law. The insolvency laws of Luxembourg may not be as favourable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—Luxembourg*".

Certain of the Guarantors are incorporated under the laws of England and Wales. Accordingly, and assuming that the Issuer's and the Guarantors' centres of main interests (within the meaning of EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended (the "**EU Insolvency Regulation**")) are in England and Wales, that there is no change to the situation of the obligors' centres of main interests and that the obligors have no establishments elsewhere (assuming that the centres of main interests are located in a jurisdiction where the EU Insolvency Regulation is applicable), insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law (although this could be challenged and secondary/ancillary proceedings could be opened in other jurisdictions). English insolvency law may not be as favourable to creditors as the laws of the United States or other jurisdictions with which you may be familiar. In the event that any one or more of the Issuer or the Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Provided the centres of main interests of the Issuer and the Guarantors remain in England and Wales, and those companies do not have establishments in other jurisdictions at any time, insolvency proceedings relating to the Issuer and the Guarantors are likely to be commenced in England and Wales. However, the concepts of a company's centre of main interests and its other establishments are fluid and factual concepts that may change. To the extent any of the Issuer or the Guarantors has a centre of main interests or an establishment that is outside England and Wales, other jurisdictions' insolvency laws may become relevant. For further information, please see "*Limitations on Validity and Enforceability of the Guarantees and Security and Certain Insolvency Law Considerations*" with respect to English insolvency law.

The EU Insolvency Regulation has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 (the "**New EU Insolvency Regulation**") which became effective as of June 26, 2015, and will be applicable to insolvency proceedings commenced after June 26, 2017. The EU Insolvency Regulation remains applicable to insolvency proceedings commenced before that date.

The New EU Insolvency Regulation includes, among others, specifications regarding the identification of the centre of main interests. Pursuant to Article 3(1) of the New EU Insolvency Regulation, the centre of main interests of a company or legal person is presumed to be located in the Member State of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another Member State within the three month period prior to the request for the commencement of insolvency proceedings. Specifically, it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other Member State. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. Another change under the New EU Insolvency Regulation focuses on the definition of "establishment" as a prerequisite to open "territorial proceedings" (secondary proceedings). From June 26, 2017 onwards, "establishment" will mean any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets.

On June 23, 2016, the UK held a referendum to decide on the UK's membership of the EU. The UK vote was to leave the EU. The terms on which the UK will exit the EU are not certain and therefore it is not possible to know what impact any exit by the UK from the EU will have on the application of EU law (including the EU Insolvency Regulation or the New EU Insolvency Regulation) to, or in connection with, any insolvency proceedings (including, without limitation, the commencement of such insolvency proceedings and the jurisdiction of the UK courts in relation to such insolvency proceedings) to which the Issuer or any of the Guarantors may be subject.

Certain covenants may be suspended upon the occurrence of a change in the Group's ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB- or better by S&P and no default has occurred and is continuing under the Indenture, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*". If these covenants were to cease to be applicable, the Group would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The granting of the security interests in connection with the issuance of the Notes or the incurrence of permitted debt in the future may create or restart hardening periods.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions, in particular, as the Indenture will permit the release and retaking of security granted in favour of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See "*Description of the Notes—Security.*"

Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defences that may limit its validity and enforceability.

Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. In addition, the Issuer and the Guarantors will secure the payment of the Notes and the Guarantees by granting security under the relevant Security Documents. However, the Indenture may provide that each Guarantee will be limited to the maximum amount that may be guaranteed by the relevant Guarantor without, among other things, rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law or causing the officers of the Guarantor to incur personal civil or criminal liability, and enforcement of each such Guarantee would be subject to certain generally available defences and laws, and each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest. These laws and defences include those that relate to corporate benefit and uncommercial transactions, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. For further information, please see "*Limitations on Validity and Enforceability of the Guarantees and Security and Certain Insolvency Law Considerations.*"

Under bankruptcy, insolvency, fraudulent conveyance and other laws in England and Wales, Guarantees and security interests can be challenged and a court could (i) declare unenforceable against third parties (including the beneficiaries thereof) and/or void any legal act performed by a Guarantor (including, without limitation, the granting by it of the Guarantees or the security interests granted under the Security Documents), (ii) require, if payment had already been made under a Guarantee or enforcement proceeds applied under a Security Document, that the recipient (and possibly, subsequent transferees thereof) return the payment to the relevant Guarantor and (iii) take other action that is detrimental to you, typically if the court found, *inter alia*, that:

- the relevant Guarantee or security interest under a Security Document was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud any present or future creditors or shareholders of the Guarantor or, when the granting of the Guarantee has the effect of giving a creditor a preference over another when the Guarantors contemplated filing for insolvency or the Guarantors subsequently entered an insolvency process or when the recipient was aware that the Guarantor was insolvent or it would be rendered insolvent when it granted the relevant Guarantee or security interest;
- the Guarantor did not receive fair consideration or consideration of equivalent value in money or money's worth or corporate benefit for the relevant Guarantee or security interests and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee or security interest; (ii) undercapitalised or became undercapitalised because of the relevant Guarantee or Security Document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the Guarantor incurred debts beyond its ability to pay those debts as they mature;
- the relevant Guarantees or Security Documents were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture. Limitations on the enforceability of judgments obtained in New York courts could limit the enforceability of any Guarantee against any Guarantor.

For further information, please see "*Limitations on Validity and Enforceability of the Guarantees and Security and Certain Insolvency Law Considerations*."

Under the Intercreditor Agreement, the holders of the Notes are required to share recovery proceeds with other secured creditors, and are subject to certain limitations on their ability to enforce the Security Interests.

The Trustee under the Indenture governing the Notes is expected to enter into the Intercreditor Agreement with, among others, the agent under the New Senior Facilities Agreement and the Security Agent on or around the Issue Date. Other creditors may become parties to the Intercreditor Agreement or we may enter into additional intercreditor agreements in the future. Among other things, the Intercreditor Agreement will govern the enforcement of the Security Interests, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent.

With respect to the validity and enforceability under Luxembourg law of subordination provisions, Luxembourg counsels are of the view that the Luxembourg courts would, in order to assess the validity and enforceability of contractual subordination provisions, in principle turn to Luxembourg legal doctrine and case law that admit the validity and enforceability of a provision whereby a party agrees to subordinate its claim to that of another creditor, but may not be enforceable against third parties which are not party to the relevant agreement. The treatment of turnover provisions in intercreditor arrangements in Luxembourg law has not been tested before Luxembourg courts. It is possible that a turnover provision (to which a Luxembourg entity is a party) will be characterised as a mere contractual mechanism (unless it takes the form of a Luxembourg security right effective in the insolvency of a junior creditor). Where a junior creditor has been paid in priority over a senior creditor, it is uncertain whether a senior creditor can claw back these amounts in the bankruptcy of a junior creditor.

The Notes will initially be secured by the same Collateral that will secure on a pari passu basis our obligations under the New Senior Facilities Agreement, certain hedging obligations and certain other Indebtedness that we may incur in the future in accordance with the terms of the Indenture and the Intercreditor Agreement.

The Intercreditor Agreement provides that a common security agent will serve as the Security Agent for secured parties under the New Senior Facilities Agreement, the Notes and hedging arrangements with respect to the shared collateral. Subject to certain limited exceptions, the Security Agent will act with respect to such collateral only at the direction of our senior secured creditors holding a simple majority of the aggregate principal amount of our senior secured debt that is subject to the Intercreditor Agreement (including, for this purpose, both drawn and undrawn uncancelled commitments under our New Senior Facilities Agreement, debt in respect of certain hedging obligations and debt under the Notes). The holders of the Notes will not have separate rights to enforce the collateral. As a result, the holders of the Notes will not be able to instruct the Security Agent, force a sale of collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents unless the aggregate principal amount of Notes held by such holders exceeds 50% of the aggregate principal amount of the total senior secured debt (as calculated above), or before holders of Notes themselves.

Disputes may occur between the holders of the Notes and creditors under our New Senior Facilities Agreement as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the Notes will be bound by any decision of the instructing group, which may result in enforcement action in respect of the Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under our New Senior Facilities Agreement may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the security documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

The Intercreditor Agreement provides that any proceeds from an enforcement of security which is available to satisfy the obligations under the Notes will be paid pro rata in repayment of the Notes and any other obligations secured by the Collateral on a *pari passu* basis. The Intercreditor Agreement provides that the Security Agent may release certain Collateral in connection with sales of assets pursuant to a permitted disposal or enforcement sale and in other circumstances permitted by the Indenture and the New Senior Facilities Agreement. Therefore, such collateral available to secure the Notes could be reduced in connection with the sales of assets or otherwise, subject to the requirements of the financing documents and the Indenture.

Certain additional amounts will be available for additional borrowing under the New Senior Facilities Agreement by way of incremental facilities (subject to the fulfilment of certain conditions thereunder). In addition, the Indenture governing the Notes and the New Senior Facilities Agreement will permit us, in compliance with the covenants in those agreements, to incur significant additional indebtedness secured by liens on the Collateral. Our ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral. As a result, holders of Notes may receive less than holders of other secured indebtedness. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. Please see "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Considerations*".

Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult.

The Issuer is organised under the laws of Luxembourg and each of the Guarantors are organised under the laws of England and Wales; the Collateral will include pledges over all of the issued share capital of each Guarantor, fixed and floating charges over substantially all of the Guarantors' and the Issuer's property and assets of the Guarantors and the Issuer in England pursuant to an English law debenture and pledges over certain bank accounts in Luxembourg of the Luxembourg Guarantors and the Issuer. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in England and Wales or Luxembourg. Your rights under the Notes, the Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of England and Wales or Luxembourg and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realisable value of the Collateral.

The insolvency, administration and other laws of the jurisdiction of organisation of England and Wales or Luxembourg may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the Guarantees and the security documents in these jurisdictions or limit any amounts that you may receive.

The Notes are secured only to the extent of the value of the Collateral that has been granted as security for the Notes and future secured indebtedness may be secured by certain assets that do not secure the Notes.

The Notes are secured only to the extent of the value of the Collateral described in this Offering Circular. See "*Description of the Notes—Security*". Not all of our assets secure the Notes, and the Indenture allows the Issuer and its restricted subsidiaries to secure any future senior secured indebtedness (as defined in the Indenture) permitted to be incurred under the Indenture (which may be structurally senior to the Notes and the Guarantees) with the property and assets of the restricted subsidiaries that do not secure the Notes. The value of such assets and property could be significant. If there is an event of default and to the extent that the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking pari passu with the Notes and the Guarantees.

While the Indenture creates certain obligations to provide additional guarantees and grant additional security over assets, or a particular class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of an unrestricted subsidiary as a restricted subsidiary or otherwise, such obligations are subject to certain agreed security principles. The agreed security principles set forth in the New Senior Facilities Agreement set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

The value of the Collateral may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

The Notes will be secured by the Collateral. If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favour of holders of the Notes. There is no guarantee that the value of the Collateral on the issue of the Notes or subsequently will be sufficient to enable the Issuer to perform its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes.

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with the issue of the Notes. The amount of proceeds realised upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Trustee or investors as holders of the Notes to realise or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes or the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realised upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. For instance, the shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares and inter-company loan receivables may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof.

The Indenture also allows incurrence of certain additional permitted debt in the future that is secured by the Collateral on a pari passu basis. See "*Description of the Notes—Certain Covenants—Limitation on Liens*" and the definition of Permanent Collateral Liens as defined in "*Description of the Notes—Certain Definitions*". The incurrence of any additional debt secured by the Collateral would reduce amounts payable to investors from the proceeds of any sale of the Collateral. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors including, among others, the ability to sell the Collateral in an orderly sale, the availability of buyers and other factors. The book value of the Collateral should not be relied on as a measure of realisable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of an enforcement of the liens in respect of the Notes, the proceeds from the sale of the Collateral may not be sufficient to satisfy the Issuer's obligations under the Notes.

To the extent that other first priority security interests, pre-existing liens, liens permitted under the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the security and the ability of the security trustee to realise or foreclose on the security.

The Indenture also permits the granting of certain liens other than those in favour of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the security documents, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Notes offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

It may be difficult to realise the value of the Collateral securing the Notes.

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realise or foreclose on such security. Furthermore, the first-priority security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterisation under English law.

The security interests of the Security Agent are subject to practical problems generally associated with the realisation of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

Certain of our material contracts terminate or may be terminated by the counterparties thereto upon the occurrence of certain insolvency events. If we, the holders of the Notes, the Trustee or any other party causes such an insolvency event, we would lose our rights under those contracts, which represent a material percentage of our expected turnover and a substantial portion of our property portfolio. As a consequence, the alternative methods available to the holders of the Notes for enforcing the security interests in the Collateral in certain of our material contracts may be limited.

The rights of the holders of the Notes may be adversely affected by the failure to perfect security interests in the Collateral and the granting of the security interest in the Collateral may be subject to hardening periods for such security interests in accordance with law.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security.

The liens on the Collateral may not be perfected with respect to the Notes and the Guarantees if we or the Security Agent are not able to or do not take the actions necessary to perfect any such liens. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes and the Guarantees or adversely affect the priority of such security interest in favor of the Notes and the Guarantees against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. Neither the Trustee nor the Security Agent will have an obligation to monitor the acquisition of additional property or rights that constitute Collateral or take any action in relation to the perfection of any security interest therein.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take actions that might improve the perfection or priority of the liens of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganisation or similar proceeding.

The granting of security interests in connection with the issuance of the Notes and the entry into the New Senior Facilities Agreement may be subject to hardening periods for such security interests. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated, depending on the applicable laws. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void, it may be deemed ineffective towards the bankruptcy estate and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods and the aforementioned limitations may apply.

Transfer of the Notes is restricted, which may adversely affect their liquidity and value.

The Notes and the Guarantees have not been, will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*".

The Notes will initially be held in Book-Entry form through Euroclear and Clearstream and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Interests in the global notes representing the Notes trade in Book-Entry form only, and the Notes in definitive registered form, or definitive registered Notes, can be issued in exchange for book-entry interests only in very limited circumstances. Owners of Book-Entry interests are not considered owners or holders of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes are made to the paying agent, which makes payments to Euroclear and Clearstream. Thereafter, these payments are credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer, as applicable, has no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry interests. Accordingly, if you own a Book-Entry interest, they must rely on the procedures of Euroclear and Clearstream, and if you are not participants in Euroclear and Clearstream, you must rely on the procedures of the participant through which you own their interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry interests do not have the direct right to act upon the solicitations for consents of the Issuer, as applicable, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry interest, you are permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, a participant. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all Book-Entry interests, if you own Book-Entry interests, they are restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form*".

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

Although the Issuer will, in the indenture governing the Notes, agree to use its commercially reasonable efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, and to maintain a listing on that or another internationally recognised stock exchange as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange and admission to trading on the Euro MTF Market or another internationally recognised stock exchange, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another stock exchange may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

We cannot assure you that the Notes will become or will remain listed. In addition, we cannot assure you as to the liquidity of any market for the Notes, your ability to sell them or the price at which you may be able to sell them.

Future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, the market for similar securities, general economic conditions and our own financial condition, performance and prospects. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities, such as the Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions, which may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If there is no active trading market, you may not be able to resell your Notes at a fair value, if at all.

We may issue Additional Notes, which may affect the market value of the Notes.

We may from time to time, without the consent of the holders but subject to the terms and conditions of the Indenture, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, the date of issue and the amount of principal) so as to be consolidated and form a single series with the Notes. Even if such additional securities are treated for non-tax purposes as part of the same series as the Notes, such additional securities may in some cases be treated as a separate series for U.S. federal income tax purposes. In such case, such additional securities may be considered to have been issued with OID even if the Notes were not issued with OID for U.S. federal income tax purposes. These differences may affect the market value of the Notes if such additional securities are not otherwise distinguishable from the Notes.

Payments of interest on the Notes may be subject to UK withholding tax unless an exemption is available.

There is a risk that interest on the Notes may be regarded as having a UK source and, as such, payments of interest on the Notes may be subject to UK withholding tax, unless an exemption is available under UK domestic law or an applicable double tax treaty. In view of the fact that the Notes will be officially listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, which is a "recognised stock exchange" for the purposes of UK domestic law, under current law the quoted Eurobond exemption should apply so that, even if the Notes are regarded as having a UK source, interest payments on the Notes may be made without deduction or withholding for or on account of UK tax. In the event that the Notes are no longer determined to be listed on a "recognised stock exchange" for the purposes of UK domestic law, other exemptions may be available. If any withholding or deduction on account of UK tax is required to be made (see *"Certain Tax Considerations—Certain United Kingdom Tax Considerations—Payments on the Notes—Withholding Tax"*), the Issuer or the Guarantors (as the case may be) will generally be obliged, except in certain circumstances (see "*Description of the Notes—Additional Amounts*"), to pay such additional amounts so as to result in the receipt by the holders of the Notes of such amounts as would have been received by them if no such withholding or deduction had been required.

There can be no assurance that the quoted Eurobond exemption will continue to apply to payments of interest on the Notes, or that individual holders will be entitled to additional amounts under the Description of the Notes in the event that any UK withholding tax becomes applicable to payments of interest on the Notes.

USE OF PROCEEDS

We expect to receive total gross proceeds of approximately £250 million from the issuance of the Notes. We expect to use the proceeds of the offering of the Notes and the New Term Loan A: (i) to repay all amounts outstanding under the Existing Facilities, including accrued and unpaid interest thereon, on the Issue Date; (ii) to pay fees and expenses associated with the Transactions; and (iii) for general corporate purposes, including acquisitions.

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the offering of the Notes, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including actual fees and expenses, the actual amount of indebtedness and the actual Issue Date.

Sources	(£ millions)	Uses	(£ millions)
Notes offered hereby	250.0	Repayment of Existing Term Loan A(1)	300.0
New Term Loan A	300.0	Repayment of Existing Term Loan B(2)	140.0
		Transaction fees and expenses(3)	6.0
		Cash to balance sheet	104.0
Total Sources	**550.0**	**Total Uses**	**550.0**

(1) Represents the aggregate principal amount outstanding under the Existing Term Loan A. Excludes accrued and unpaid interest to the Issue Date. We expect to repay all amounts outstanding under the Existing Term Loan A with proceeds of the New Term Loan A drawn on the Issue Date.
(2) Represents the aggregate principal amount outstanding under the Existing Term Loan B. Excludes accrued and unpaid interest to the Issue Date. On the Issue Date, we expect to repay all amounts outstanding under the Existing Term Loan B using part of the proceeds of the offering of the Notes.
(3) Represents estimated fees and expenses associated with the Transactions, including fees related to the New Facilities, Initial Purchasers' fees and other transaction costs and professional fees.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents, capitalisation and certain other statements of financial position information of the Issuer and its subsidiaries (i) as of September 24, 2016 on an actual basis and (ii) on an as adjusted basis after giving effect to the Transactions as described in "*Summary—The Transactions*" and "*Use of Proceeds*".

You should read this table together with the sections of this Offering Circular entitled "*Selected Historical Consolidated Financial Data and Other Financial and Operating Data*" and "*Operating and Financial Review*" and with our Unaudited Interim Financial Statements and related notes included elsewhere in this Offering Circular. The as adjusted information below is illustrative only and does not purport to be indicative of our actual capitalisation following the Transactions.

	As of September 24, 2016	
	Actual	As Adjusted
	(£ millions)	
Cash and cash equivalents	**14.3**	**93.3**(1)
Existing Facilities(2)(3)		
Existing Revolving Facility	25.0	—
Existing Term Loan A	300.0	—
Existing Term Loan B	140.0	—
New Facilities(3)		
New Term Loan A	—	300.0
New Revolving Facility(4)	—	—
Notes offered hereby(3)	—	250.0
Other debt(5)	7.9	7.9
Total gross debt	**472.9**	**557.9**
Total net debt(6)	**458.6**	**464.6**
Total equity	**757.4**	**751.4**
Total capitalisation(7)	**1,216.0**	**1,216.0**

(1) Reflects the actual amount of cash at hand as of September 24, 2016 as adjusted to reflect the implementation of the Transactions. This reflects our repayment of £25.0 million outstanding under the Existing Revolving Facility, but does not reflect any other cash or cash equivalents generated or used since September 24, 2016.

(2) Represents the aggregate principal amount outstanding under our Existing Facilities as of September 24, 2016. On the Issue Date, we will repay our Existing Facilities using the proceeds of the offering of the Notes, the New Term Loan A and cash on hand.

(3) The Notes, the Existing Facilities and the New Facilities have been reflected at their aggregate principal amount, excluding unamortised debt issue costs.

(4) We expect to have approximately £136.5 million of undrawn availability under the New Revolving Facility, after adjusting for guaranteed lines backed by our New Revolving Facility. See "*Description of Certain Financing Arrangements—New Senior Facilities Agreement—Structure*".

(5) Other debt represents finance leases in Germany.

(6) Total net debt reflects total gross debt less cash and cash equivalents. See note 1 above regarding the calculation of the "as adjusted" amount of cash and cash equivalents.

(7) Total capitalisation reflects total net debt plus total equity.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present summary consolidated financial and other data for the Issuer as of and for the financial six months 2016 and 2017 and as of and for the financial years ended 2014, 2015 and 2016. We have derived the summary financial data as of and for the financial six months 2016 and 2017 from our Unaudited Interim Financial Statements, the summary financial data as of and for the financial year 2014 from our 2014 IPO Financial Statements and the summary financial information as of and for the financial years 2015 and 2016 from our Audited Financial Statements. The Audited Financial Statements included in this Offering Circular and the accompanying notes thereto have been prepared in accordance with IFRS and have been audited by Grant Thornton Lux Audit S.A., as stated in their reports, which are included elsewhere in this Offering Circular. The 2014 IPO Financial Statements have been prepared in accordance with the basis of preparation described in note 2 to the 2014 IPO Financial Statements. The Unaudited Interim Financial Statements included in this Offering Circular have been prepared in accordance with IFRS, specifically interim financial reporting (IAS 34).

This financial information should be read in conjunction with the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements included elsewhere in the Offering Circular and with "*Presentation of Financial and Other Information*", "*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*", and "*Operating and Financial Review*".

Consolidated Statement of Comprehensive Income Data

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
			£'000			
Revenue	**1,271,980**	**1,646,824**	**2,035,285**	**930,319**	**1,105,856**	**2,210,822**
Cost of sales	(839,972)	(1,076,916)	(1,332,263)	(609,746)	(722,494)	(1,445,011)
Gross profit	**432,008**	**569,908**	**703,022**	**320,573**	**383,362**	**765,811**
Administrative expenses	(329,311)	(437,049)	(528,530)	(242,724)	(299,893)	(585,699)
Operating profit	**102,697**	**132,859**	**174,492**	**77,849**	**83,469**	**180,112**
Share of profits of investments in associates	269	1,632	1,166	—	—	1,166
Profit on ordinary activities before interests and tax	**102,966**	**134,491**	**175,658**	**77,849**	**83,469**	**181,278**
Finance costs	(101,195)	(72,875)	(21,573)	(11,342)	(9,953)	(20,184)
Finance income	1,855	99	460	227	174	407
Profit on ordinary activities before tax	**3,626**	**61,715**	**154,545**	**66,734**	**73.690**	**161,501**
Income tax expense	(6,939)	(21,852)	(28,142)	(13,948)	(15,029)	(29,223)
Other tax expense	—	—	(603)	—	—	(603)
Profit/(Loss) for the period	**(3,313)**	**39,863**	**125,800**	**52,786**	**58,661**	**131,675**

Consolidated Statement of Financial Position Data

	As at				
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Non-current assets	970,857	1,040,952	1,083,913	1,064,064	1,104,795
Current assets	241,583	387,391	480,990	455,548	444,439
Total assets	**1,212,440**	**1,428,343**	**1,564,903**	**1,519,612**	**1,549,234**
Total equity	**18,902**	**(723,829)**	**(814,350)**	**(752,710)**	**(757,386)**
Total current liabilities	(751,395)	(176,609)	(206,408)	(233,153)	(238,381)
Total non-current liabilities	(479,947)	(527,905)	(544,145)	(533,749)	(553,467)
Total liabilities	**(1,231,342)**	**(704,514)**	**(750,553)**	**(766,902)**	**(791,848)**
Total equity and liabilities	**(1,212,440)**	**(1,428,343)**	**(1,564,903)**	**(1,519,612)**	**(1,549,234)**

Consolidated Statement of Cash Flows Data

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
Net cash flows from operating activities	**78,088**	**111,285**	**142,606**	**35,197**	**64,970**	**172,379**
Net cash flows from investing activities	**(33,028)**	**(92,902)**	**(54,697)**	**(31,999)**	**(25,724)**	**(48,422)**
Net cash flows from financing activities	**(46,560)**	**21,706**	**(61,704)**	**(35,322)**	**(116,088)**	**(142,470)**
Net increase/(decrease) in cash and cash equivalents	(1,501)	40,089	26,205	(32,124)	(76,842)	(18,513)
Cash and cash equivalents at the beginning of the period	26,403	24,854	64,943	64,943	91,148	32,819
Cash and cash equivalents at the end of the period	**24,902**	**64,943**	**91,148**	**32,819**	**14,306**	**14,306**

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the financial condition and results of operations of the Issuer and its subsidiaries should be read in conjunction with "Presentation of Financial and Other Information" and "Selected Historical Consolidated Financial Data and Other Financial and Operating Data" included elsewhere in this Offering Circular. The following discussion should also be read in conjunction with, and is qualified in its entirety by reference to, the Audited Financial Statements of the Issuer and its subsidiaries as of and for the financial years 2015 and 2016 prepared in accordance with IFRS as adopted by the European Union, the 2014 IPO Financial Statements of B&M European Value Retail 1 S.à r.l. prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the Unaudited Interim Financial Statements of the Issuer and its subsidiaries for the financial six months 2016 and 2017, which are included elsewhere in this Offering Circular.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-Looking Statements" and "Risk Factors" elsewhere in this Offering Circular.

Overview

We are one of the leading limited assortment discount retailers in the UK based on number of stores and sales, with a growing presence in Germany through our 80% owned subsidiary Jawoll. We trade under the B&M brand in the UK and Jawoll brand in Germany.

For the 52 weeks ended September 24, 2016, we generated revenue and Adjusted EBITDA of £2,210.8 million and £215.1 million, respectively. For the financial six months 2017, we generated revenue and Adjusted EBITDA of £1,105.9 million and £99.2 million, respectively. For the financial six months 2016, we generated revenue and Adjusted EBITDA of £930.3 million and £86.6 million, respectively. For the financial year 2016, we generated revenue and Adjusted EBITDA of £2,035.3 million and £202.5 million, respectively, as compared to £1,272.0 million and £130.4 million, respectively, for the financial year 2014. Since 2014, we have grown our portfolio of stores from 373 B&M stores in the UK and, following our acquisition of an 80% shareholding in Jawoll in 2015, 49 Jawoll stores in Germany, to 533 B&M stores in the UK and 73 Jawoll stores in Germany as of December 26, 2016. As of September 24, 2016, we employed over 25,000 employees, including part-time employees. As of January 20, 2017, our market capitalisation was £2,992.0 million. Our UK business is one of the largest companies in the fast growing general merchandise discount retail market in the UK, which we believe is having a disruptive impact on the overall UK retail market. We believe that our stores offer a compelling customer proposition, combining leading branded fast-moving consumer goods ("**FMCG**") products at attractive prices with a strong non-grocery product offering which together deliver great value to customers over a wide range of price points.

UK

As of December 26, 2016, we operated a network of 533 B&M stores located throughout the UK, in both "in-town" and "out-of-town" locations such as retail parks. We have a strong and consistent track record of successfully opening new stores in the UK. We believe that there remains a significant opportunity to continue the roll-out of new B&M stores, with a focus on increasing the density of the store network in the northern regions of the UK and the Midlands and increasing the penetration of our store network in Southern England. Based on third party data and our own analysis of the market, we believe that there is scope to grow to around 850 total B&M stores in the UK. As at March 26, 2016 there were 499 B&M stores in the UK and we expect to open approximately 56 B&M stores (40 net) in the financial year 2017 and to open approximately 50 further new B&M stores in the financial year 2018. As of September 24, 2016, we employed over 23,500 employees in the UK, including part-time employees.

We operate a well-invested warehouse and distribution system for B&M stores that consists of four principal distribution centres located in Speke (two centres), Middlewich and Runcorn, as well as two secondary distribution centres located in Knowsley and Blackpool. We also operate an in-house fleet of heavy goods vehicles for B&M store deliveries and intra-warehouse transfers.

Germany

We have been operating in Germany since April 2014 following the acquisition of an 80% interest in Jawoll, a German limited assortment discount retail chain. The size of the German retail market in 2016 by total store-based retail value sales was approximately €416 billion, according to Euromonitor International.

Jawoll principally competes in the general merchandise discount retail segment with only a limited range of grocery items and therefore differentiates itself from the highly competitive and pervasive grocery discount channel. As of December 26, 2016, we operated 73 Jawoll stores, primarily in out-of-town locations in north-central Germany. Jawoll has a particular strength in the gardening category, with gardening and plants comprising 18.0% of Jawoll's sales mix in financial year 2016 (as compared to 5.7% for B&M in the UK), and all but one of our Jawoll stores have a garden centre. Since the acquisition, we have been implementing our UK business model in the German business, reducing the average SKU count in Jawoll stores from 15,000 in financial year 2015 to around 10,000 in financial year 2016, and preparing to expand the Jawoll business both within and outside its present core region in north-central Germany, particularly as the industry appears fragmented without a leading limited assortment discount retailer operating successfully on a national basis. As at the end of the financial year 2016 there were 56 Jawoll stores and we plan to open 19 Jawoll stores (10 organically and 9 through acquisition) in financial year 2017. In addition, we have increased investment in Jawoll's infrastructure in anticipation of expansion, completing a 46,500 square foot expansion of the main distribution centre in Soltau in June 2016 and increasing investment in IT infrastructure and the management team.

Under the shareholders agreement in relation to our 80% interest in Jawoll, we have an option to acquire the remaining 20% from the Jawoll management owners, and they have a corresponding option to put the remaining 20% to us, each of which is exercisable in 2019 (the "**Jawoll Option**"). See *"Liquidity and Capital Resources—Liquidity Risk*".

Current Trading and Prospects

For the third quarter of financial year 2017 (relating, in the UK, to the period from September 25, 2016 to December 24, 2016, and in Germany, to the period from October 1, 2016 to December 31, 2016), the Group generated revenue of £789.1 million, a 21.8% increase from the corresponding period in financial year 2016 on an actual currency basis, when Group revenue totalled £647.8 million.

In the UK, we opened 14 net new B&M stores during the third quarter. The Group's B&M stores generated revenue of £741.4 million in the third quarter of financial year 2017, a 20.7% increase from the corresponding period in financial year 2016, when our revenue in the UK was £614.5 million. UK Like-for-Like Revenue Growth in the third quarter was 7.2%, and Underlying UK Like-for-Like Revenue Growth (which excludes cannibalisation effects) was 8.4%. The stronger UK Like-for-Like Revenue Growth in the third quarter of financial year 2017 reflected several factors, including strong seasonal product performance, improved in-store standards for customers and the improved operational performance from our two new distribution centres as compared to the corresponding period of financial year 2016. We also benefited from an extra day of trading in the third quarter of financial year 2017 as compared to the corresponding period of financial year 2016, which improved UK Like-for-Like Revenue Growth by 1.1% as compared to the third quarter of financial year 2016. That timing benefit will unwind in the fourth quarter of financial year 2017.

In Germany, we opened seven net new Jawoll stores in the third quarter. The Group's Jawoll stores generated revenue of £47.7 million in the third quarter of financial year 2017, a 43.2% increase from the corresponding period in financial year 2016 on an actual currency basis, when our revenue in Germany was £33.3 million.

Basis of Presentation

Financial Statements

This discussion and analysis is based on the 2014 IPO Financial Statements as of and for the financial year 2014 and the Audited Financial Statements as of and for the financial years 2014, 2015 and 2016 and the Unaudited Interim Financial Statements as of and for the financial six months 2017 included elsewhere in this Offering Circular.

Accounting Principles

The 2014 IPO Financial Statements were prepared for inclusion in the prospectus of B&M European Value Retail S.A. dated 12 June 2014 in connection with our initial public offering. With respect to the financial information for the financial year 2014 included in the 2014 IPO Financial Statements, such financial information was derived from the IFRS statutory financial statements and underlying financial information of B&M European Value Retail 1 S.à r.l. and its subsidiaries and prepared on the basis of accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, as set out more fully in note 2 to the 2014 IPO Financial Statements included elsewhere in this Offering Circular.

B&M European Value Retail 1 S.à r.l. became the direct wholly owned subsidiary of the Issuer as a result of the reorganisation of the Group after our initial public offering, and the Group now reports at the level of the Issuer (see note 1 to the Audited Financial Statements for the financial year 2015 for more information). As the Group's reported results for the financial year 2014 were prepared at a different level in the Group, and using a different basis of preparation to financial years 2015 and 2016, the financial information for the financial year 2014 may not be directly comparable with the financial information for the financial years 2015 and 2016, and period to period comparisons may be more difficult.

The Audited Financial Statements, including segment information, have been prepared in accordance with IFRS. The Audited Financial Statements are prepared using uniform accounting policies for all companies in the Group.

Segment Reporting

IFRS 8 ("Operating Segments") requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocated resources across each reporting segment. For management purposes, the Group is organised into two reportable segments, the UK retail segment and the German retail segment (since the acquisition of Jawoll on April 30, 2014).

Reporting Currency

The Group's consolidated financial statements are presented in pounds sterling. Certain Group companies have a functional currency of pounds sterling, and certain others have a functional currency of Euro. The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts in line with IAS 21 Effects of Changes in Foreign Exchange Rates. The assets and liabilities are translated into pounds sterling at the year-end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively divided into the foreign exchange reserve with the annual effect being charged or credited, as applicable, to other comprehensive income. Transactions entered into by a Group company in a currency other than the functional currency are recorded at the prevailing rates when the transactions occur. Foreign currency monetary assets and liabilities are translated at the prevailing rates at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Restatements

As at March 26, 2016, the value of imported goods in transit was £58.2 million. Following a detailed review of the terms and conditions under which these goods were shipped, they have been recognised within inventory at the period end, reflecting that the risks and rewards of ownership are transferred to the Group at the point of shipment and not in the UK as previously concluded. As explained more fully in note 1 to our Audited Consolidated Financial Statements for the financial year 2016 included elsewhere in this Offering Circular, the comparative figures in the statements of financial position as at financial year 2015 have been restated accordingly. These restatements have no impact on the statements of comprehensive income, nor on net equity in the current financial year or prior financial years. The comparative figures in the statements of financial position in the 2014 IPO Financial Statements have not been restated.

Significant Factors Affecting the Group's Results of Operations

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out factors that we believe have significantly affected the Group's results of operations and/or financial condition in the period under review and/or will have a significant effect on the Group's results of operations and/or financial condition in the future.

Internal Factors

New Store Openings

The most significant internal driver of our growth in recent years has been our new store opening program. We have grown our store portfolio rapidly, and opened 42, 53 and 80 net new stores across the Group in the financial years 2014, 2015 and 2016, respectively. We have scaled the business proportionally, allowing us to maintain stable Gross Margin and Adjusted EBITDA margin across the historical period. Our strategy is to open 40-50 net new B&M stores per annum in the UK in the medium term, and to continue to grow the Jawoll store portfolio in Germany. Based on third party data and our own analysis of the market, we believe that the UK currently could support around 850 total B&M stores. As of December 26, 2016, we operated 533 stores in the UK.

The last 72 organic store openings in the UK where the store had traded for at least 12 months prior to September 24, 2016 had an average Payback Period of approximately 8 months and an average Payback Period Including Working Capital of approximately 15 months. In the first year of opening these stores, average revenues were £4.9 million, the cash EBITDA after variable operating costs was £0.75 million and average investment was £0.51 million including capital expenditure and pre-opening costs. In Germany, we are planning to implement the best practices from our UK roll-out practice.

UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth

During the historic period, we have consistently generated positive UK Like-for-Like Revenue Growth, through a combination of increased average transaction values and footfall.

Based on historic experience in the discount retail market generally, and our own experience specifically, we believe that in challenging economic times we see greater footfall as consumers seek better value, and in better economic times average transaction values increase as consumers have increased disposable income.

Our UK Like-for-Like Revenue Growth in the financial year 2016 and financial six months 2017 was affected by some cannibalisation. For example, in financial year 2016, we opened 74 net new stores in the UK, some of which were within a 3-mile radius of existing B&M stores and therefore impacted those stores' growth. Although as a result of the opening of these new stores we grew our revenue and profitability, our UK Like-for-Like Revenue Growth comparisons on a reported basis were adversely affected. As a result, for the financial year 2016 and financial six months 2017, we have reported Underlying UK Like-for-Like Revenue Growth, which excludes the impact of cannibalisation. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth*".

Global Sourcing

Our results from operations are affected by our ability to source high-quality products directly from manufacturers, which we can then offer to customers at an attractive price. Our ability to benefit from our direct sourcing is a result of strong relationships with our suppliers, short lead times and limited SKUs.

We source products for our stores directly from a broad range of FMCG and general merchandise suppliers. We have developed a strong in-house buying team, composed of over 180 people as of September 24, 2016, who are dedicated to sourcing FMCG and general merchandise products directly from suppliers, with support from our in-house design team responsible for developing and merchandising private label and other general merchandise products. We believe that the Group has a strong and experienced buying and merchandising team responsible for delivering strong product quality and value as well as improved gross margins.

In the UK, we source our FMCG products directly from global producers such as Procter & Gamble, Unilever, Mondelez and Nestlé. We also have a strong network of suppliers in the Far East from whom we source approximately two-thirds of the general merchandise products sold in our stores, either directly through our buyers from a network of over 600 manufacturers in the Far East, or through our Hong Kong-based associate company, Multi-Lines. Direct sourcing for general merchandise products from the Far East was implemented in 2005 and over time our sourcing has moved from reliance on UK importers to direct sourcing for the majority of our non-grocery general merchandise products sold in B&M stores.

Our Jawoll stores have begun to benefit from our sourcing network and now source about 2,000 SKUs through our sourcing network, with the remainder of Jawoll's SKUs sourced from wholesalers.

Cost of Goods Sold

Our gross margin is driven by our cost of goods sold, which, in turn, is affected by a variety of factors such as our product mix (including with respect to grocery versus non-grocery products and domestically-sourced versus directly imported goods) and the result of our direct sourcing from suppliers (including any supplier incentives).

The Group's gross margin remained broadly stable for the financial years ended 2014, 2015 and 2016, at 34.0%, 34.6% and 34.5%, respectively. This stability was achieved through efforts undertaken to manage our gross margin, including strengthening supplier relationships, leading to increased buying power driven by increased scale, sourcing an increased number of non-grocery items directly from suppliers in Asia and aggressively managing our product range and selling space. Further, we try to maintain a diversified product mix in our stores to avoid excessive reliance on any particular product category, which helps to maintain stability in our gross margin. We have the ability to flex our gross margin on a product line or category level to seek to maintain stability in our overall gross margin.

We continue to adjust our product mix to account for seasonal trends, rotate the bottom performing SKU lines, and to exploit new market opportunities. For example, in the UK, we recently introduced a new range of leading brand stationery and also extended our product range into craft and hobbyist products under a "Hobbyworld" private label range. We believe that by managing our product mix we are able to deliver products that our customers want and this has a positive effect on our results of operations and business.

Warehouse and Distribution

Our results of operations are affected by the cost and efficiency of, and investment in, our warehousing and our logistics and distribution costs. The Group currently operates in the UK from six distribution centres, including two large distribution centres at Middlewich and Runcorn that we added during the period under review and that have increased our overall UK distribution warehouse capacity by 800,000 square feet.

We have also completed a large extension to Jawoll's existing warehouse in Soltau, Germany which was operational in June 2016.

We believe that the additional distribution centres in the UK and the warehouse expansion in Germany provide us with the capacity required to support our growth in the UK and Germany for at least the next 18 months. The two additional warehouses in the UK were brought on stream earlier than originally planned to support the additional stores that we acquired or opened during the financial year 2016. They did not become operational until the second half of the calendar year 2015, which was close to the build-up in stock levels ahead of the seasonal peak. Consequently, with those pressures, service levels from the distribution network were impacted and we experienced some disruption to store operations and trade for a number of weeks. Although December 2015 UK Like-for-Like trading was strongly positive, the distribution function was not at budgeted productivity until the last few weeks of the financial year 2016. This resulted in higher than budgeted distribution costs in financial year 2016 overall. Although these costs have since returned to normal levels, such disruptions may also occur in the future as and when we bring new warehouse capacity on stream or otherwise introduce new elements into our distribution network.

As of September 24, 2016, we operated a fleet of over 200 HGV tractor units and over 530 trailers in the UK. We have continued to modernise our UK transport fleet during the period under review. We plan to continue to invest to maintain and improve the quality of the fleet of tractors and trailers in the UK. In Germany, we primarily rely on subcontractors to provide transport services. Our transportation and distribution costs can be affected by fuel costs, road taxes and other costs. Although fuel costs are a relatively small part of our overall costs, we hedge these costs where possible.

Operating Costs

Our management of our cost base is an important driver of our operating margins. Our operating costs include staff salaries and wages and rental costs, both of which have increased in line with our new store opening program. We operate using a flexible low-cost operating model focused on cost efficiency, and we have been successful at maintaining our ratio of store level operating costs to revenue ratio in the periods under review, notwithstanding the significant expansion of the business and investment in infrastructure.

The following table sets forth information on selected operating costs for the Group for the financial years 2014, 2015 and 2016 and the financial six months 2016 and 2017.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	**March 28, 2015**	**March 26, 2016**	**September 26, 2015**	**September 24, 2016**
	£'000, except percentages				
UK					
Store Costs(1)	232,982	279,791	352,957	166,176	200,475
% of segment revenue in UK	18.3%	18.3%	18.6%	19.3%	19.7%
Transport and Distribution(2)	43,487	51,816	75,468	32,316	40,526
% of segment revenue in UK	3.4%	3.4%	4.0%	3.8%	4.0%
Central Costs(3)	25,163	30,275	34,210	17,881	19,248
% of segment revenue in UK	2.0%	2.0%	1.8%	2.1%	1.9%
Germany					
Germany Costs	—	33,759	37,916	17,628	23,880
% of segment revenue in Germany	—	28.0%	28.6%	25.7%	26.9%
Total operating costs excluding Depreciation and Amortisation	301,663	395,640	500,551	234,001	284,129
Group					
Depreciation and Amortisation	9,749	15,674	20,426	9,465	12,263
% of Group revenue	0.8%	1.0%	1.0%	1.0%	1.1%
Total	**311,382**	**411,314**	**520,977**	**243,466**	**296,392**

(1) Store costs include service charges, landlords insurance, business rates, water rates, heat and light expenses, store wages and store administration costs.

(2) Transport and distribution costs include wages, HGV and trailer rental costs.

(3) Central costs include the buying and merchandising, IT, finance and directorate functions, commercial insurance costs, occupancy costs associated with our warehouses and associate income.

Despite our significant growth over the historic period, we have successfully kept our operating costs as a percent of segment revenue stable.

External Factors

General Economic Climate

Our performance is affected by the general economic climate in the markets in which we operate, in particular as a result of how the economy impacts consumers' spending patterns. While retail spending is generally driven by disposable income levels, poor economic conditions have historically attracted some UK consumers to the general merchandise discount retail sector, leading to greater footfall across our stores. However, we also believe that any improvements in the general economic outlook in the markets in which we operate and any growth in consumer spending should have a positive impact on the Group's future performance by encouraging higher average transaction values.

General economic conditions, such as inflation and minimum wage levels, can also have the effect of increasing the Group's payroll costs, direct product costs and the cost of goods and services. However, we believe that this should not create pressure on the Group's gross margin, as we operate a cost-plus pricing model for our products while always seeking to maintain our price differential against other specialist retailers, who are typically subject to the same economic conditions.

Currency Effect

Movements in foreign exchange rates can affect our results from operations (i) by having a transactional impact on our products sourced outside of the UK, (ii) on a translational basis given Jawoll's earnings in Euro and (iii) by impacting consumers' disposable incomes.

Approximately two-thirds of the general merchandise products sold in our stores are sourced from the Far East, either directly through our buyers from a network of over 600 manufacturers in the Far East, or through our Hong Kong-based associate company, Multi-Lines. Approximately one-third of our product purchases sourced from the Far East are denominated in U.S. dollars. While we have in place hedges to protect our currency requirements for this financial year 2017, which has mitigated the effects of the pound's recent decline in value vis-à-vis certain foreign currencies, in particular the U.S. dollar, there may be an impact in the future.

Jawoll's revenues are in Euro, and it sources some of its products in U.S. dollars. In addition, because the Group reports in pound sterling, changes in the GBP/EUR exchange rate may affect our reported results.

Following the UK's vote to leave the EU in June 2016, there was significant fall in pound sterling against its principal trading currencies. Although we have not seen a negative impact on customer behaviour to date, if there is an increase in inflation or more general economic pressures, customer behaviour may change.

Property and Rental Costs

Our stores are typically leased on standard institutional landlords' terms which require upward-only rent reviews. We typically benefit from incentives on our new store leases, which vary in line with prevailing market conditions. Our lease agreements typically last between 5 and 15 years, with rent renewals typically every five years, if applicable. In general, the level of any rent increase will be affected by the local market conditions over the intervening period and existing at the time of review. Where possible, we obtain a retail price index or similar cap on future uplifts on rent review, or pre-agree the initial fifth year rent review. A material increase in rental costs, in particular in the UK where the large majority of our stores are located, if on a large scale and widely spread across our areas of operations, could have a significant impact on our profitability.

Other property costs, such as business rates, utilities and maintenance costs may affect our results of operations. We have historically been successful at keeping property costs stable as a percentage of our turnover, but we can give no assurance that we will continue to be successful in the future.

Increases to UK Statutory Minimum Wage and National Living Wage

In April 2016, the National Living Wage was introduced, and this has resulted in a further rise of the statutory minimum wage for adults aged 25 and over to £7.20 per hour. We estimate that the annualised impact of this change in the current year will be approximately £8 million in the absence of any mitigating action such as revised work rotations. As at March 26, 2016, approximately 50% of our total wage costs related to employees on the National Living Wage.

Similarly in Germany, a national minimum wage of €8.50 per hour was established for the first time in 2015, which is expected to increase to €8.84 per hour in 2017. As in the UK, we have been building the impact of increased labour costs into our business model and we expect to see some additional operating costs in our German retail segment in the next financial year as a result.

Key Factors Affecting Comparability

New store openings

New store openings have been a primary driver of our revenue growth in the periods under review and are expected to continue to materially affect our results of operations going forward. In the UK, we opened 42, 52 and 74 net new B&M stores in the financial years 2014, 2015 and 2016, respectively and 47 and 20 net new B&M stores in the financial six months 2016 and 2017, respectively. In Germany, we opened 1 and 6 net new Jawoll stores in the financial years 2015 and 2016, respectively and 2 and 10 net new Jawoll stores in the financial six months 2016 and 2017, respectively.

The following table set outs store data (gross and net) for the Group over the periods indicated.

	As at or for the 52 weeks ended			As at or for the 26 weeks ended	
	March 29, 2014	**March 28, 2015**	**March 26, 2016**	**September 26, 2015**	**September 24, 2016**
Number of stores(1)	373	475	555	524	585
UK	373	425	499	472	519
Germany	—	50	56	52	66
Net new stores(2)	42	53	80	49	30
UK	42	52	74	47	20
Germany	—	1	6	2	10

(1) Number of stores is the gross number of operating stores at the end of the period indicated (including acquired stores not newly opened).

(2) Net new stores is calculated as the number of new stores opened net of relocations and stores closed.

In connection with our new store openings we incur infrastructure capital expenditure and maintenance capital expenditure.

For the three years ended March 26, 2016, we incurred growth capital expenditure of approximately £79.9 million primarily related to the opening of 175 net new stores. For this three year period, we had an average capital expenditure of approximately £460,000 per new store. Our B&M stores in the UK are generally opened and fully operational within four weeks following lease completion, and stores opened in calendar years 2014 and 2015 in their first year of operations had an average Payback Period Including Working Capital of approximately 15 months.

To date, we have incurred costs to put in place infrastructure to support further growth and enable us to substantially increase our store portfolio without requiring significant further investment, such as the six UK distribution centres and the ongoing investment in our in-house transportation fleet. Additionally, we have strengthened our head office by increasing head office personnel for buying, merchandise design, finance and HR. The Group's annual average full-time equivalent employees in administration and distribution increased from 552 at the end of the financial year 2015 to 570 at the end of the financial year 2016.

UK Like-for-Like Revenue Growth

The following table sets out the Group's UK Like-for-Like Revenue Growth for the financial years 2014, 2015 and 2016 and the financial six months 2016 and 2017. See "*Presentation of Financial and Other Information—Non-IFRS Information*" for information on the method of calculation.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	**March 28, 2015**	**March 26, 2016**	**September 26, 2015**	**September 24, 2016**
UK Like-for-Like Revenue Growth (%)	7.2	4.9	0.9	1.7	0.2
Underlying UK Like-for-Like Revenue Growth (%)	—	—	2.4	2.9	1.9

Our UK Like-for-Like Revenue Growth was 7.2%, 4.9% and 0.9% the financial years 2014, 2015 and 2016, and 1.7% and 0.2% for the financial six months 2016 and 2017, respectively, which was due to increases in both average transaction value and number of customer transactions for B&M stores.

These year-on-year increases in our UK Like-for-Like Revenue contributed to the increases in our revenue during the periods under review.

In the financial year 2016, we began reporting Underlying UK Like-for-Like Revenue Growth (which is adjusted to exclude cannibalisation effects), and our Underlying UK Like-for-Like Growth was 2.4% for the financial year 2016, and 2.9% and 1.9% for the financial six months 2016 and 2017, respectively. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth*" and "*Significant Factors Affecting the Group's Results of Operations—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth*".

The following table sets forth a reconciliation of UK Like-for-Like Revenue to revenue of our UK retail segment for the periods indicated, as well as our UK Like-for-Like Revenue Growth for the financial six months 2017 and the third quarter of financial year 2017.

	For the 26 weeks ended		For the 13 weeks ended	
	September 26, 2015	**September 24, 2016**	**December 26, 2015**	**December 24, 2016**
	£000, except percentages			
UK Like for Like Revenue[(1)]	938,655	940,443	683,206	732,344
UK Like-for-Like Revenue Growth[(1)]	—	0.2%	—	7.2%
New B&M stores opened after March 26, 2016[(2)]	—	45,621	—	70,766
New B&M stores opened prior to March 26, 2016[(3)]	55,662	200,813	26,567	63,203
Closed B&M stores[(4)]	11,287	124	9,581	39
Gross Revenue of the UK Retail Segment	**1,005,604**	**1,187,001**	**719,354**	**866,352**
Value-added tax paid	(140,424)	(165,939)	(102,546)	(122,704)
Adjustment for commission and carrier bag sales[(5)]	(3,449)	(4,065)	(2,324)	(2,184)
Revenue of the UK Retail Segment	**861,731**	**1,016,997**	**614,484**	**741,464**

(1) UK Like-for-Like Revenue Growth is a comparison between two periods of our sales of all relevant B&M stores in the UK that were open for a minimum of one week in the first relevant period and not closed permanently by the end of the second relevant period. UK Like-for-Like Revenue includes each store's revenue for that part of the second relevant period that falls at least 14 months after that store opened and compares it to the revenue for the corresponding part of the previous relevant period. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth".*

(2) Represents revenue of B&M stores opened after March 26, 2016 that is excluded from the calculation of UK Like-for-Like Revenue for the period indicated.
(3) Represents revenue of B&M stores opened prior to March 26, 2016 that is excluded from the calculation of UK Like-for-Like Revenue for the period indicated.
(4) Represents revenue of B&M stores that closed during the period indicated and is excluded from the calculation of UK Like-for-Like Revenue.
(5) Represents amounts received in respect of commissions for national lottery ticket sales and carrier bag sales during the period indicated.

Seasonality

Our business in the UK is subject to four seasonal peaks: January/February (with respect to furniture, home and cold weather merchandise); Spring/Summer (with respect to gardening and outdoor recreational merchandise); Autumn (with respect to Halloween and home merchandise); and Christmas (with respect to toys and decorative merchandise), with Christmas in particular being an important part of our UK retail sales mix. In Germany, our business typically experiences two seasonal peaks, in Spring (for outdoor, gardening items and plants) and Christmas and New Year (for decorative merchandise). Due to the sales of Christmas-related merchandise, historically, revenue and profit in our third quarter (October, November and December) have been higher than revenue and profit achieved in each of the other quarters of the financial year. For the financial year 2016, 22% of the Group's annual revenue was generated in the first quarter, 23% in the second quarter, 32% in the third quarter and 23% in the fourth quarter. We also incur additional expense in advance of these seasonal peaks, including the cost of additional employees and the purchase of seasonal goods.

Acquisitions

We acquired an 80% shareholding in Jawoll in April 2014 and as such our results for financial year 2014 do not take into account the results of Jawoll. As a consequence, the financial information for the financial year 2014 may not be directly comparable with the financial information for the financial years 2015 and 2016, and period to period comparisons may be more difficult.

Financial Periods

Each quarter of a financial year is divided into a five-week period followed by two four-week periods. Each financial year begins on the calendar day following the previous financial year end and ends on the last Saturday in March of the next year. Accordingly, from time to time, the financial year accounting period covers a 53-week period, as it will in financial year 2018. Each financial year under review in this Offering Circular is a 52-week period.

The 2014 IPO Financial Statements were prepared for inclusion in the prospectus of B&M European Value Retail S.A. dated 12 June 2014 in connection with our initial public offering. With respect to the financial information for the financial year 2014 included in the 2014 IPO Financial Statements, such financial information was derived from the IFRS statutory financial statements and underlying financial information of B&M European Value Retail 1 S.à r.l. and its subsidiaries and prepared on the basis of accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, as set out more fully in note 2 to the 2014 IPO Financial Statements included elsewhere in this Offering Circular.

B&M European Value Retail 1 S.à r.l. became the direct wholly owned subsidiary of the Issuer as a result of the reorganisation of the Group after our initial public offering, and the Group now reports at the level of the Issuer (see note 1 to the Audited Financial Statements for the financial year 2015 for more information). As the Group's reported results for the financial year 2014 were prepared at a different level in the Group, and using a different basis of preparation than financial years 2015 and 2016, the financial information for the financial year 2014 may not be directly comparable with the financial information for the financial years 2015 and 2016, and period to period comparisons may be more difficult.

Non-IFRS Financial Data

The following table sets out certain key non-IFRS financial and operational data of the Group for the periods indicated. We believe that the following non-IFRS financial and operational data provide useful supplemental information to understand and analyse the underlying results of the Group.

Other Financial Data

	As at or for the 52 weeks ended			As at or for the 26 weeks ended		As at or for the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
			£'000, except percentages			
Revenue	1,271,980	1,646,824	2,035,285	930,319	1,105,856	2,210,822
UK Like-for-Like Revenue Growth (%)(1)	7.2%	4.9%	0.9%	1.7%	0.2%	
Underlying UK Like-for-Like Revenue Growth (%)(2)	—	—	2.4%	2.9%	1.9%	—
Gross margin (%)(3)	34.0%	34.6%	34.5%	34.5%	34.7%	34.6%
EBITDA(4)	112,714	150,165	196,084	87,314	95,732	204,502
EBITDA margin (%)(5)	8.9%	9.1%	9.6%	9.4%	8.7%	9.3%
Adjusted EBITDA (£m)(6)	130,375	174,268	202,471	86,572	99,233	215,132
Adjusted EBITDA margin (%)(7)	10.2%	10.6%	9.9%	9.3%	9.0%	9.7%
Net cash capital expenditures(8)	33,063	33,180	56,175	32,106	23,529	47,598
Adjusted Operating Cash Flow(9)	74,784	124,209	124,241	17,015	58,771	165,997
Cash Conversion Ratio (%)(10)	57.4%	71.3%	61.4%	19.7%	59.2%	77.1%

(1) UK Like-for-Like Revenue Growth is a comparison between two periods of our sales of all relevant B&M stores in the UK that were open for a minimum of one week in the first relevant period and not closed permanently by the end of the second relevant period. UK Like-for-Like Revenue includes each store's revenue for that part of the second relevant period that falls at least 14 months after that store opened and compares it to the revenue for the corresponding part of the previous relevant period. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth".*

(2) Underlying UK Like-for-Like Revenue Growth is a comparison between two periods of the Group's Underlying UK Like-for-Like Revenue. See "*Presentation of Financial and Other Information—Non-IFRS Information—UK Like-for-Like Revenue Growth and Underlying UK Like-for-Like Revenue Growth".*

(3) Gross margin consists of gross profit expressed as a percentage of revenue.

(4) EBITDA represents operating profit before interest, tax, depreciation and amortisation. EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements. See also "*Presentation of Financial and Other Information*" for further information. For a reconciliation of EBITDA, see "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*" below.

(5) EBITDA margin represents EBITDA expressed as a percentage of revenue (which excludes VAT).

(6) Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude items that we consider to be exceptional or non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals. Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. Adjusted EBITDA and related measures may not be comparable to similarly titled measures disclosed by other companies, and investors should not use these non-GAAP measures as a substitute for the figures provided in the 2014 IPO Financial Statements, the Audited Financial Statements, or the Unaudited Interim Financial Statements. See also "*Presentation of Financial and Other Information*" for further information. For a reconciliation of Adjusted EBITDA, see "*—EBITDA*, *Adjusted EBITDA and Adjusting Cost Items*" below.

(7) Adjusted EBITDA margin represents Adjusted EBITDA expressed as a percentage of revenue (which excludes VAT).
(8) Net cash capital expenditures consists of cash additions to land and buildings, plant, fixtures and equipment, motor vehicles and intangible assets net of cash proceeds from disposals.
(9) Adjusted Operating Cash Flow is defined as Adjusted EBITDA plus or minus the changes in Adjusted Working Capital less net cash capital expenditures. Adjusted Working Capital is Working Capital adjusted for any non-cash elements of the Adjusting Cost Items. See "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*".
(10) Cash Conversion Ratio is defined as Adjusted Operating Cash Flow as a percentage of Adjusted EBITDA.

Operational Data

	As at or for the 52 weeks ended			As at or for the 26 weeks ended	
	March 29, 2014	**March 28, 2015**	**March 26, 2016**	**September 26, 2015**	**September 24, 2016**
Number of stores(1)	373	475	555	524	585
UK	373	425	499	472	519
Germany	—	50	56	52	66
Net new stores(2)	42	53	80	49	30
UK	42	52	74	47	20
Germany	—	1	6	2	10

(1) Number of stores is the gross number of operating stores at the end of the period indicated (including acquired stores not newly opened).
(2) Net new stores is calculated as the number of new stores opened net of relocations and stores closed.

EBITDA, Adjusted EBITDA and Adjusting Cost Items

EBITDA represents operating profit before interest, tax, depreciation and amortisation. Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude items that we consider to be exceptional or non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals. We use EBITDA and Adjusted EBITDA as key performance indicators of the Group's business. See "*Presentation of Financial and Other Information—Non-IFRS Information*".

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to gross profit for the periods indicated.

	For the 52 weeks ended			For the 26 weeks ended		For the 52 weeks ended
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016	September 24, 2016
				£'000		
Gross profit	**432,008**	**569,908**	**703,022**	**320,573**	**383,362**	**765,811**
Administrative expenses	(329,311)	(437,049)	(528,530)	(242,724)	(299,893)	(585,699)
Add back depreciation and amortisation	9,749	15,674	20,426	9,465	12,263	23,244
Share of profits of investments in associates	269	1,632	1,166	—	—	1,166
EBITDA	**112,714**	**150,165**	**196,084**	**87,314**	**95,732**	**204,502**
Fees related to the initial public offering	—	19,709	770	—	—	770
Fees related to the acquisition of the German entities(1)	—	827	—	—	452	452
Fair value adjustments to foreign exchange and fuel derivatives	1,872	(2,270)	(3,577)	(5,568)	1,164	3,155
Professional fees associated with the prior financing structure(2)	5,628	970	—	—	—	—
New store pre-opening costs(3)	3,813	5,272	7,573	4,497	3,250	6,326
Excise duty dispute(4)	3,560	—	—	—	—	—
Historic long term incentive plan bonuses(5)	1,381	—	—	—	—	—
Foreign exchange movements on intercompany balances	—	2,840	198	83	(55)	60
Exceptional items related to the Group's property estate(6)	722	(3,148)	1,322	132	(924)	266
Other exceptional items(7)	684	(97)	101	114	(386)	(399)
Total Adjusting Cost Items	**17,660**	**24,103**	**6,387**	**(742)**	**3,501**	**10,630**
Adjusted EBITDA	**130,375**	**174,268**	**202,471**	**86,572**	**99,233**	**215,132**

(1) Fees related to the German entities related to, in financial year 2015, the acquisition of Jawoll and in financial six months 2017, Jawoll's acquisition of a small German chain of stores.

(2) Such professional fees comprised monitoring fees paid to the shareholders of the Group or their affiliates prior to the initial public offering.

(3) Pre-opening store costs consist of costs incurred after entering into the lease of the property but before opening the store.

(4) The excise duty dispute related to certain goods purchased on which, according to HMRC, the Group owed duty. The Group typically purchases its goods duty paid.

(5) Management long term incentive plan bonuses consisted of the bonuses under management long term incentive plan associated with pre-initial public offering ownership structure which matured in December 2013.

(6) During the periods under review, exceptional items related to the Group's property estate comprised provisions for onerous leases, dilapidations, compulsory purchase order income and profit or loss on re-measurement of finance leases.

(7) During the periods under review, other exceptional items comprised profit or loss on fixed asset disposals and acquisition costs associated with the acquisition of the Group by investment funds managed by CD&R, a loss on extinguishing a lease obligation, certain inter-company write-offs, a foreign exchange adjustment, Luxembourg value-added tax income and exceptional items relating to the Group's German entities of the same nature as those described in this footnote and the other adjusting items set out on the table above.

Adjusted Profit Before Tax and Adjusting Interest Items

Adjusted Profit Before Tax is profit before tax adjusted to exclude items that we consider to be exceptional and non-trading items, including expenses relating to new acquisitions, special projects and restructuring expenses (such as expenses related to our initial public offering, refinancing and maintaining ownership structures), pre-opening new store costs, property provisions, regulatory investigations or fines, foreign exchange gains/

(losses), fair value gains/(losses) on derivatives, unwinding interest on items not directly related to the trade of the business (which relates to an interest charge associated with the Jawoll Option), impairment on non-financial assets and profit/(loss) on fixed asset disposals.

During the periods under review, Adjusted Profit Before Tax represents profit before tax adjusted to exclude Adjusting Cost Items as well as certain items of finance costs and finance income that we consider to be exceptional or non-trading items (the "**Adjusting Interest Items**"). The following table sets forth a reconciliation of Adjusted Profit Before Tax to statutory profit before tax, and the Adjusting Interest Items, for the periods indicated.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Profit/(loss) on ordinary activities before tax	**3,626**	**61,715**	**154,545**	**66,734**	**73,690**
Add back Adjusting Cost Items	17,660	24,103	6,387	(742)	3,501
Add back Adjusting Interest Items(1)	65,476	49,173	446	449	701
Adjusted Profit Before Tax	**86,762**	**134,991**	**161,378**	**66,441**	**77,892**

(1) The following table sets forth the Adjusting Interest Items during the periods under review:

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Interest on loans from owners	67,295	16,170	—	—	—
One-off costs incurred on raising debt finance	—	28,815	—	—	—
Fair value adjustments to interest swap derivatives	(1,819)	2,214	(277)	(120)	(63)
Unwinding of the Jawoll Option	—	1,974	723	569	764
Total Adjusting Interest Items	**65,476**	**49,173**	**446**	**449**	**701**

Explanation of Key Line Items in the Statement of Comprehensive Income

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue for the sale of goods is the total amount receivable by the Group for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Revenue is recognised at the initial point of sale of goods to customers, when the risk and rewards of the ownership of the goods have been transferred to the buyer and the revenue can be reliably measured.

Cost of sales

Cost of sales consists of cost of inventories recognised as expenses, any supplier costs on imported goods (including any duty or freight for such imported goods), supplier discounts and shrinkage.

Administrative Expenses

Administrative expenses mainly consist of salaries and wages, social security, rent, warehouse costs, business rates, transport costs, pension costs, auditors' remuneration, depreciation of property, plant and equipment not held under finance lease, depreciation of property, plant and equipment held under finance lease, amortisation of intangible assets, net foreign exchange differences and operating lease rentals.

Finance Costs

Finance costs consists mainly of total interest expenses on loans and borrowings, finance leases, and losses in the fair value of foreign exchange forward contracts and interest rate swaps and the amortisation of fees related to the raising of debt finance.

Finance Income

Finance income consists mainly of interest income on bank deposits and gains in the fair value of interest rate swaps.

Income Tax Expense

Income tax expense consists of current and deferred taxes.

Results of Operations

The following table sets forth selected consolidated statement of comprehensive income data for the financial years 2014, 2015 and 2016, and for the financial six months 2016 and 2017 as extracted from the consolidated financial information included elsewhere in this Offering Circular.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Revenue	**1,271,980**	**1,646,824**	**2,035,285**	**930,319**	**1,105,856**
Cost of sales	(839,972)	(1,076,916)	(1,332,263)	(609,746)	(722,494)
Gross profit	**432,008**	**569,908**	**703,022**	**320,573**	**383,362**
Administrative expenses	(329,311)	(437,049)	(528,530)	(242,724)	(299,893)
Operating profit	**102,697**	**132,859**	**174,492**	**77,849**	**83,469**
Share of profits of investments in associates	269	1,632	1,166	—	—
Profit on ordinary activities before interest and tax	**102,966**	**134,491**	**175,658**	**77,849**	**83,469**
Finance costs	(101,195)	(72,875)	(21,573)	(11,342)	(9,953)
Finance income	1,855	99	460	227	174
Profit on ordinary activities before tax	**3,626**	**61,715**	**154,545**	**66,734**	**73,690**
Income tax expense	(6,939)	(21,852)	(28,142)	(13,948)	(15,029)
Other tax expense	—	—	(603)	—	—
Profit (Loss) for the period	**(3,313)**	**39,863**	**125,800**	**52,786**	**58,661**

The financial six months 2017 compared to the financial six months 2016

Results of Operations

The following table sets forth selected consolidated statement of comprehensive income data for the financial six months 2016 and 2017 as extracted from the consolidated financial information included elsewhere in this Offering Circular.

	For the 26 weeks ended	
	September 26, 2015	September 24, 2016
	£'000	
Revenue	**930,319**	**1,105,856**
Cost of sales	(609,746)	(722,494)
Gross profit	**320,573**	**383,362**
Administrative expenses	(242,724)	(299,893)
Operating profit	**77,849**	**83,469**
Share of profits of investments in associates	—	—
Profit on ordinary activities before interest and tax	**77,849**	**83,469**
Finance costs	(11,342)	(9,953)
Finance income	227	174
Profit on ordinary activities before tax	**66,734**	**73,690**
Income tax expense	(13,948)	(15,029)
Other tax expense	—	—
Profit / (Loss) for the period	**52,786**	**58,661**

Revenue

Revenue for the financial six months 2017 was £1,105.9 million, as compared to £930.3 million in the financial six months 2016, an increase of £175.6 million, or 18.9% on an actual currency basis.

This increase in revenue was primarily attributable to the net new store openings in the period and the annualisation of stores opened in the previous period. Underlying UK Like-for-Like Revenue Growth for the period was 1.9%, while UK Like-for-Like Revenue Growth for the period on an unadjusted basis was 0.2%, due to cannibalisation effects.

New store openings continued to represent the majority of the Group's revenue and earnings growth in the financial six months 2017. In the UK, we opened 20 net new stores and relocated six small, low profit stores into larger and more modern units during the financial six months 2017, bringing our total number of UK stores to 519, as compared to 47 net new store openings in the UK and a total number of UK stores to 472 for the financial six months 2016.

In Germany, we opened 10 net new stores during the financial six months 2017, bringing our total number of Jawoll stores to 66, as compared to 2 net new store openings in Germany and a total number of German stores of 52 for the financial six months 2016.

Cost of sales

Cost of sales was £722.5 million for the financial six months 2017, as compared to £609.7 million for the financial six months 2016, an increase of £112.8 million or 18.5%. The growth in cost of sales was due primarily to increased volumes sold as a result of new stores opened during the period and the annualisation of stores opened in the previous financial year. Cost of sales as a percentage of revenue remained stable in the financial six months 2017 as compared to the financial six months 2016.

Gross profit and gross margin

Gross profit of the Group in the financial six months 2017 was £383.4 million, an increase of 19.6%, as compared to £320.6 million in the financial six months 2016, and accordingly gross margin increased by 21 basis points to 34.7% in the financial six months 2017 as compared to 34.5% in the prior period. Our gross margin benefitted from a strong sales mix from the new, larger B&M stores opened in the UK, as well as good sell-through on Spring/Summer seasonal products, particularly gardening and outdoor furniture ranges, which more than offset the adverse effects of a strong US dollar in the period.

Administrative expenses, Adjusting Cost Items and operating costs

Administrative expenses increased by 23.6% to £299.9 million in the financial six months 2017, as compared to £242.7 million in the financial six months 2016 due to an increase in the number of stores in our estate. The operating costs (excluding depreciation and amortisation) of the Group, which are the administrative expenses adjusted to exclude Adjusting Cost Items, increased by 21.4% to £284.1 million in the financial six months 2017, as compared to £234.0 million in the financial six months 2016.

Adjusting Cost Items in the financial six months 2017 were £3.5 million as compared to £0.7 million credit in the financial six months 2016. The Adjusting Cost Items related primarily to new store pre-opening costs as well as the fair value of foreign exchange derivatives. See "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*".

In our UK retail segment, operating costs (excluding depreciation and amortisation) increased to £260.2 million in the financial six months 2017, as compared to £216.4 million in the financial six months 2016. As a proportion of revenues, UK operating costs rose by 48 basis points to 25.6% for the financial six months 2017 (as compared to 25.1% for the financial six months 2016). The increased UK operating costs were in part linked to the impact of the national living wage and some higher rental and business rates cost as the Group expanded into the south of the UK.

UK transport and distribution cost as a proportion of revenue rose 23 basis points as compared to the financial six months 2016, reflecting increased transport costs as we opened new stores further away from our distribution centres in the north of England. UK central costs as a proportion of revenue were 18 basis points lower as compared to the financial six months 2016, despite additional fixed warehouse costs, benefitting from the operational leveraging impact of our new store opening program (i.e., revenues and costs did not increase proportionately). See "*—Significant Factors Affecting the Group's Results of Operations—Operating costs*".

In our German retail segment, operating costs (excluding depreciation and amortisation) increased to £23.9 million in the financial six months 2017, as compared to £17.6 million in the financial six months 2016. As a proportion of revenues, German operating costs rose by 117 basis points to 26.9% (as compared to 25.7% in the financial six months 2016) as a consequence of the substantial increase in warehouse capacity and investment in the central buying and property teams ahead of our plans for more rapid expansion in Germany. See "*—Significant Factors Affecting the Group's Results of Operations—Internal Factors—Operating costs*".

Depreciation and amortisation, a component of our operating costs, increased by 29.6% to £12.3 million in the financial six months 2017, as compared to £9.5 million in the financial six months 2016, with the increase largely in line with our revenue growth as a result of new store openings.

Profit on ordinary activities before interest and tax and Adjusted EBITDA

The Group's profit on ordinary activities before interest and tax was £83.5 million for the financial six months 2017, as compared to £77.9 million for the financial six months 2016.

Our Adjusted EBITDA for the financial six months 2017 was £99.2 million, an increase of 14.6% over the financial six months 2016, when Adjusted EBITDA was £86.6 million. In the financial six months 2017, the UK retail segment's Adjusted EBITDA was £90.5 million, an increase of 14.4%, compared to the prior year period, when the UK segment's Adjusted EBITDA was £79.1 million. The German retail segment's Adjusted EBITDA was £8.7 million, an increase of 16.0%, as compared to the prior year period when the German segment's Adjusted EBITDA was £7.5 million. The increase in Adjusted EBITDA was mainly attributable to the annualisation of stores opened in financial year 2016.

The Group's Adjusted EBITDA Margin in the financial six months 2017 was 9.0%, 33 basis points lower than in the financial six months 2016, when the Group's Adjusted EBITDA margin was 9.3%.

Finance costs, finance income and Adjusting Interest Items

Finance costs (including amortised fees) of the Group decreased to £10.0 million in the financial six months 2017, as compared to £11.3 million in the financial six months 2016. Finance income remained largely stable at £0.2 million in the financial six months 2017 as compared to the prior period.

Adjusted to exclude Adjusting Interest Items, finance costs (including amortised fees) of the Group decreased to £9.2 million in the financial six months 2017, as compared to £10.8 million in the financial six months 2016. The principal driver of the lower finance costs in the financial six months 2017 as compared to the prior period was the lower cost of borrowing under the Existing Senior Facilities Agreement.

Our Adjusting Interest Items increased to £0.7 million in the financial six months 2017 as compared to £0.4 million in the financial six months 2016. The non-cash impact of the Jawoll Option on the Group's interest costs under IFRS resulted in a non-cash charge of £0.8 million in the financial six months 2017 (from a non-cash charge of £0.6 million in the prior period) and the fair value of the Group's mark to market of its interest rate hedging was a credit of £0.1 million in each period.

Profit on ordinary activities before tax and Adjusted Profit Before Tax

The Group's profit on ordinary activities before tax was £73.7 million for the financial six months 2017, as compared to £66.7 million for the financial six months 2016.

The Group's Adjusted Profit Before Tax was £77.9 million for the financial six months 2017, an increase of 17.2% over the financial six months 2016, as compared to £66.4 million in the financial six months 2016. The adjustments in the financial six months 2017 related to the Adjusting Cost Items and Adjusting Interest Items described above.

Tax

The Group's income tax expense was £15.0 million in the financial six months 2017 as compared to £13.9 million in the financial six months in 2016. The increased tax charge in the financial six months 2017 reflects the mix of the impact of tax rates in the UK and Germany (being 20% in the UK and 30% in Germany), with the effective rate being approximately 51 basis points higher, reflecting non-qualifying expenditure.

Profit/(Loss) for the period

For the reasons discussed above, the Group recorded a profit for the period of £58.7 million for the financial six months 2017 as compared to £52.8 million for the financial six months 2016.

In light of extended currency exchange rate volatility, in the financial six months 2017 the Group adopted hedge accounting as a change in its accounting policies. If hedge accounting had not been applied, the Group's reported profit before tax would have increased by £11.6 million in the financial six months 2017. The new accounting policy does not affect the Group's Adjusted Profit Before Tax.

The financial year 2016 compared to the financial year 2015

Results of Operations

The following table sets forth consolidated statement of comprehensive income data for the financial year 2015 and 2016, respectively, derived from the consolidated financial information of the Group as set out elsewhere in this Offering Circular.

	For the 52 weeks ended	
	March 28, 2015	March 26, 2016
	£'000	
Revenue	**1,646,824**	**2,035,285**
Cost of sales	(1,076,916)	(1,332,263)
Gross profit	**569,908**	**703,022**
Administrative expenses	(437,049)	(528,530)
Operating profit	**132,859**	**174,492**
Share of profits of investments in associates	1,632	1,166
Profit on ordinary activities before interest and tax	**134,491**	**175,658**
Finance costs	(72,875)	(21,573)
Finance income	99	460
Profit on ordinary activities before tax	**61,715**	**154,545**
Income tax expenses	(21,852)	(28,142)
Other tax expense	—	(603)
Profit / (Loss) for the period	**39,863**	**125,800**

Revenue

Revenue was £2,035.3 million for the financial year 2016, as compared to £1,646.8 million for the financial year 2015, an increase of £388.5 million or 23.6% on an actual currency basis. In our UK retail segment, revenues increased by 24.7% in the financial year 2016 to £1,902.6 million. In our German retail segment, revenues grew to £132.7 million, which was a 10.0% increase over the £120.6 million achieved during the 11 months of the Group's ownership of the Jawoll business in the financial year 2015.

New store openings continued to represent a significant source of the Group's revenue growth in the financial year 2016, including the annualisation of revenues from new stores opened in the prior financial year, and there was modest UK Like-for-Like Revenue Growth of 0.9%. There were 74 net new store openings in the UK in the financial year 2016, as compared to 52 net new store openings in the financial year 2015. There were 6 new store openings in Germany in the financial year 2016, as compared to 1 in the financial year 2015.

Cost of sales

Cost of sales was £1,332.3 million for the financial year 2016, an increase of £255.3 million or 23.7% from £1,076.9 million for the financial year 2015. The growth in cost of sales was due primarily to increased volumes sold following the expansion of our store portfolio.

Gross profit and gross margin

Gross profit of the Group in the financial year 2016 was £703.0 million, an increase of £133.1 million or 23.4%, as compared to £569.9 million in the financial year 2015. Gross margin was largely flat in the financial year 2016 at 34.5% as compared to 34.6% in the financial year 2015.

In the UK retail segment, gross margin reduced by 12 basis points as the business leveraged its increased buying power and an improved sales mix (towards higher-value non-grocery products) to mitigate the adverse impact of US dollar strength during the period. In Germany, gross margin improved by 105 basis points to 37.9% in the financial year 2016, as compared to 36.8% in the financial year 2015, derived primarily as a result of benefits from direct sourcing and reduced mark-down activity.

Administrative expenses, Adjusting Cost Items and operating costs

Administrative expenses increased by 20.9% to £528.5 million in the financial year 2016, as compared to £437.0 million in the financial year 2015 due to an increase in the number of stores in our estate. The operating costs (excluding depreciation and amortisation) of the Group in the financial year 2016, which are administrative expenses adjusted to exclude Adjusting Cost Items, increased by 26.5% to £500.6 million, as compared to £395.6 million in the financial year 2015.

Adjusting Cost Items in the financial year 2016 were £6.4 million, as compared to £24.1 million in the financial year 2015. Adjusting Cost Items in the financial year 2016 were primarily to new store pre-opening costs as well as the fair value of foreign exchange derivatives. Adjusting Cost Items in the financial year 2015 included in fees associated with our reorganisation and initial public offering, as well as fees related to the Jawoll acquisition, fair value movements on foreign exchange derivatives and new store pre-opening costs. See "*—EBITDA, Adjusted EBITDA and Adjusting Cost Items*".

In our UK retail segment, operating costs (excluding depreciation and amortisation) increased to £462.6 million in the financial year 2016, as compared to £361.9 million in the financial year 2015. As a percentage of segment revenues, UK operating costs rose by 60 basis points to 24.3% for the financial year 2016 (as compared to 23.7% for the financial year 2015). The increased UK operating costs were mainly attributable to planned cost increases, including new store openings and the annualisation of costs from new store openings in the financial year 2015. The increased costs were offset in the UK retail segment's overall results by the increased EBITDA generated by the new stores. UK variable transport and distribution costs rose to £75.5 million (or by 57 basis points to 4.0% as a percentage of revenues) as compared to the same period in 2015, as we incurred unbudgeted short term operating costs to ensure that the new warehouses adequately serviced the store estate in the important Autumn/Winter trading period. As productivity improvements were made over the period by the end of the financial year 2016 performance returned to the budgeted levels.

Central costs rose by £3.9 million in the financial year 2016 to £34.2 million, however as a percentage of revenues central costs were 19 basis points lower at 1.8% (as compared to 2.0% in the financial year 2015). The UK retail segment incurred additional fixed occupancy costs of £3.4 million in the financial year 2016 following the opening of the two new UK warehouses in June and September to support the new store opening programme.

In our German retail segment, operating costs (excluding depreciation and amortisation) increased to £37.9 million in the financial year 2016, as compared to £33.8 million in the financial year 2015, reflecting the additional month of trading in the financial year 2016 as compared to the financial year 2015 (when we owned the Jawoll business for only 11 months). As a proportion of segment revenues, German operating costs in financial year 2016 rose by 58 basis points to 28.6% (as compared to 28.0% in the financial year 2015) as a consequence of the substantial increase in warehouse capacity and investment in the central buying and property teams ahead of our plans for more rapid expansion in Germany.

Depreciation and amortisation increased by 30.3% to £20.4 million in the financial year 2016, as compared to £15.7 million in the financial year 2015. Depreciation was impacted by larger stores opened in the financial year 2016 as well as the investments made in our UK warehouses.

Profit on ordinary activities before interest and tax and Adjusted EBITDA

The Group's profit on ordinary activities before interest and tax was £175.7 million in the financial year 2016, as compared to £134.5 million in the financial year 2015.

Our Adjusted EBITDA for the financial year 2016 was £202.5 million, an increase of 16.2% over the financial year 2015, when Adjusted EBITDA was £174.3 million. In the financial year 2016 the UK retail segment's Adjusted EBITDA grew by 16.3%, while the German retail segment's Adjusted EBITDA grew by 14.2%, in each case compared to the prior financial year, to £190.1 million and £12.3 million, respectively. The increase in the Adjusted EBITDA of in both the UK and Germany was primarily attributable to new stores opened during the period and the annualisation of revenues of stores opened in the previous period.

The Group's Adjusted EBITDA margin in the financial year 2016 was 9.9%, as compared to 10.6% in the financial year 2015, as we incurred higher operating costs relative to revenue in the period in anticipation of the new store opening programme.

Finance costs, finance income and Adjusting Interest Items

Finance costs (including amortised fees) of the Group decreased to £21.6 million in the financial year 2016, as compared to £72.9 million in the financial year 2015. The financial year 2016 was the first that fully reflected the Group's new capital structure following the initial public offering and subsequent refinancing, which distorted the 2015 statutory finance costs.

Adjusted to exclude Adjusting Interest Items, finance costs (including amortised fees) of the Group decreased by 12.4% to £20.7 million in the financial year 2016, as compared to £23.6 million in the financial year 2015. Bank and finance lease interest comprised £19.3 million and amortised fees represented £1.4 million of the financial year 2016 finance costs as adjusted to exclude Adjusting Interest Items.

Adjusting Interest Items fell to £0.4 million in the financial year 2016, as compared to £49.2 million in the financial year 2015. Adjusting Interest Items in the financial year 2016 related to a £0.7 million charge attributable to the non-cash impact of the Jawoll Option on the Group's finance costs and a £0.3 million credit attributable to the fair value of the Group's mark to market of its interest rate hedging. Financial year 2015 Adjusting Interest Items comprised £28.8 million of previously unamortised fees that were written off in that period relating to a refinancing completed in March 2013, as well as £16.2 million of non-cash interest on preferred equity certificates that were subsequently converted to equity, £2.2 million charge on the mark to market value of interest rate hedges and £2.0 million relating to the non-cash charge of the Jawoll Option.

Profit on ordinary activities before tax and Adjusted Profit Before Tax

Our profit on ordinary activities before tax was £154.5 million for the financial year 2016, as compared to £61.7 million for the financial year 2015, although the profit on ordinary activities before tax for the financial year 2015 was distorted by the Adjusting Cost Items described above relating to our initial public offering and our previous financing structure. Adjusted Profit Before Tax, which is profit before tax adjusted to eliminate the effects of the Adjusting Cost Items and Adjusting Interest Items described above, was £161.4 million in the financial year 2016, an increase of 19.5% over the financial year 2015, when Adjusted Profit Before Tax was £135.0 million.

Tax

The Group's income tax expense was £28.7 million in the financial year 2016 as compared to £21.9 million in the financial year 2015. The increase to the tax charge in the financial year 2016 was mitigated by a prior year adjustment of £1.8 million relating to the treatment of interest costs on the pre-initial public offering capital structure that reduced the Group's corporation tax liability in the period as well as a non-cash credit of £1.9 million relating to deferred tax on the brand asset as a result of the future reduction in the corporation tax rate in the UK to 18%.

Profit/(loss) for the period

The Group recorded a profit after tax of £125.8 million for the financial year 2016, as compared to £39.9 million for the financial year 2015.

The financial year 2015 compared to the financial year 2014

Results of Operations

The following table sets forth consolidated statement of comprehensive income data for the financial year 2014 and 2015, respectively, derived from the consolidated financial information of the Group as set out elsewhere in this Offering Circular.

	For the 52 weeks ended	
	March 29, 2014	March 28, 2015
	£'000	
Revenue	**1,271,980**	**1,646,824**
Cost of sales	(839,972)	(1,076,916)
Gross profit	**432,008**	**569,908**
Administrative expenses	(329,311)	(437,049)
Operating profit	**102,697**	**132,859**
Share of profits of investments in associates	269	1,632
Profit on ordinary activities before interest and tax	**102,966**	**134,491**
Finance costs	(101,195)	(72,875)
Finance income	1,855	99
Profit before tax	**3,626**	**61,715**
Income tax expenses	(6,939)	(21,852)
Other tax expense	—	—
Profit / (Loss) for the period	**(3,313)**	**39,863**

Revenue

Revenue was £1,646.8 million in the financial year 2015, as compared to £1,272.0 million in the financial year 2014, an increase of £374.8 million, or 29.5%.

In the UK, revenues for the financial year 2015 were £1,526.2 million, an increase of 20.0% from the £1,272.0 million generated in the financial year 2014. The increase in revenue was primarily attributable to revenue from the 52 net new store openings in our UK retail segment during the financial year 2015, as well as revenue from the annualisation of the 42 net new stores opened in the previous period and 4.9% UK Like-for-Like Revenue Growth in financial year 2015.

In addition, £120.6 million of additional revenues in the financial year 2015 arose from our Jawoll stores in Germany for the 11 months of its ownership by the Group during that period.

Cost of sales

Cost of sales was £1,076.9 million in the financial year 2015, an increase of £236.9 million or 28.2%, as compared to £840.0 million in the financial year 2014, principally due to an increase in the purchase of inventories, reflective of our enlarged store portfolio.

Gross profit and gross margin

Gross profit in the financial year 2015 was £569.9 million, an increase of 31.9%, as compared to £432.0 million in the financial year 2014. Our gross margin for the financial year 2015 was 34.6%, an increase of 64 basis points from the financial year 2014. The improvement in gross margin was driven by the strong sell through on both the spring/summer and autumn/winter seasonal ranges and increased buying power in the UK. Our gross margin also benefited in the financial year 2015 as compared to the previous period from a modest beneficial effect of the acquisition of Jawoll in Germany.

Administrative expenses, Adjusting Cost Items and operating costs

Administrative expenses increased by 32.7% to £437.0 million in the financial year 2015, as compared to £329.3 million in the financial year 2014. The Group's operating costs (excluding depreciation and amortisation), which are administrative expenses adjusted to exclude Adjusting Cost Items, were £395.6 million in the financial year 2015, an increase of 31.2% from £301.6 million in the financial year 2014.

Adjusting Cost Items in the financial year 2015 were £24.1 million, an increase of £6.4 million or 36.5% from £17.7 million in the financial year 2014. Adjusting Cost Items in the financial year 2015 included £19.7 million in fees associated with our reorganisation and initial public offering, as well as £0.8 million in fees related to the Jawoll acquisition, £5.3 million new store opening costs and £2.8 million in intercompany foreign exchange differences. These Adjusting Cost Items in the financial year were partially offset by £5.5 million of adjusting income, the primary items being a £3.1 million credit relating to the property estate and £2.3 million relating to the fair value movement on foreign exchange derivatives.

In our UK retail segment, operating costs (excluding depreciation and amortisation) increased to £361.9 million in the financial year 2015, as compared to £301.6 million in the financial year 2014, an increase of £60.3 million or 20.0%). As a percentage of revenues, remained largely steady at 23.7% for the financial year 2015 (as compared to 24.4% for the financial year 2014).

In our German retail segment, operating costs (excluding depreciation and amortisation) were £33.8 million for the 11 months of the financial year 2015 that we owned the Jawoll business.

Depreciation and amortisation was £15.7 million in the financial year 2015, an increase of £5.9 million or 60.8% from £9.7 million in the financial year 2014. The increase in depreciation in the financial year 2015 was impacted mainly by the addition of the Jawoll business to the Group.

Profit on ordinary activities before interest and tax and Adjusted EBITDA

The Group's profit on ordinary activities before interest and tax in the financial year 2015 was £134.5 million, as compared to £103.0 million in the financial year 2014.

Our Adjusted EBITDA for the financial year 2015 was £174.3 million, an increase of £43.9 million or 33.7% from £130.4 million in the financial year 2014.

The Group's Adjusted EBITDA margin in the financial year 2015 was 10.6%, as compared to 10.2% in the financial year 2014.

Finance costs, finance income and Adjusting Interest Items

Finance costs (including amortised fees) of the Group decreased to £72.9 million in the financial year 2015, as compared to £101.2 million in the financial year 2014. Finance costs in both financial year 2015 and 2014 were distorted by our initial public offering and previous financing structure. For this reason, we report below finance costs that have been adjusted to eliminate the effects of Adjusting Interest Items.

Adjusted to exclude Adjusting Interest Items, finance costs (including amortised fees) of the Group were £23.6 million in the financial year 2015, a decrease of £10.3 million or 30.3% from £33.9 million in the financial year 2014. Bank and finance lease interest comprised £21.7 million and amortised fees represented £1.9 million of the financial year 2015 finance costs as adjusted to exclude Adjusted Interest Costs.

Profit on ordinary activities before tax and Adjusted Profit on Ordinary Activities Before Tax

The Group's profit on ordinary activities before tax was £61.7 million, an increase of £58.1 million as compared to £3.6 million for the financial year 2014. Profit on ordinary activities before tax for the financial year 2014 was reduced by the Adjusting Cost Items described above related to our initial public offering and the previous financing structure. Our Adjusted Profit Before Tax, which is profit before tax adjusted to eliminate the effects of the Adjusting Cost Items and Adjusting Interest Items described above, was £135.0 million in the financial year 2015, an increase of £48.2 million or 55.6% from £86.8 million in the financial year 2014.

Tax

The Group's income tax expense was £21.9 million in the financial year 2015, an increase of £14.9 million from £6.9 million in the financial year 2014. The increase to the tax charge in the financial year 2015 was attributable to the increase in profit before tax and a number of disallowable items in the period, such as interest on preferred equity certificates.

Profit/(loss) for the period

For the reasons stated above, the Group recorded profit after tax of £39.9 million in the financial year 2015, as compared to a loss of £3.3 million in the financial year 2014.

Liquidity and Capital Resources

Our principal source of liquidity on an ongoing basis has been, and prior to the Transactions is expected to be, cash on hand, our operating cash flows and availability under our Existing Facilities. Following the offering, our principal source of liquidity is expected to be cash on hand, our operating cash flows and availability under our New Facilities. The proceeds from the offering of the Notes and the New Term Loan A will be used to consummate the related Transactions and pay related fees and expenses. Our ability to generate cash depends on our operating performance, which in turn depends to some extent on general economic, financial, industry, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in "Risk Factors".

Historically, our principal uses of cash included operating expenses, capital expenditures and the servicing of our Existing Facilities. As a result of the Transactions, we expect our principal uses of cash to include operating expenses, capital expenditure and direct payment of interest on the Notes and our New Facilities. See "*Use of Proceeds*" and "*Summary Historical Consolidated Financial Information And Other Financial And Operating Data*".

We believe that, based on our current level of operations as reflected in our results of operations for financial year 2016 and financial six months 2017, cash flows from operating activities, cash on hand and the availability of borrowings under our New Facilities will be sufficient to fund our operations, capital expenditures and debt service for the foreseeable future.

Limitations pursuant to local laws sometimes restrict the amount of cash that a subsidiary may make available to the rest of the Group, or the manner or timing of such actions. These laws include laws restricting the making of dividend payments without sufficient capital resources, restriction of inter-group loans or cash pooling and regulatory restrictions on repatriating funds.

Cash flows

The table below presents a summary of the Group's cash flows for the financial years 2014, 2015 and 2016 and the financial six months 2016 and 2017.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	September 26, 2015	September 24, 2016
			£'000		
Net cash flows from operating activities	78,088	111,285	142,606	35,197	64,970
Net cash flows (used in) / from investing activities	(33,028)	(92,902)	(54,697)	(31,999)	(25,724)
Net cash flows (used in) / from financing activities	(46,560)	21,706	(61,704)	(35,322)	(116,088)
Net increase / (decrease) in cash and cash equivalents	(1,501)	40,089	26,205	(32,124)	(76,842)
Cash and cash equivalents at the end of the period	**24,902**	**64,943**	**91,148**	**32,819**	**14,306**

Net cash flows from operating activities

For the financial six months 2017, net cash flows from operating activities were inflows of £65.0 million, an increase of £29.8 million or 84.6% from inflows of £35.2 million for the financial six months 2016. The increased inflows were primarily attributable to strong EBITDA growth and tight working capital control.

For the financial year 2016, net cash flows from operating activities were inflows of £142.6 million, an increase of £31.3 million or 28.1% from inflows of £111.3 million in the financial year 2015. The increased inflows were primarily attributable to strong EBITDA growth and a reduction of £27.1 million of Adjusting Cost Items, including fees incurred in financial year 2015 in relation to our restructuring and initial public offering that were not applicable in financial year 2016, partially offset by increased corporation tax payments in financial year 2016.

For the financial year 2015, net cash flows from operating activities were inflows of £111.3 million, an increase of £33.2 million or 42.5% over the financial year 2014. The increased inflows were primarily attributable to £38.2 million of EBITDA and working capital plus a reduction of £22.3 million of restructuring and financing fees.

Net cash flows from investing activities

For the financial six months 2017, net cash flows from investing activities were outflows of £25.7 million, a decrease of £6.3 million or 19.6% from outflows of £32.0 million for the financial six months 2016. The decreased outflows were primarily attributable to lower capital expenditure levels and a reduced number of new store openings.

For the financial year 2016, net cash flows from investing activities were outflows of £54.7 million, a decrease of £38.2 million or 41.1% as compared to outflows of £92.9 million over the financial year 2015. The decreased outflows were primarily attributable to the acquisition of Jawoll in financial year 2015, mitigated by an increase in net capital expenditure by £20.8 million in financial year 2016 related to new store openings.

For the financial year 2015, net cash flows from investing activities were outflows of £92.9 million, an increase of £59.9 million or 181.5% as compared to the financial year 2014, which principally reflects the inclusion of the acquisition of Jawoll in financial year 2015.

Net cash flows from financing activities

For the financial six months 2017, net cash flows from financing activities were outflows of £116.1 million, an increase of £80.8 million or 228.7% from outflows of £35.3 million for the financial six months 2016. The increased outflows were primarily attributable to a £7.0 million growth in ordinary dividends, from £25.0 million in the financial six months 2016 to £32.0 million in the financial six months 2017, and £100.0 million paid as a special dividend in the financial six months 2017, partially offset by a drawdown of £25.0 million under the Existing Revolving Facility.

For the financial year 2016, net cash flows from financing activities were outflows of £61.7 million, an increase of £40.0 million from inflows of £21.7 million for the financial year 2015. The increased outflows were primarily attributable to the higher dividend payments of £32.0 million in financial year 2016 and a £75.0 million receipt of initial public offering funds in financial year 2015 netted against £6.0 million lower interest payments in financial year 2016 and an £18.0 million repayment of loans in financial year 2015.

For the financial year 2015, net cash flows from financing activities were inflows of £21.7 million, a difference of £68.3 million from outflows of £46.6 million in financial year 2014. The difference is primarily attributable to the £75.0 million receipt of initial public offering funding against the £9.0 million of dividends paid.

Capital expenditure

The table below presents a breakdown of the Group's cash capital expenditure for the financial years 2014, 2015 and 2016 and the financial six months 2016 and 2017.

	For the 52 weeks ended			For the 26 weeks ended	
	March 29, 2014	March 28, 2015	March 26, 2016	Sep 26, 2015	Sep 24, 2016
			£'000		
Growth capital expenditure	16,676	24,349	38,891	24,641	15,961
Infrastructure capital expenditure	9,482	2,375	5,083	4,892	3,784
Maintenance capital expenditure	7,197	9,191	12,739	2,668	5,298
Total capital expenditure	**33,355**	**35,915**	**56,713**	**32,200**	**25,043**

The Group's total cash capital expenditure was £33.4 million, £35.9 million and £56.7 million in the financial years 2014, 2015 and 2016, respectively and was £32.2 million and £25.0 million for the financial six months 2016 and 2017, respectively. The largest component of capital expenditure was spent on the opening of new stores. The Group's store portfolio increased by 42, 53 and 80 net new stores for the financial years 2014, 2015 and 2016 and by 49 and 30 for the financial six months ended 2016 and 2017, respectively. For the financial years ended 2014, 2015 and 2016, the average capital expenditure per new store opened was approximately £460,000.

Capital expenditure for store refurbishments (a maintenance capital expenditure) during the period under review was limited, given our low cost model and the relative simplicity of our store shopfit. However, given that the Group intends to refurbish our stores approximately every six years, capital expenditure for store refurbishments is expected to modestly increase as the Group's growing store portfolio ages.

Capital expenditure incurred on the distribution centres in Middlewich and Runcorn was £1.2 million and £1.2 million, respectively, for the financial year 2016. In addition, the Group has continued to modernise its transportation and mechanical handling fleet during the period under review.

Maintenance capital expenditure includes store development, such as new merchandising initiatives and sales displays, equipment purchases and store refurbishment and maintenance, as well as IT expenditure, warehouse maintenance and purchase of intangibles (e.g., software). Maintenance capital expenditure is undertaken by individual stores on an ad-hoc basis, as required, with total maintenance capital expenditure for existing stores of £7.2 million, £9.2 million, and £12.7 million in the financial years 2014, 2015 and 2016, respectively and £2.7 million and £5.3 million for the financial six months 2016 and 2017, respectively. Store maintenance capital expenditure should be considered in the context of the Group's ongoing repair and renewal expenditure within operating costs.

For the financial year 2017, the Group's capital expenditure is expected to include new store openings, maintenance expenditure on existing stores, plant and machinery and IT equipment. For the financial year 2017, the Group's total capital expenditure is currently expected to be approximately £50 million, of which approximately £30 million is expected to be for new store openings. For the financial year 2018, the Group's total capital expenditure is currently budgeted to be approximately £45 million, of which approximately £28 million is expected to be for new store openings. The Group's management regularly reviews the Group's capital expenditures and generally is able to rapidly make adjustments to address the requirements in the context of the overall performance of the business at the time of review.

Off balance sheet arrangements

As at March 26, 2016, the Group had two types of off balance sheet arrangements: operating leases and contractual capital commitments discussed immediately below.

Commitments

Operating leases

The vast majority of the Group's operating lease commitments relate to the property comprising its store network. At the end of financial year 2016, over 90% of these leases are due to expire in the next 15 years, compared to at the end of financial year 2015, when over 95% of these leases were due to expire in the next 15 years. The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to contingent rent agreements as of the end of financial year 2016. The following table sets out the total future minimum lease payments under non-cancellable operating leases, taking account of lease premiums.

As at	March 28, 2015	March 26, 2016
	£'000	
Not later than one year	87,524	**113,660**
Later than one year and not later than five years	335,401	**429,494**
Later than five years	389,913	**457,450**
	812,838	**1,000,604**

The lease and sublease payments recognised as an expense in the periods below were as follows:

As at	March 28, 2015	March 26, 2016
	£'000	
Lease payments	74,595	**105,062**
Sublease receipts	(219)	**(441)**
	74,376	**104,621**

Finance leases

For the financial years 2015 and 2016, all of the Group's finance leases related to buildings used in the operation of the German business. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	March 28, 2015		March 26, 2016	
As at	Minimum payments	PV of minimum payments	Minimum payments	PV of minimum payments
	£'000		£'000	
Not later than one year	1,191	1,066	1,119	1,119
Later than one year and not later than five years	3,735	3,459	3,401	3,245
Later than five years	1,519	1,459	1,105	1,007
	6,445	5,984	5,625	5,371

Capital commitments

There were £3.8 million of contractual capital commitments not provided within the Group financial statements as of 26 March 2016, as compared to £5.1 million as of March 28, 2015. These are generally capital commitments for new store fit outs where we have signed a lease for the store in question at year end but the store has not yet been fitted out.

Market Risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group engages in a swap contract over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows:

As at	Change in fuel price	March 28, 2015	March 26, 2016
		£'000	
Effect on profit before tax	+5%	52	64
	-5%	(50)	(64)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for this financial information.

All of the Group's sales are to customers in the UK and Germany and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in U.S. Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in U.S. Dollar period end exchange rates with all other variables held constant.

The impact on the Group's profit before tax is largely due to changes in the fair value of the FX options.

As at	Change in USD rate	March 28, 2015	March 26, 2016
		£'000	
Effect on profit before tax	+2.5%	(1,294)	(1,797)
	-2.5%	1,360	3,115

The following table demonstrates the sensitivity to a reasonably possible change in the Euro period end exchange rates with all other variables held constant.

As at	Change in Euro rate	March 28, 2015	March 26, 2016
		£'000	
Effect on profit before tax	+2.5%	(13)	2
	-2.5%	14	(4)

These calculations have been performed by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest rate risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. Prior to the consummation of the Transactions, the Group was exposed to changes in interest rates as all of the Group's bank borrowings were subject to a floating rate based on LIBOR. Under the New Senior Facilities Agreement, borrowings will be an interest at floating rates of intent per annum equal to LIBOR (or in the case of any loans denominated on Euro; EURIBOR), as adjusted periodically, plus a margin.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group uses interest rate swaps to minimise the impact.

For the periods below, if LIBOR interest rates had been 50 basis points higher/lower with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis point increase/ decrease	March 28, 2015	March 26, 2016
		£'000	
Effect on profit before tax	+50	1,429	(499)
	-50	(1,429)	499

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

It also includes the effect on the year-end valuation of the interest rate swap contract, where the percentage change in LIBOR indicated above has been applied to the year-end spot rate and this has then been projected over the remaining life of the contracts with the assumption that all other variables are held equal.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the main counterparty is a UK clearing bank with a high credit rating (A long term and A-1 short term (Standard & Poor's), as at March 2016, unchanged from the prior year). The principal credit risk arises therefore from the Group's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group has various contractual obligations and commercial commitments, which are items for which it is contractually obliged or committed to pay a specified amount at a specific point in time. The table below presents a summary of the Group's contractual obligations by maturity as at March 26, 2016 on an as adjusted basis to give effect to the Transactions and the use of proceeds therefrom and the related amounts falling due within one year and thereafter:

	As at March 26, 2016				
	Less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total
			£'000		
New Facilities					
New Term Loan A	8,280	8,280	319,320	—	335,880
New Revolving Credit Facility	1,350	1,350	3,150	—	5,850
Notes offered hereby	12,500	12,500	287,500	—	312,500
Fuel swap contract	63	—	—	—	63
Interest swap contract	117	—	—	—	117
Forward foreign exchange contracts	307	—	—	—	307
Trade payables	141,577	—	—	—	141,577[(1)]

(1) This amount has been restated. See *"—Basis of Presentation—Restatements*".

The table does not include off-balance sheet commitments (see "—*Off balance sheet arrangements*"), outstanding purchase contracts with suppliers, payments due under arrangements related to provisions and contingent liabilities entered into in the ordinary course of business. In addition, as of March 26, 2016, the Group held the Jawoll Option as a financial liability on its balance sheet at a value of £16.0 million. The value of the Jawoll Option is determined by reference to the underlying sale and purchase agreement under which the Group acquired the majority interest in Jawoll in 2014, the key variable being management's forecast of the EBITDA of Jawoll. The valuation reflects the final estimated valuation unwound to the period end date, and exchanged at the period end foreign exchange rate, as the Jawoll Option is priced in Euros. The Jawoll Option matures in 2019 and the carrying value has been discounted to present value.

Critical Accounting Policies and Estimates

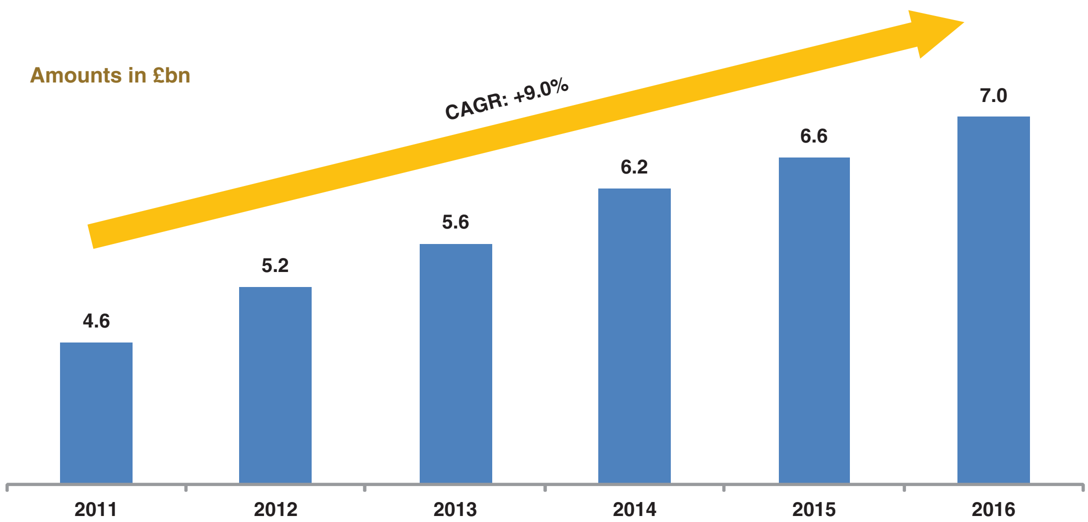
The Group's critical accounting policies are set out in note 1 to each of the audited consolidated financial statements included elsewhere in this Offering Circular.

This Offering Circular contains market data and certain industry data and forecasts which we have obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies, industry publications and surveys, and a commissioned industry report. The statements in this Offering Circular relating to market data and certain industry data and forecasts are each according to such sources as well as our own internal surveys and estimates. See "Presentation of Financial and Other Information—Market, Economic and Industry Data". While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" appearing elsewhere in this Offering Circular.

Our Market

We operate principally in the UK retail market. The UK retail market had total store-based retail sales of £301 billion in 2016 and has grown by a compound annual growth rate ("**CAGR**") of 1.0% between 2011 and 2016. The UK retail market is broadly split into two main segments of: (i) grocery retailers and (ii) specialist retailers. There is also an emerging third segment, general merchandise discount retailers, in which we believe we are a leading player. Grocery retailers account for the largest segment with total store-based retail value sales of £164 billion, which have grown by a CAGR of 1.6% between 2011 and 2016. Specialist retailers, which include apparel, electronics, health and beauty, home and garden, leisure and department stores, had total store-based retail value sales of £130 billion in 2016, which remained flat between 2011 and 2016. Finally, according to data from Euromonitor International, general merchandise discount retailers, which principally include retailers that focus on a discount price model, including those that specialise on fixed prices but exclude grocery discounters, which are included in grocery retail, had total store-based retail value sales of £7.0 billion in 2016, growing by a CAGR of 9.0% between 2011 and 2016 as highlighted in the chart below. (Source: Euromonitor International).

UK General Merchandise Discount Retail Market Growth



Source: Euromonitor International. Represents the sum of yearly UK store-based retail value sales of 99p Stores, B&M, Poundland, Poundstretcher, Poundworld, Wilkinson and Home Bargains, excluding sales tax.

Our multi-segment positioning allows us to compete across all three retail segments. We have several core categories we focus on within each segment. In the grocery segment, we focus mainly on ambient grocery products (confectionery, soft drinks, canned food, shelf-stable meals, etc.); in specialty, we focus on home and related home products (soft furnishings, decorative products, kitchen equipment, electrical products, etc.), seasonal products (toys, garden, Christmas decorations) and DIY. However, there are certain large categories in which we do not compete significantly, such as fresh, chilled and frozen foods in the grocery segment and fashion apparel in the specialty segment, both of which constitute significant parts of the UK retail market.

We also operate in Germany through our 80% shareholding in Jawoll, which we acquired on 30 April 2014. The German retail market had total store-based retail value sales of €416 billion in 2016 and has grown by a CAGR of 1.4% between 2011 and 2016. Similar to the UK retail market, the German retail market is broadly split into three main segments: grocery retailers, specialist retailers, and general merchandise discount retailers. Grocery retailers in Germany had total store-based retail value sales of €199 billion, which have grown by a CAGR of 1.5% between 2011 and 2016. Specialist retailers in Germany had total store-based retail value sales of €215 billion in 2016. Finally, general merchandise discount retailers, had total store-based retail value sales of €2 billion in 2016. (Sources: Euromonitor International and company accounts; includes all companies in the Euromonitor defined 'Variety stores' segment with the exception of Tchibo, which has been excluded due to the lack of comparability).

Jawoll principally competes in the German general merchandise discount segment with only a limited range of grocery items, thereby differentiating itself from the highly competitive grocery discount channel dominated by Aldi and Lidl. Jawoll's strength in seasonal goods, household goods and gardening products differentiate it from other non-grocery discount retailers. The partnership with B&M provides Jawoll with the opportunity to expand the breadth of its non-grocery range, as well as to potentially develop its branded grocery and FMCG offer.

Evolution of Discount Retailing

The onset of the global financial crisis in 2008 and its impact on macroeconomic development in the UK has provided the basis for a structural shift in consumer behaviour. A tightening of real disposable incomes has squeezed the consumer and propelled the demand for value across all elements of the consumer's non-discretionary and discretionary spend.

For grocery spend, the rise of Aldi and Lidl in grocery retail has been well publicised, notwithstanding the recent resurgence of GDP growth. As of September 2016, Aldi's rolling 52 week total year on year growth percentage was 13.0% and Lidl's was 15.1%. In contrast, Tesco, Morrisons and Sainsbury's all had negative growth for the twelve months ending September 2016. (Source: Kantar Worldpanel Till Roll data—52 weeks ending September 11, 2016).

For other retail categories, there are multiple examples where a value proposition has been developed and/or has grown rapidly in response to consumer demand compared to the incumbent. This growth would appear to continue beyond the immediate period of any economic downturn. Selected examples include: airlines, where Ryanair has grown revenues at a greater percentage than British Airways from 2010 to 2015; apparel retail, where Primark has redefined the UK landscape with its value-led 'fast fashion' offering; and the growth of online price comparison websites, such as www.moneysupermarket.com. (Source: company accounts).

Responding to this demand for value, general merchandise discount retailers have expanded their operations through a rapid new store opening programme, with total stores increasing from 1,929 in 2011, 2,224 in 2012, 2,435 in 2013, 2,727 in 2014, 3,165 in 2015 and 3,306 in 2016. (Source: Euromonitor International). We have been one of the leaders, responsible for approximately 18% of the new stores added over this period.

As this structural shift has occurred, suppliers have had to react and adapt accordingly. The discount channel has become increasingly important and discount retailers have become so prevalent and important to the consumer that global FMCG companies now support discount retailers through dedicated national account managers, access to leading brand products, provision of differentiated pack sizes where necessary, and special product offers.

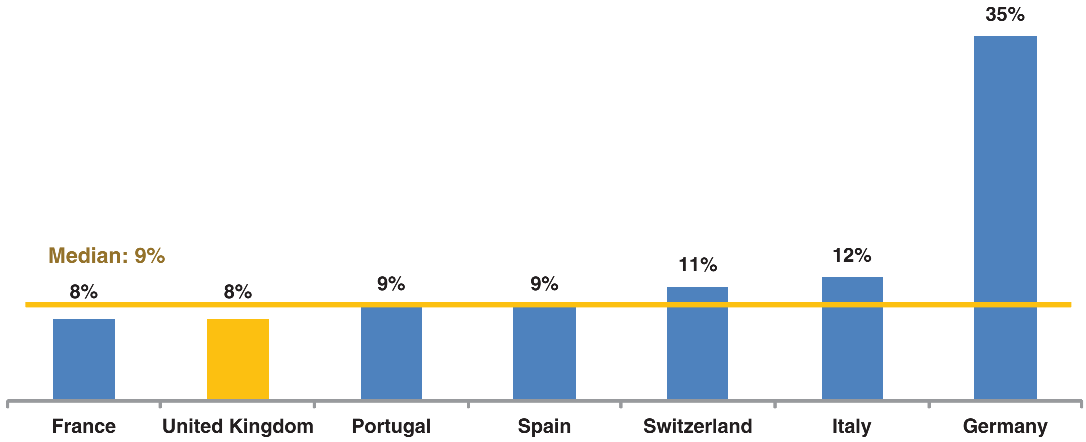
In addition to this support from suppliers, landlords have acknowledged the benefits of having a tenant such as B&M in their retail parks or shopping centres. Discount retailers drive footfall to the location and are perceived as attractive tenants from a financial point of view. This has allowed us to secure attractive locations and rents for our new store openings.

We expect that the structural shift that has been driven by the demand and supply factors outlined above will continue to develop, driven by:

- Continued roll-out of discount retailers in the UK providing greater access to the consumer;
- Increasing transparency (especially online) across retailers' prices allowing consumers to bargain hunt more effectively;
- Increased transaction volumes and basket spend as the discount channel is increasingly accepted as a complementary shopping channel; and
- Continued support from FMCG companies and other non-grocery suppliers.

Furthermore, this evolution has increasingly spread across all socio-demographic categories with discount retail increasingly being accepted by all consumers. As the chart below highlights, a comparison of UK grocery discount retail penetration against grocery discount retail penetration in selected markets in Europe suggests there is a significantly higher level of growth potential in the UK grocery discount retail market as consumers increasingly adopt a value mindset.

European Markets Discount Penetration (Grocery only)



Source: Euromonitor International. Penetration rate calculated as 2016 retail value sales excluding sales tax of grocery discounters as a percentage of 2016 retail value sales excluding sales tax of grocery retailers.

In Germany, the grocery discount market is well established across multiple sub-segments and the penetration of discount in the consumer's weekly shop is advanced when compared to selected other European markets. Jawoll operates in a fragmented general merchandise discount market and we believe that penetration in the general merchandise discount segment will continue to develop in Germany, representing an attractive opportunity for us as we invest in Jawoll and improve its product offering.

Competitive Landscape

Our multi-segment positioning allows us to compete across all three UK retail segments—grocery retail, specialty retail and general merchandise discount retail.

In the UK grocery retail segment, our product offering is seen as a complementary shop in ambient grocery in addition to the average consumer's weekly total grocery shop. It is largely driven by convenience and impulse purchases resulting in small transaction sizes and high visit volumes. We do not compete in fresh, chilled or frozen food, which represents a significant portion of the total UK grocery retail market. Therefore, although we do compete against the consolidated "Big 4" grocery retailers in the UK and other smaller food retailers in ambient grocery, we only account for a very small portion of this large overall market and we typically carry fewer stock keeping units ("**SKUs**") and smaller unit or pack sizes. We had food and soft drink sales of approximately £0.5 billion in 2016, compared to approximately £4.4 billion at Aldi, approximately £7.9 billion at Morrisons, approximately £11.2 billion at Sainsbury's and approximately £19.3 billion at Tesco (food and drink till roll for the 52 week period ending September 2016). (Source: Company information, Kantar Worldpanel Food & Drink data—52 weeks ending September 11, 2016).

In the UK specialty retail segment, our product offering covers a broad spectrum of products and has seasonal trading flexibility, which puts it in a competitive position against several nationwide retailers. For example, in home and garden, our competitors include B&Q, Dunelm and Dobbies; in toys, competitors include Toys R Us and in stationery, competitors include WHSmith and Ryman. The specialist retail segment is generally fragmented with no single dominant retailer. We believe that we can continue to take market share across individual categories due to our structural advantages of being able to provide significantly better value through our focus on only a select number of best-selling SKUs, while not compromising on design, quality or packaging.

We specifically consider ourselves a limited assortment discount retailer, within the UK general merchandise discount retail market. We compete with a number of nationwide and regional general merchandise discount retailers, and within this segment, several limited assortment discount retailers including Poundland and Home Bargains. We are differentiated from Poundland through our broader variety of offerings at different price points and have limited range overlap. Similarly, against Home Bargains, we are differentiated through our broader range of homewares, furniture and gardening products and B&M stores being on average larger or more frequently located out-of-town.

In Germany, Jawoll competes against a group of general merchandise discounters and a broader set of category specialist retailers. The general merchandise discount segment is highly fragmented with several retailers operating out-of-town portfolios regionally with limited overlap, as well as a few in town operators with larger networks of smaller stores. Jawoll's strength in certain product categories such as seasonal goods and gardening products helps to drive footfall.

Comparison to U.S. Retail Market

We believe that evidence of the growth in the U.S. dollar store market provides further evidence of the potential for continued structural growth in the UK discount retail market. The U.S. discount grocery and variety store markets have also demonstrated growth in a wide variety of economic environments growing from a combined market size of US$30.8 billion in 2002 to US$75.1 billion in 2016. One of these dollar stores, Dollar General, has grown quarterly like-for-like sales every year since 1990 and operated 13,205 stores as at October 28, 2016. (Sources: Euromonitor International and company accounts).

BUSINESS

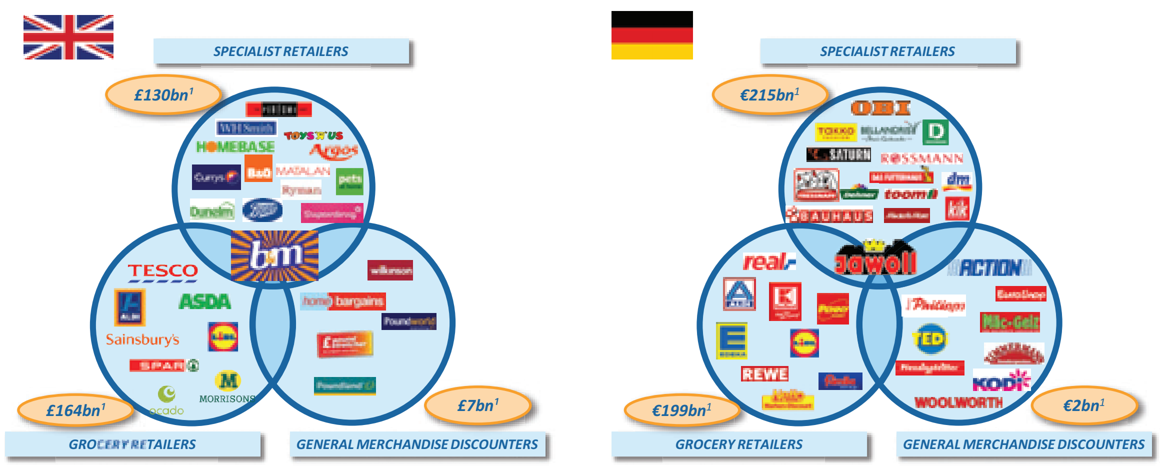
The following Section should be read in conjunction with the more detailed operating and financial information included in "Selected Historical Consolidated Financial Data" and "Operating and Financial Review" of this Offering Circular. The financial information included in this section has been extracted from the consolidated financial statements of the Group included elsewhere in this Offering Circular, or has been extracted or derived from the Group's accounting records, which formed the underlying basis of the financial information contained in "Selected Historical Consolidated Financial Data" and "Operating and Financial Review" of this Offering Circular, or has been extracted or derived from the Group's consolidated financial statements for prior periods. Prospective investors should read this entire document and not just rely on the information set out below. References to years are to calendar years unless otherwise specified or the context otherwise requires.

Overview

We are one of the leading limited assortment discount retailers in the UK based on number of stores and sales, with a growing presence in Germany through our 80% owned subsidiary Jawoll. We trade under the B&M brand in the UK and Jawoll brand in Germany.

For the 52 weeks ended September 24, 2016, we generated revenue and Adjusted EBITDA of £2,210.8 million and £215.1 million, respectively. For the financial six months 2017, we generated revenue and Adjusted EBITDA of £1,105.9 million and £99.2 million, respectively. For the financial six months 2016, we generated revenue and Adjusted EBITDA of £930.3 million and £86.6 million, respectively. For the financial year 2016, we generated revenue and Adjusted EBITDA of £2,035.3 million and £202.5 million, respectively, as compared to £1,272.0 million and £130.4 million, respectively, for the financial year 2014. Since 2014, we have grown our portfolio of stores from 373 B&M stores in the UK and, following our acquisition of an 80% shareholding in Jawoll in 2015, 49 Jawoll stores in Germany, to 533 B&M stores in the UK and 73 Jawoll stores in Germany as of December 26, 2016. As of September 24, 2016, we employed over 25,000 employees, including part-time employees. As of January 20, 2017, our market capitalisation was £2,992.0 million. Our UK business is one of the largest companies in the fast growing general merchandise discount retail market in the UK, which we believe is having a disruptive impact on the overall UK retail market. We believe that our stores offer a compelling customer proposition, combining leading branded fast-moving consumer goods ("**FMCG**") products at attractive prices with a strong non-grocery product offering which together deliver great value to customers over a wide range of price points.

In both our B&M stores in the UK and our Jawoll stores in Germany, we stock a mix of grocery (typically branded FMCG products) and non-grocery products. In the UK we maintain a very disciplined approach to inventory management, stocking around 6,000 live SKUs and maintaining inventory lead times of approximately 13 weeks, allowing us to focus on the most profitable and fast-moving lines. We operate a flexible store format and our dynamic trading strategy flexes our product ranges regularly to take advantage of seasonal shifts in customer demand over the course of each year. Under this flexible category and space management model, the layout and SKU range of each B&M store is regularly adjusted in order to maximise the space allocated to seasonal and other faster-moving merchandise. We believe our stores compete across the UK and German grocery, specialist and general merchandise discount retail markets (the "**UK Addressable Market**" and "**German Addressable Market**", respectively). Within the UK Addressable Market, we particularly focus on the fragmented UK specialty retail segment, which generated an estimated £130 billion in retail value sales in 2016, according to Euromonitor International.



(1) Source: Euromonitor International

We are currently in the process of rolling out best practices from our UK model to our German business while continuing to take advantage of Jawoll's local management's expertise and success. Since we acquired an 80% shareholding in Jawoll in 2014, we have progressively reduced the number of live SKUs (currently approximately 10,000 live SKUs, down from approximately 15,000 in 2014), introduced some smaller store formats and enhanced stock management principles, while continuing to grow the business and generate attractive returns.

Our product offering consists of a range of approximately 6,000 live SKUs in our B&M stores and 10,000 live SKUs in our Jawoll stores, across grocery and general merchandise products:

- *Grocery products* principally consist of branded FMCG products (such as food, confectionary, soft drinks, alcohol and toiletries) at competitive prices. A high proportion of B&M stores' grocery products are branded and sourced directly from leading FMCG suppliers (such as Procter & Gamble, Unilever, Mondelez and Nestlé), with whom we maintain strong relationships. We deliver significant savings to the customer when compared to comparable products from other retailers.
- *General merchandise products* consist of a broad range of higher-value products including housewares, electrical, gardening, toys, pet care and seasonal products. The broad choice of products at good value, with a rapid turnover of seasonal products and flexible store layouts to take advantage of seasonal shifts in customer demand, all supported by our direct sourcing model, enables us to offer our general merchandise products at a significant discount relative to our specialist retailer competition.

We believe our sourcing model gives us a significant competitive advantage, by allowing us to leverage relationships and reduce margins. Our grocery products are typically sourced directly from global FMCG manufacturers, who we work with to enable us to focus on best-selling products. Within our non-grocery product categories, we have established a strong network of suppliers in the Far East (principally China), either directly through a network of over 600 manufacturers, or through our Hong Kong based joint venture company, Multi-Lines, that allows us to bypass domestic importers and distributors. We have a well-developed Far East sourcing process that enables us to respond quickly to consumer taste. We have developed a strong and well-resourced in-house buying team, composed of over 180 people as of September 24, 2016, that leverages our strong supplier relationships to make informed sourcing decisions. This platform, as well as a highly focused approach to SKU count and disruptive pricing, allows us to deliver great value for money to customers, which we believe has enabled us to attract and develop a broad and loyal customer base.

In our UK business, we operate a well-invested warehouse and distribution system for B&M stores that consists of four principal distribution centres in Speke (two centres), Middlewich and Runcorn, as well as two secondary distribution centres located in Knowsley and Blackpool. In addition, we operate an in-house fleet of 209 heavy goods vehicles for B&M store deliveries and intra-warehouse transfers. In our German business, we have a warehouse and distribution system centred around our distribution centre and head office in Soltau, where we added 46,500 square feet of additional capacity in the financial six months 2017 to support our expansion plans in Germany.

We acquired an 80% shareholding in Jawoll, a large German out-of-town general merchandise retailer headquartered in Soltau, Germany, in April 2014, and have grown the business from 49 stores to 73 stores as of December 26, 2016. This provides us with an attractive platform for growth in Germany. Germany has the largest grocery discount retail market in Europe, with a relatively small general merchandise discount retail market and customers that focus on value (Source: Euromonitor International). We believe Jawoll is well positioned within the German Addressable Market as its sales mix has traditionally followed a larger proportion of general merchandise (68% of sales in financial year 2016, as compared to 55% in the UK). We believe that there is also the potential for us to continue to expand our operations within the European general merchandise discount retail market both within and outside of the UK and Germany.

Our Competitive Strengths

We believe that we have a competitive advantage because of the following key strengths, which will enable us to take advantage of current and future growth opportunities:

Unique, disruptive business model focused on sourcing discipline and cost efficiency

Our business model enables us to provide superior value to our customers by offering high quality products at significant discounts to our competitors. We are able to compete effectively on price through our ability to source products directly from our suppliers in a cost efficient and dynamic manner.

As part of our sourcing strategy, we purchase a large share of our products directly from the manufacturer. By disintermediating the wholesale chain, we believe that we are able to reduce costs, enabling us to charge lower prices than our competition. We believe that such a disruptive approach provides us with a competitive advantage and allows us to keep offering value to our customers. Our scale and strong growth over a number of years makes us an attractive counterparty for major branded FMCG producers.

Our products are high-quality, and either branded (in the case of grocery and specific portions of the general merchandise product category, such as toys) or unbranded (in the case of the rest of the general merchandise products). Our close relationships with our suppliers mean that we are able to bring new SKUs to market rapidly, enabling us to move our inventory efficiently.

We have a strong buying team consisting of over 180 people responsible for managing a concentrated portfolio of live SKUs that is strictly monitored frequently to generate optimal returns, with a focus on constant replacement of slow-moving products. This disciplined range management is a large contributor to the introduction of approximately 100 new live SKUs in B&M stores every week.

Our live SKU count per product category is typically much lower than specialist retailers. Our disciplined approach requires our buyers to focus on "best sellers" which, along with the higher volume for the selected SKUs, creates buying power, allowing us to benefit from advantageous buying terms with suppliers.

In the UK, we have also developed a stable of our own private-label brands that builds on our direct sourcing relationships and strong design expertise within our in-house product design team. It can take us less than nine weeks to go from initial design to selling the item at B&M stores in the UK, underpinning our ability to bring new products to market quickly. We are currently in the process of introducing best practices from our UK model to our Jawoll business which now has access to, and has begun to draw upon, our Far East supply chain and are imposing a more disciplined approach to managing its live SKUs.

We actively adjust our store floor space throughout the year so that our product offering is favourably aligned to seasonal trading patterns. For example, during the Spring/Summer season, we tailor our product offering and floor space to offer a compelling range of gardening and outdoor products, while in the late summer and autumn we focus on back-to-school, Halloween and Christmas products. This allows us to avoid seasonal low trading periods, unlike single category specialist retailers whose product offering is largely fixed throughout the year. We believe that because we offer a particular season's most sought-after products, we demonstrate less seasonality than many other retailers, and are therefore able to be profitable in all quarters of a year.

Structurally attractive market, benefiting from supportive consumer behaviour

The UK Addressable Market is large, estimated at approximately £7 billion for general merchandise discount retailers, £164 billion for grocery retailers, and £130 billion for specialist retailers in 2016, according to Euromonitor International. Discounters are underpenetrating total grocery retailing in the UK (approximately 8% penetration rate in the UK, compared with 8% in France, 12% in Italy and 35% in Germany), offering clear growth opportunities for us (Source: Euromonitor International).

Growth in the UK general merchandise discount retail sector outpaced growth in the general UK retail market, with a 9.0% CAGR over the period 2011-2016 (as compared to a 1.0% CAGR for the general UK retail market) (source: Euromonitor International), driven by positive trends on both the demand side (consumer income squeeze, demand for convenience/ease of shopping) and the supply side (availability of low-cost real estate and support from FMCG manufacturers). Additionally we believe that the general merchandise discount retail sector is generally resilient to changes in economic cycles.

We have seen a tangible shift in consumer behaviour in recent years, with more evident focus on value for money in everyday shopping, similar to the experience of other sectors (low-cost airlines, online marketplaces, shared services). On that basis, we believe that we benefit by a shift from specialist retailers during challenging economic periods, and growth in footfall during more benign economic periods.

Increasing national and international footprint, warehouse capacity, and a record of quick payback periods for new store openings

Since the Group was acquired by Simon and Bobby Arora in December 2004, we have expanded our store network from 21 stores to 533 stores in the UK as of December 26, 2016. We believe that there is scope to grow to 850 B&M stores in the UK.

The capital expenditure requirements for our store expansion programme are small, as we have minimal needs within each store (especially as we have no requirements for refrigeration). We typically invest approximately £0.5 million per B&M store, which have a fast payback profile. In recent years, B&M stores opened in the UK had an average Payback Period of approximately 8 months and an average Payback Period Including Working Capital of approximately 15 months. We believe that these are among the leading payback periods in the UK retail market.

Since our acquisition of an 80% shareholding in Jawoll, we have expanded Jawoll's store portfolio from 49 as at March 29, 2014 to 73 as at December 26, 2016. We currently expect to open 19 net new Jawoll stores (10 organically and 9 through acquisition) during the financial year 2017. We intend to continue to grow our international business, in Germany and other European markets, through careful investments and adopting the best practices from both the UK and local management.

In the UK, we operate a well-invested warehouse and distribution system for our B&M stores that consists of four principal distribution centres located in Speke (two centres), Middlewich and Runcorn, as well as two secondary distribution centres located in Knowsley and Blackpool. We also operate an in-house fleet of heavy goods vehicles for B&M store deliveries and intra-warehouse transfers in the UK. We have also invested in our warehouse infrastructure in Germany to enable the expansion of the Jawoll offering (transport services in Germany are subcontracted). We believe that our existing warehouse and distribution capacity will support our current growth trajectory in both the UK and Germany for 18 months without the need for additional investment.

Track record of profitable growth and cash generation

We have generated strong revenue and Adjusted EBITDA growth over the last three financial years. Revenues grew from £1,272.0 million for the financial year 2014 to £2,035.3 million for the financial year 2016 (a CAGR of 26.5%). Adjusted EBITDA grew from £130.4 million for the financial year 2014 to £202.5 million for the financial year 2016 (a CAGR of 24.6%).

The rapid growth in revenue has been accompanied by a consistently strong performance in EBITDA margin, growing from 8.9% for the financial year 2014 to 9.6% for the financial year 2016. Adjusted EBITDA margin has remained strong, at 10.2% for the financial year 2014 and 9.9% for the financial year 2016.

The strong growth in revenue and EBITDA was driven primarily by new store openings and positive UK Like-for-Like Revenue Growth across the UK store network. UK Like-for-Like Revenue Growth was 0.9%, 4.9% and 7.2% in the financial years 2016, 2015 and 2014, respectively. Underlying UK Like-for-Like Revenue Growth was 2.4% in the financial year 2016. New store openings during this period were entirely financed by internal cash flow generated from operations.

We benefit from strong cash generation primarily due to our low capital expenditure model and our fast inventory turnover. B&M stores are welcoming and easy-to-shop but require limited recurring maintenance capital due to their functional nature. Despite the growth of the B&M store portfolio over the period, Adjusted Operating Cash Flow grew from £74.8 million for the financial year 2014 to £124.3 million for the financial year 2016.

In addition to financing the opening of new B&M and Jawoll stores, we have made effective investments in our central functions, as we further developed our business processes, infrastructure and product offering.

Experienced management team with a demonstrated record of success

We have a highly experienced management team led by the Arora brothers who acquired the company in 2004. Simon Arora has been CEO since the acquisition in 2004. Sir Terry Leahy, the non-executive Chairman, spent 32 years at Tesco, acting as CEO from 1997 to 2011. Paul McDonald (CFO), Bobby Arora (Trading Director), Martin Roberts (Operations Director) and Andy Monk (Supply Chain Director) all have between 20 and 30 years' experience in retail.

The Group's senior management has been supported by a large, well trained employee base that includes high quality buying, retail and operational teams. Many of our buyers have experience with other leading specialist retailers, giving us access to many of the same sources of supply, and helping us to compete on price while delivering on comparable quality.

Our Strategy

Our strategic objective is to build upon our existing position as a leading limited assortment discount retailer to deliver superior value for our customers, to focus on operational excellence, to invest in new stores and to grow internationally.

Delivering great value for our customers

We intend to continue executing our core strategy of providing customers with great value for money across a broad range of product categories and also a fun and appealing shopping experience so that customers will want to return to our stores. Our disruptive pricing, unique sourcing model and SKU discipline help us deliver this appealing proposition to our customers. The success of our model is demonstrated by our UK Like-for-Like Revenue Growth and the speed with which our new stores pay back the initial investment.

Drive operations to generate attractive returns and growth

We intend to continue developing our efficient, flexible and agile business operations that allow us to deliver attractive returns and generate cash flow that can be reinvested for growth.

In each of our stores, we work actively to generate the optimum sales for the given floor space. We do this by changing the layout of our products frequently and bringing key items into the optimum sales areas in the given floor space to cover seasonal variations. For example, we are able to flex floor space to address seasonal demand such as gardening equipment in the spring, back-to-school in late summer and autumn and toys at Christmas. Our flexible approach allows us to be profitable throughout the year, unlike many retailers.

Our IT systems allow managers to see selling hotspots within the overall inventory while on the shop floor, as well as facilitating our automatic re-stocking system that enables us to reinforce successful product lines.

Our inventory discipline limits us to an average of 6,000 live SKUs per B&M store (significantly lower than most major UK retailers) and 10,000 live SKUs per Jawoll store, which allows us to buy significant volumes per SKU and therefore obtain competitive terms from suppliers. We also impose strong turnover discipline to remove SKUs that underperform. Our experienced buying team focuses on locating the best opportunities, helping to maximise returns. In addition, the smaller number of SKUs also allows us to run more efficient logistics and distribution centres.

We are also implementing best practices from our UK operations in Germany, allowing us to share our experience with our Jawoll management team while taking advantage of their knowledge of the German market and consumer tastes.

Careful and efficient investment in new stores

New stores remain the key driver of the Group's revenue and earnings growth. As of December 26, 2016, our store portfolio was 533 stores in the UK and 73 stores in Germany. Our strategy is to continue growing both our UK and German store portfolios. In the financial year 2016, we opened a net 74 new stores in the UK and a further 6 new stores in Germany. Based on third party data and our own analysis of the market, we believe that there is scope to grow to around 850 B&M stores in the UK, with average new store openings of 40-50 stores per annum.

We base our investment decisions on stringent investment criteria (such as capital expenditure required, sales, operating costs and rent) leading to a short average Payback Period, which in the UK is currently approximately 8 months, or 15 months for Payback Period Including Working Capital.

Currently, our UK portfolio is concentrated in the North and Midlands in England, as well as Scotland, Wales and Northern Ireland. We are currently growing our presence in East Anglia and the Southwest of England and we anticipate further growth in areas where we are similarly under represented, such as the Southeast of England as well as in-fill opportunities in other regions. In Germany, our portfolio is concentrated in the north-central region of the country, and we believe that there are significant opportunities elsewhere in the country for us to expand. In both the UK and Germany, we expect to grow through opening stores organically, the acquisition of bundles of stores being disposed of by other retailers, or bolt-on acquisition opportunities that meet our return requirements.

We believe that our growth is helpful in generating scale and efficiency, and helps us to attract better terms from suppliers who are eager to work with us. We are increasingly focused on working with retail property developers to design and build new stores specifically for us, often on retail park locations alongside one or more other retailers.

In addition, we are continuing to invest carefully in the efficiency of our warehouses. We estimate that we have sufficient capacity to support at least the next 18 months of projected store roll-out both in the UK and in Germany.

Develop our international business

We intend to continue to grow our international business through careful investments and by adopting best practices from both the UK and local management. Currently, our only international investment is in Germany, which is a large, highly fragmented and underserved market for our variety retailing format. Additionally, the German market has an intrinsic strong discount culture and similar consumer tastes to the UK, allowing us to deploy our disruptive business model outside the UK.

Our strategy in Germany is to bring the Jawoll business closer to the B&M model in terms of sourcing, assortment and store format, while reflecting local management experience and consumer tastes. Going forward, there are three key areas which we are focusing on as we prepare for more expansion:

- Increasing access for Jawoll's buyers to the B&M buying model in the Far East giving it the benefit of scale while also catering to German retail preferences;
- Reducing the number of SKUs at Jawoll to help benefit from B&M's SKU discipline; and
- Continuing the successful roll-out of smaller stores that are closer to the operating model of B&M.

We plan to open 19 Jawoll stores (10 organically and 9 through acquisition) in financial year 2017.

While our focus is primarily on the UK and Germany, we actively consider investments in other international jurisdictions where we would be able to benefit from a local culture of discount retailing, an opportunity to apply the B&M model and a strong management team with a track record of successful operation in the local retail market.

History and Development of the Group

The first B&M store was opened in Blackpool, UK in 1976. In December 2004, the Group was acquired by the Aroras, and Simon Arora became the Chief Executive Officer with Bobby Arora becoming the Trading Director. Following the change in ownership, the Arora family significantly re-invented the Group's business model, in effect founding a new business.

Investment funds managed by Clayton, Dubilier & Rice, LLC ("CD&R") acquired a majority stake in the Group in March 2013 and Sir Terry Leahy was appointed as Chairman. Sir Terry Leahy has extensive retail experience, having previously served as Chief Executive Officer of Tesco from 1997 to 2011, during the period in which Tesco became one of the largest retailers in the world.

In April 2014, the Group acquired an 80% shareholding in Jawoll, a discount retail store operator headquartered in Soltau, north-west Germany, which owned and operated 49 stores.

In June 2014 the Issuer was listed on the London Stock Exchange and in June 2015 the Issuer was admitted to the FTSE 250 index.

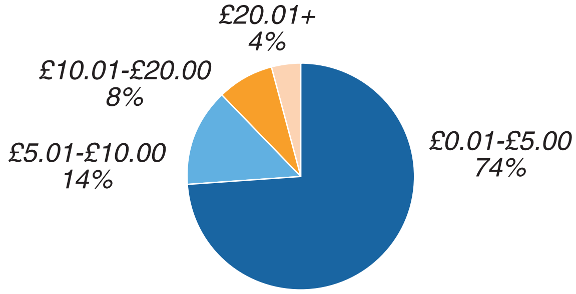
In April 2016, the Group opened its 500th B&M store in the UK, and in December 2016 the Group opened its 533rd B&M store in the UK and its 73rd Jawoll store in Germany.

Product Offering

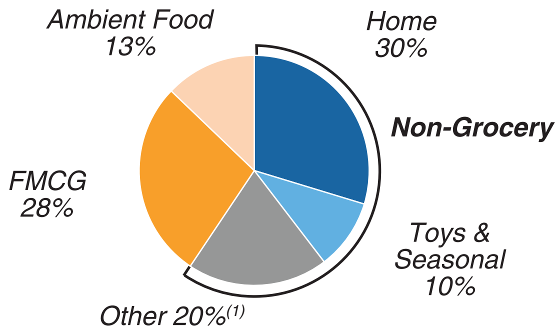
Our stores offer a broad range of grocery and non-grocery products across a wide range of price points. In addition to providing customers with products at great prices, our product offering also provides price simplicity and convenience. For example, our recognisable and trusted branded grocery products are offered in single unit or small pack sizes that are located at the front of the store for easy access. We do not have a "high-low" promotional pricing strategy, and instead deliver "Every Day Low Prices" under our "Every Day Low Cost" philosophy. By focusing on single unit packs, we offer convenience and allow the consumer to decide the quantity he or she wants to purchase. Alongside our grocery products are quality non-grocery products sold at highly disruptive prices.

We pride ourselves on our disciplined sourcing strategy, pursuant to which B&M stores in the UK target approximately 6,000 live SKUs and Jawoll stores in Germany currently target 10,000 live SKUs. To maintain this number of live lines, we operate a "one in, one out" policy for adding new SKUs. Before a buyer can add a new SKU, he or she has to cut an existing SKU, typically a poor-performing SKU in that product category.

As illustrated by the following pie chart, as of September 24, 2016, approximately 74% of our live SKUs in the UK had a price point below £5, while only 4% had a price point over £20.



The following pie chart shows a breakdown of the Group's live SKUs as a percentage of total SKUs in our UK business as of December 2016 by category.



(1) Other includes: Pet care, indoor furniture, health and beauty gift, electrical, DIY, stationery, textiles.

Over 90% of our products are priced below £20, although selected furniture and electrical lines can be priced up to approximately £300. Our best selling products are sold across a broad range of categories, such as food, FMCG, toys, seasonal goods, homewares, furniture and DIY.

Our business model in both the UK and Germany involves operating with a flexible store layout and merchandising strategy pursuant to which each store actively manages its product ranges to reflect a number of factors, including local competition, customer preferences in the local market, the store size and the season. We also aggressively re-allocate store shelf space in order to take advantage of seasonal shifts in customer demand. Under this flexible category and space management model, the layout and SKU range of each store is regularly adjusted in order to maximise the space allocated to seasonal and other faster-moving merchandise, thus enabling us to "trade the seasons". The product mix at each store is also regularly reviewed to enhance sales and profitability, with the removal of slow-moving products and the addition of new products. In addition, we adjust the sizes of the areas dedicated to particular product categories in response to seasonal changes and changes in customer demands and the local competitive environment.

Upon entering a B&M store in the UK, customers pass through the "Manager's Specials" area. This area contains core grocery lines together with a selection of products and seasonal offers tailored to the time of the year and upcoming festive events. From the "Manager's Specials" area, customers typically enter the grocery products area before passing through to the non-grocery products area. The seasonal department, which dramatically changes from season to season, is within the non-grocery products area. See "—*Seasonal Trading*".

Our store management is empowered with real time data to make fact-based decisions about the individual product inventory levels in their stores, including access to a fully integrated EPOS that delivers granular, in-store sales figures and margin data to store managers via a handheld terminal. This technology, together with approximately 1,000 stocktakes have been conducted across the estate in the last 12 months, has helped us experience shrinkage of approximately 0.90%.

Seasonal Trading

Our business is subject to four seasonal peaks in the UK with January/February (with respect to furniture, home and cold weather merchandise), Spring/Summer (with respect to gardening and outdoor recreational merchandise), Autumn (with respect to Halloween and home merchandise) and, in particular, Christmas (with respect to toys and decorative merchandise), being an important part of our UK retail sales mix. In Germany, our business typically experiences two seasonal peaks, in Spring (for outdoor, gardening items and plants) and Christmas and New Year (for decorative merchandise).

Private Label Products

As of September 24, 2016, our range of private labels comprised approximately 120 different private labels, in a variety of product categories. The following table sets forth several examples of our proprietary brands and the applicable product category as at September 24, 2016.

Proprietary Brand	Product Category	Proprietary Brand	Product Category
Light Styles	Home Décor	Betty Winters Home Baking	Homewares
Marine Ocean Club	Furniture	Let's Play Out	Outdoor Toys
Mexican Spice	Food	nibb	Stationary
Turner & Gray	Decorating	Sparkle & Shine	Cleaning
The Original BBQ Company	Garden	Pooch Couture	Pets
boombeat Audio Technology	Electricals		

Store Network

As at December 26, 2016, we operated a network of 533 B&M stores across the UK and 73 Jawoll stores across Germany. Our B&M stores in the UK are located in convenient locations, across a combination of in-town and out-of-town locations and our Jawoll stores in Germany are located generally in out-of-town locations. The following table sets out information on the total number of stores as of March 29, 2014, March 28, 2015, March 26, 2016 and December 26, 2016.

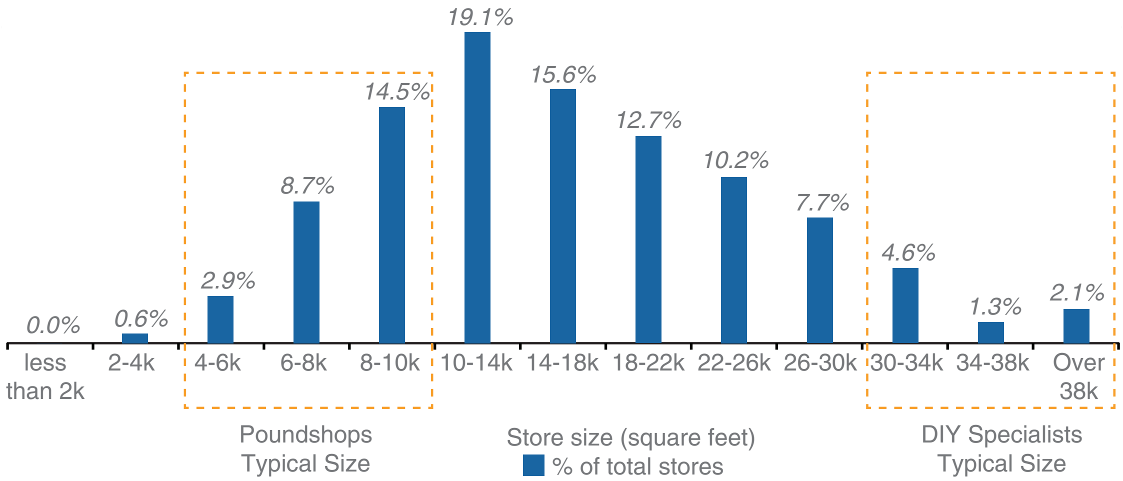
	As of			
	March 29, 2014	March 28, 2015	March 26, 2016	December 26, 2016
UK	373	425	499	533
Germany	0	50	56	73
Total number of stores	**373**	**475**	**555**	**606**

The following table set out a geographical overview of our stores in the UK and Germany as of December 26, 2016.

	Total
England:	
North East	94
North West	108
Midlands	95
South East	78
South West	35
Scotland	60
Wales	35
Northern Ireland	28
Total UK	**533**
Germany	73
Total	**606**

B&M stores in the UK were on average 16,900 square feet per store and the Jawoll stores in Germany were on average 23,000 square feet per store, as at September 24, 2016.

The following graph sets out our distribution based on store size (expressed in thousands of square feet) for the financial year 2016 based on all B&M stores opened prior to December 31, 2015.



As highlighted by the above table, we have flexibility with our format as we are able to employ a variety of store sizes which are usually driven by the space available at each store property.

In the period between March 27, 2016 and December 31, 2016, representing the first 39 weeks of the financial year 2017, we opened 34 net new stores in the UK and 17 net new stores in Germany. As of December 26, 2016, we operated 533 stores in the UK and 73 stores in Germany.

New Store Roll-out

We opened a record 79 total new stores in the UK in financial year 2016 (74 net new stores) at a time when many large retailers were either cutting back on expansion or actively reducing the size of their store networks. The 79 stores represent a significant increase over the historical trend because property market conditions in the UK were unusually favourable in the financial year 2016, including the availability of some store portfolio packages from national retailers who had decided to rationalise their retail estates.

We increased our store network by 42 net new B&M stores in the financial year 2014, 52 net new B&M and 50 net new Jawoll stores (including 49 as a result of the Jawoll acquisition) in the financial year 2015 and 74 net new B&M stores and 6 net new Jawoll stores in the financial year 2016. We have a strong and consistent track record of successfully opening new B&M stores in the UK over the last 10 years and have begun to implement our new store programme in Germany.

As at September 24, 2016, we had positive Store Contribution from all but two stores opened since the beginning of financial year 2014. Of these two stores, one has been closed and we intend to relocate the second in the next several months.

The following table sets forth the number of our net new stores opened each quarter for the financial years 2014, 2015, 2016 and up to the end of our third quarter 2017.

	2014				2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
UK	10	16	13	3	7	13	24	8	25	22	15	12	12	8	14
Germany	0	0	0	0	0	0	0	1	1	1	3	1	5	5	7
Total net new stores opened	**10**	**16**	**13**	**3**	**7**	**13**	**24**	**9**	**26**	**23**	**18**	**13**	**17**	**13**	**21**

We believe that there remains a significant opportunity to continue the roll-out of new B&M stores across the UK. As of December 26, 2016, there were only 113 B&M stores in Southern England.

We continue to secure a strong flow of attractive locations for expansion across the UK and, based on third party data and our own analysis of the market, we believe that the UK could currently support around 850 total B&M stores. We have a strong pipeline of potential new B&M stores and currently intend to open approximately 56 new B&M stores (40 net) and 19 net new Jawoll stores (10 organically and nine through acquisition) in the financial year 2017. We believe that there is also the potential for us to leverage our business processes and sourcing platform into the general merchandise discount retail market in Europe. We plan to open approximately 40-50 new B&M stores per annum.

The additional new stores opened during the financial year 2016 were among some of the best performing in the Group during the period.

In addition, we believe that, based on internal analysis, there is no clear correlation between an individual store's performance and the number of third-party competitors in a catchment area.

The site selection process for each new B&M store follows a similar process, beginning with a retained agent visiting and assessing potential sites and providing a store appraisal for each, which includes evaluating local demographics, retail adjacencies, property characteristics and economics. We tend to avoid prime location space that commands high rental prices, as we believe that our compelling customer proposition is enough to drive footfall to B&M stores. We have used the same agents for a number of years and the appraisal is tailored to our expectations. Our property acquisitions team then reviews the site list compiled by the agent and, having consulted the operations team, condenses this into a recommendation. Our CEO reviews all property department recommendations and approves the final decision.

Our typical new B&M store roll-out process for a vacant store takes approximately eight weeks from entering the legal process to store opening (approximately four weeks from a site entering legal process to exchange and approximately four weeks to fit out and open the store). The last 72 organic store openings in the UK where the store had traded for at least 12 months prior to September 24, 2016 had an average Payback Period of approximately 8 months and an average Payback Period Including Working Capital of approximately 15 months. In the first year of opening these stores average revenues were £4.9 million, the cash EBITDA after variable operating costs was £0.75 million and average investment was £0.51 million including capital expenditure and pre-opening costs. In Germany, we are planning to implement best practices from our UK store roll-out process.

Product Sourcing

Overview

We have developed a sophisticated and responsive sourcing network for the supply of our products. We source most of our grocery and FMCG ranges from global manufacturers, many of which have subsidiaries in the UK and Europe, but our limited assortment ranges are mostly sourced in China from many suppliers with whom we have worked for many years. We have no dependency on any one individual supplier. Our top 5 suppliers for B&M stores account for less than 9% of sourcing, the top 10 for 14%, top 20 for 21%, and top 30 for 27%.

Our sourcing network is integral to the B&M business model. We aim to deal directly with suppliers on short lead times rather than through wholesale intermediaries. Our range discipline means that we concentrate our buying volumes on successful lines and the top sellers in each category. The cumulative effect of these elements of our sourcing model means we can deliver very competitive pricing while consistently refreshing our product ranges for customers.

Much of the product design is done by our combined buying team of approximately 150 colleagues in the UK. We know shortly after putting an item on the shelf whether it is selling. If it is, we repeat the order and within as little as eight weeks are able to stock the product in our stores. If a product is not selling, we refresh it by improving our packaging or design, or we discontinue the line and clear slow-selling stock as we go. By working in this way we maintain stable stock turns and strong margins in our business.

Our relationships with our suppliers are very important to us. We view them as part of our competitive edge and a vital underpinning of our core purpose: to help our customers spend less on everyday products for their homes and families and give them a fun and appealing shopping experience. The way we deal with suppliers is therefore a key part of how we routinely do business and of our corporate social responsibility agenda.

We also seek to deal with suppliers in a fair and honest way. We pay them in a timely manner, usually in full in advance of delivery for China-sourced products, and in return we expect our suppliers to adhere to ethical trading practices, in accordance with our Workplace Policy Initiative.

Our Jawoll stores have begun to benefit from our sourcing network and now source about 2,000 SKUs through our sourcing network, with the remainder of Jawoll's SKUs sourced from wholesalers.

Grocery Products

We believe that the sale of branded food, FMCG and other grocery products at great prices delivers significant savings to the customer when compared to comparable products from other grocery retailers. A high proportion of the grocery products in B&M stores are branded and sourced directly from leading FMCG suppliers (such as Procter & Gamble, Unilever, Mondelez and Nestlé), with a limited reliance on overstock and clearance items. We are a growth channel for these leading FMCG suppliers. As we increase our trade in these FMCG grocery products, we are able to trade on increasingly more attractive terms. We do not sell perishable products, or products that require refrigeration due to the increased handling costs and waste involved. Jawoll and B&M's grocery offering as a percentage of their respective product mixes were 32% and 45%, respectively for financial year 2016.

The increased size of our Group, together with FMCG companies becoming more supportive of value retailers, has allowed us, over time, to continuously source directly from these FMCG companies as opposed to using wholesalers or buying groups. This has helped limit our reliance on clearance and overstock products.

Non-Grocery Products

We have an ongoing strategy of sourcing non-grocery products directly from manufacturers and suppliers in the Far East (principally China) that allows us to bypass UK importers and distributors. With the exception of those non-grocery categories where there are strong brands available, such as electrical, toys and stationery, non-grocery products are largely designed by our 12-strong in-house design team who are responsible for developing and merchandising private label products and packaging. We work directly with our suppliers in the Far East to source these products in the most cost efficient manner and sell them under these private label brands. We also place particular emphasis on the packaging of our products from China. Our packaging designers are dedicated to ensuring that products are presented in a contemporary and attractive manner. By offering a broad range of private label products, we seek to provide our customers with a wide assortment of attractively-priced products, which also typically offer higher margins than grocery or leading brand products. Our private label products are generally priced lower than similar leading brand products at our stores. However, because our suppliers do not incur marketing and advertising expenses on private label products and because we can order them in bulk, we can purchase private label products at lower prices than similar leading brand products. Our strong and well-resourced in-house buying team is focused on making informed sourcing decisions, while keeping pace with evolving customer demand, thus enabling us to respond quickly to sales patterns observed in B&M stores.

Seasonal products are sourced six months in advance of the commencement of the relevant season. Planning for the following Christmas trading season starts in February when buyers place orders and pay deposits in advance to allow suppliers time to produce inventory. We start to receive Christmas stock in August. Other than seasonal products, we typically purchase only 13 weeks' worth of stock on any given new product line. This limits the risk of buying slow selling products and allows us to maintain our "clear as you go" policy towards slower selling product.

Suppliers

We aim to have long standing relationships with our suppliers, treat them with respect, and keep our dealings with them as simple as possible since we believe that it is in our commercial interests to operate in this manner.

We like to have simple, transparent net prices and minimise the use of rebates and retrospective discounts, and we only account for any income once the agreement period has ended. We have a standard set of terms and conditions with our suppliers, and provided the goods meet relevant quality and safety standards, we pay the supplier within the agreed payment terms. In the financial year 2016 our UK suppliers were paid on average 23.3 days after delivery, down from 24.2 days in the financial year 2015, and our import suppliers are normally paid in advance of the goods arriving into the UK.

Additionally, our reputation is important both in terms of ensuring our products are safe and fit for sale and that the factories we use comply with local laws and regulations, so that our customers can rely upon the safety, quality and integrity of the products they buy from us.

As a statement of our policy on anti-slavery and human trafficking, we prohibit slavery, forced labour and human trafficking of any kind in relation to our business and supply chain. We support the promotion of ethical business practices and policies to protect workers from any kind of abuse or exploitation in relation to our business and supply chain.

In the last 18 months we have taken the following steps in relation to our policy on anti-slavery and human trafficking:

- we have adopted a Workplace Policy Statement which sets out the standards and principles which we expect our suppliers to adhere to;
- we are rolling-out a programme of communicating our Workplace Policy Statement to our existing and new suppliers and our sourcing agents to address their relationships with and on behalf of us, and to our employees across the Group; and
- revisions have been made to our existing Whistleblowing Policy for employees to highlight the importance of adherence to the Workplace Policy Statement throughout the Group.

Our Workplace Policy Statement will be reviewed from time to time, and at least once annually, to determine if any changes are required.

In relation to our assessment of risk, balance is drawn between reasonable reliance on blue-chip brand suppliers who have their own comprehensive procedures and policies in place, and those where other forms of verification processes are required by B&M or our sourcing agents.

The vast majority of products which are imported into the UK by B&M are sourced from China. These are mainly machine manufactured goods, as opposed to labour intensive handmade products.

Where necessary, overseas suppliers are required by us or our sourcing agents to provide social compliance reports as a check on compliance with local laws and regulations, including labour practices.

The Group's main Hong Kong based sourcing agent and, where practicable, members of our buying team also visit new suppliers as part of our verification processes.

In the event of any suspected failure by a supplier to comply with our Workplace Policy Statement, we will then investigate the circumstances of the suspected failure with the supplier. In the event of a breach of our policy being identified as a result of such an investigation, we will review what appropriate remedial action we require the supplier to undertake and also determine on a case by case basis whether our trading relationship with that supplier should be monitored, suspended or terminated.

We continue to strive to find effective ways of improving communication and adherence to ethical business practices and assessment of risks and always welcome feedback from all stakeholders in relation to our business. Our policies, procedures and approach to verification processes are geared toward what we think are balanced, reasonable, practical and effective.

In-house Buying Team

In the UK we have developed a strong and well-resourced in-house buying team, composed of approximately 150 people as of September 24, 2016, that is capable of making informed sourcing decisions. The buyers currently have an average of 17 years of industry experience and five years of experience with the Group. The buying team also includes in-house merchandising, import and design teams responsible for private label and other non-grocery products. Each buyer is highly focused, and is responsible for on average 220 live SKUs out of a total of approximately 6,000. The buying team's mission is to source high quality products from suppliers that will fulfil customer needs at great prices. This process involves regular, frequent reviews and adjustments within each product category using information regarding customer preferences gained through EPOS sales data, market analysis and feedback from store managers.

Flexible Far East Supply Chain

We have a flexible and entrepreneurial approach to the sourcing of our non-grocery products from the Far East (principally China). We have a strong network of suppliers in the Far East from whom we source approximately two-thirds of our non-grocery products for our B&M stores, either directly through our buyers from a network of over 600 manufacturers in the Far East, or through our Hong Kong based joint venture company, Multi-Lines. Multi-Lines is a sourcing agent for products from the Far East that liaises with over 20 South East Asian manufacturers. We own a 50% shareholding in MultiLines and the other 50% is owned by its Hong Kong management team. Multi-Lines designs, sources and exports a wide range of products to the Group and to a lesser degree, other retailers that do not compete with the Group. We have also recruited a dedicated team at Multi-Lines to service Jawoll.

Direct sourcing for non-grocery products from the Far East was implemented in 2005 and over time our sourcing has moved from reliance on UK importers to direct sourcing for the majority of our non-grocery products. The majority of non-grocery products sourced from the Far East are machine-made. We typically pay deposits to Far East suppliers that can range from 10 to 30% of the total order value, and then the balance upfront in cash prior to the delivery of the products, rather than asking for credit or delayed payment terms. Orders typically have an approximate lead time of 90 days (approximately 60 days to manufacture and approximately 30 days to transport to the UK).

Our Far East sourcing platform is built on the following four tenets:

- Dual sourcing: where possible, we try to maintain relationships with two or more manufacturers for any one particular product type.
- Minimising stock risk: other than seasonal merchandise (such as Halloween or Christmas), we prefer to commit to production volumes "little and often" rather than long term commitments of six months.
- Long term relationships: We benefit from long-term relationships of management with many of our Far East suppliers, with several relationships dating back 20 years. Our Far East suppliers are flexible and can produce similar products year after year, notwithstanding that our design team constantly refreshes the product range with up to date and contemporary designs, colours and motifs. Our design teams closely monitor product trends in the USA and Europe, through visits to trade fairs, reviewing lifestyle magazines and keeping abreast of high street trends. Customer preferences are communicated into internal design briefs (or "mood boards") which are followed by the buyers. While we avoid selling fashion-led clothing or footwear, we do endeavour to ensure that our housewares, home décor and soft furnishings are in line with current consumer fashions. The teams then work closely with these suppliers to develop private label products that deliver high quality and excellent value for money. We are often able to get these products from design and briefing to on sale in stores in 13 weeks.
- Close monitoring of quality, timeliness and packaging by Multi-Lines.

Our sourcing strategy is to remain flexible and risk averse even when, for example, following contemporary customer tastes in home décor. We prefer to commit to only approximately 13 weeks' worth of sales when introducing a new product design. We then wait to gauge customer reaction before committing to further volumes. On those occasions where we receive sales data that a product has not been well-received by the customer, we act promptly to reduce the selling price of the item. This entrepreneurial trading strategy allows us to dispose of disappointing products quickly rather than allowing shelves to be stocked with slow moving product. Conversely, we can arrange for repeat shipments of well-received new lines within a few weeks of that product first going on sale. Even where rates of sale are acceptable, we often decide to refresh a product prior to repeating its order. A "refresh" may consist of packaging, improvements or a refresh of the products' surface decoration and colouring. Unlike some of the larger retailers, we do not commit to a full six month static merchandise plan. We prefer to continually improve our product ranges in order to provide our shoppers with new options, which we view as an essential component of our ability to deliver UK Like-for-Like Revenue Growth.

We believe that our policy of maintaining tight control on the number of live SKUs within each product category is highly effective in delivering our popular product ranges. This SKU count discipline requires buyers to immediately address any slow moving products. Its "one-in, one-out" strategy requires the buyers to keep our product ranges constantly refreshed and in line with customer demand.

Warehousing and Distribution

In the UK, we operate a well-invested warehouse and distribution system that currently consists of our two distribution centres in Speke near Liverpool, a distribution centre in Middlewich, a distribution centre in Runcorn, secondary distribution centres in Blackpool and Knowsley and an in-house fleet of heavy goods vehicles for store deliveries and intra-warehouse transfers. Our highly skilled and experienced distribution team, which is now over 2,000 strong, plays a key role in our success.

In the medium term, we are preparing to open a new distribution centre in Southern England to support the roll-out of new stores there. We believe that a southern distribution centre would be partly self-financing (through reduced transportation costs), given our expansion plans in Southern England. We believe that we currently already have the infrastructure necessary to support our growth for the next 18 months and adding a distribution centre in Southern England in the future would further facilitate our growth in the UK and enable us to progress towards our eventual target of 850 stores in the UK.

B&M stores use an automated stock replenishment system that facilitates the maintenance of store inventory levels. It enables store and head office merchandisers to monitor and adjust inventory levels efficiently. B&M stores' fully integrated EPOS system delivers granular, in-store sales and margin data to store management and its handheld technology empowers store managers to make informed inventory decisions. The system automatically submits orders to its distribution centres by comparing real-time information on inventory balances in stores against required stock levels set by local store managers. Selected B&M stores and head office employees have the ability to make adjustments to the required branch stock level when necessary. B&M stores seek to maintain high stock availability while managing inventories efficiently. B&M stores primarily restock their stores in the mornings or evenings to the fullest extent practicable, in order to trade peak periods with fully stocked shelves and minimise the impact of restocking on customers.

Distribution Centres

We opened the first Speke distribution centre in August 2010, at our headquarters in Liverpool. It provides 70,000 pallet spaces of storage running 24 hours a day on a three shift rotation, with a capacity of 620,000 square feet. A bespoke version of a Oracle system is used. All "full pallet" moves within the distribution centre are controlled by a scanned barcode system on a warehouse management system that controls forklift truck workflows on a real-time radio frequency communications platform. The picking process is a manual "Pick-by-Label" system that allows easy flexing of capacity during seasonal peaks. The centre's operations are based on a 'keep it simple' premise. This operates as the primary distribution centre for B&M stores' grocery products.

The second Speke distribution centre opened in February 2014 and provides 500,000 square feet of warehousing space and is sited diagonally to the first centre. It is a high density site, providing 50,000 pallet spaces that hold 2,000 SKUs of non-grocery products. It currently runs 24 hours a day on a three shift rotation. The site location was determined based on the proximity to the first centre and the ability to leverage central functions and move staff as needed across the two Speke sites.

During the financial year 2016 we added two new warehouses in the North West of the UK, in Middlewich and Runcorn. These new warehouses provide us with an additional 800,000 square feet of capacity, which we believe will support our growth for at least the 18 months. These two additional warehouses were brought on stream earlier than originally planned to support the additional stores that we acquired during the year. They did not become operational until the second half of the calendar year 2015, which was close to the build-up in stock levels ahead of the seasonal peak.

The Blackpool and Knowsley distribution centres are used primarily for seasonal overflow of imported non-grocery products for B&M stores. Both of these sites are 1930s industrial facilities with low building height. While picking processes are manual, the put away and control of inventory is controlled on the Oracle warehouse management system. The Blackpool facility provides 40,000 pallet spaces of storage and the Knowsley facility is used as an open plan distribution centre with 22,000 pallet spaces of storage, laid out for bulk unracked storage/picking.

In Germany, we completed a substantial new extension to Jawoll's primary distribution centre in Soltau in June 2016. This extension increased our warehouse capacity by 46,500 square feet. We believe that this increased capacity will enable Jawoll to continue its store expansion programme, and there is potential to further increase capacity by a further 270,000 square feet.

Distribution

We received the equivalent of approximately 20,500 twenty-foot equivalent full container loads of imported products in the financial year 2016, primarily via the Liverpool dock. We contract for transportation of containers from the docks to the appropriate distribution centre with two main providers.

As of September 24, 2016, we operated a fleet of over 200 heavy goods vehicle tractor units and over 530 trailers. Transport and distribution costs increased as a percentage of revenues from 3.4% in the financial year 2015 to 4.0% in the financial year 2016. This was a result of transport costs increasing relative to revenues as a result of our new store expansion into Southern England, with our warehouses being based in the Northwest of England and some productivity issues following the opening of the two new warehouses in 2016. In addition, we have an in-house vehicle servicing centre and a waste recycling centre.

In Germany, our primary distribution centre is in Soltau. Jawoll mainly outsources its transport delivery operations.

Customers and Customer Service

Customers

Our wide range of branded FMCG products offered at competitive prices and a strong non-grocery product offering across a range of price points has enabled us to attract and develop a broad and loyal customer base. We have a diversified customer base with representation across all socio-economic groups in both the UK and Germany.

We believe that customers shop at B&M stores for a number of reasons. Our in-town B&M stores typically attract customers from a local catchment of approximately four kilometres, based on the convenience aspect of our proposition, while customers at our out-of-town stores typically travel slightly farther for a broader range of products. Our non-grocery product offering is intended to stimulate impulse purchases as it is continually changing. Based on a customer survey conducted by PDIQ in September 2016, management believes that over 60% of customers are likely to visit a B&M store every week and the main factors for visiting a B&M store are price and location. The survey also revealed that B&M stores have an above average net promoter score for retailers, and compare favourably to other stores in the UK in terms of overall customer satisfaction. We believe that B&M store customers recognise the strength of our attractive price proposition and see a clear price advantage versus other retail formats and enjoy the constant refreshing of the product range, especially in non-grocery.

In Germany, we estimate that roughly 30% of Jawoll customers visit a Jawoll store on a weekly basis, drawn by the broad range of products and, in particular, the attractive pricing. Jawoll complements these regular customers with hobbyists and gardeners drawn by Jawoll's strong gardening and seasonal offers.

We believe that our stores diversified product offering and attractive price proposition has played an important role in building a strong and loyal customer base, which is evidenced by the number of customers making frequent and planned visits to our stores both in the UK and Germany.

Customer Service

We are dedicated to providing an in-store experience focused on the customer and meeting customers' needs in order to ensure customer satisfaction. We have implemented several procedures and initiatives in Our stores focused on enhancing customer satisfaction and providing an opportunity to increase sales. For example, store management makes it a priority that our stores are fully stocked by the peak trading time of 10 a.m., with restocking taking place primarily in the mornings or evenings to the fullest extent practicable in order to minimise the impact of restocking on customers during peak trading periods. In addition, a customer standards review is conducted each morning to ensure that our stores meet internal standards. The review is focused on ensuring that all products are ticketed appropriately and are in their correct locations. B&M stores also have a "queue busting" policy, whereby additional cashiers are opened when a queue forms in store, to reduce customer wait times.

We produce in-house training videos and employee handbooks, as well as running regular briefings on health and safety, fire regulations and customer service. B&M stores offer its customers a "No Quibble" refund policy within 28 days in addition to their statutory rights. Our stores also accept all debit and major credit cards, with contactless card payment also available should the customer so desire.

Marketing

Traditionally we have not engaged in any significant marketing or advertising, however, in November 2016 we launched a television and national press advertising campaign to increase brand awareness in those areas of the UK where B&M is less well known. We invested approximately £3 million on a pre-Christmas advertising campaign in 2016. In Germany, we distribute approximately 2.6 million leaflets every week advertising Jawoll's product mix.

We believe that our online presence, use of social media and in-store proposition continues to drive customer engagement, encourage favourable word-of-mouth recommendations by existing customers and attract new customers. Our continuous change of our products on offer also encourages frequent and repeat visits.

Other than our television and national press advertising campaign for B&M and our leaflet distribution for Jawoll mentioned above, our primary marketing spend is incurred on our online presence, through the non-transactional B&M website (www.bmstores.co.uk), the transactional Jawoll website (www.jawoll.de) and social media. The websites display SKUs and prices online, where our low price points are well-positioned to provide price transparency against our competitors. We had over 5.4 million website visits to the B&M website in the month of December 2016. Our marketing activities principally comprise choreographed social media campaigns that are used to drive awareness of new store launches, build brand engagement and generate interest in specific product offers, for example, through customer competitions. As of January 12, 2017, we had over 1.05 million Facebook likes for B&M.

Our approach to increasing customer loyalty is also based on monitoring changes in customer requirements and preferences, changes in customer spending and, more generally, changes in customer behaviour. In response to weekly sales data, we aggressively flex our product mix and the display of products on shelves and the availability and range of special offers to take advantage of seasonal trends and shifts in consumer preferences. To understand the needs of the customers that frequent each of our stores, store management is empowered with real time data to make fact based decisions about inventory levels, which includes access to a fully integrated electronic point of sale system that delivers granular, in-store sales and margin data to store managers via a handheld terminal.

Employees

The following table sets out the number of our full-time equivalent and part-time employees as of March 26, 2016, March 28, 2015 and March 29, 2014 by function.

	March 29, 2014	March 28, 2015	March 26, 2016
Store base head count	14,986	18,910	22,359
Administration and distribution	269	552	570
Total	**15,255**	**19,462**	**22,929**

The labour-intensive nature of the retail industry and the high number of employees involved in customer contact makes it important to have a suitably trained and motivated workforce. Consequently, we seek to hire customer- and service-oriented employees and to offer competitive compensation and training programmes. We also aim to provide career growth and development opportunities in order to maintain high retention levels despite the traditionally fairly high turnover rate associated with the retail industry. For example, we aim to fill managerial positions by promoting our existing employees. We also offer vocational training and support. As at March 26, 2016, approximately 50% of our total wage costs related to employees on the National Minimum Wage.

We also hire employees on a temporary basis to assist with stock replenishment and with other tasks and to fill temporary vacancies (for example, due to sickness or vacations), as well as during peak trading periods, such as Christmas. We do not utilise "zero-hour" contracts.

We believe that our relations with our employees have been and continue to be good. There are no collective bargaining agreements between the Group and our employees. We have not experienced any strikes or work stoppages by our employees in recent years.

Information Technology

We believe that B&M stores have an efficient, integrated, resilient and scalable IT infrastructure and applications that cover all major aspects of our business, including in-store systems, product management, warehousing, logistics, human resources, finance and other administrative systems. The Board annually reviews the IT infrastructure and software applications of the business, and may decide to upgrade such infrastructure as becomes necessary to support our objectives. To date, the management preference has been to procure third party industry standard solutions rather than develop proprietary software in-house. Our key IT systems include Nova ERP by Oracle (which produces the financial ledger and enables management of all product-based activities), Retail J (an electronic point of sale EPOS application), Datafreight (which controls and audits the movement of imported stock), Velocity from Voiteq (which enables real time control and visibility of pallet movements by forklift trucks within the distribution centres), Snowdrop and KCS (human resource and payroll applications) and Astro T&A (a time and attendance management system). We are also rolling out a new warehouse management system beginning in January 2017.

All B&M stores currently have a broadband connection to the head office that is managed by Vodat International. A 3G backup facility is also in place at B&M stores. Other key IT infrastructure includes fully managed 100mbps multiprotocol label switching technology that speeds up network traffic flow to stores and distribution centres, a backup network for critical applications, and a dual site setup for card payment authorisations.

We have a disaster recovery back-up and set-up site in Leeds. The critical Nova ERP servers are backed up to the Leeds site on a daily basis. This core backup solution is also complemented by the transfer of data on other servers to a tape library held offsite. In the event of a hardware failure we have a contract with Phoenix IT Group, where Phoenix IT Group will provide a service level agreement of four to eight hours.

Intellectual Property

We own the rights to “B&M”, “B&M Bargains”, “B&M Home Store” and “JAWOLL”, which are our important trademarks and which, in relation to the B&M marks, we have registered with the appropriate authorities in the UK (and in the case of the “B&M” sunburst logo, with the European Union Intellectual Property Office) and, in the case of Jawoll, we have registered in Germany. We use the “B&M” name as a trade name, as a trade mark in connection with various products and as a service mark. We have also registered or applied to register numerous registrable designs in connection with our private label products in a variety of non-grocery categories. We have no patents. We own various web domain names, particularly www.bmstores.co.uk and www.bandmretail.com. We regard our trademarks and other intellectual property rights as valuable assets and take appropriate action to protect and, when necessary, enforce them.

Insurance

We maintain insurance policies on our buildings, machinery and equipment, and distribution centre inventories covering property damage (including damage due to windstorms, earthquakes, floods and other natural disasters) and business interruption (for losses that flow from the loss of otherwise insured property), primary and excess public liability, and product liability coverage. In addition, we also maintain insurance policies covering directors’ and officers’ liability, employers’ liability, general liability, and policies that provide coverage for risks during the shipment of products. While we believe that our insurance coverage is in accordance with UK and German retail industry custom and practice, our policies are subject to deductibles, exclusions and limitations that could affect our ability to make a claim. In addition, we may be affected by certain risks for which full insurance cover is either not available or not available on commercially reasonable terms. We are not insured against war related events at our premises, radioactive contamination, and electronic risks, including cyber-attacks. Our insurance policies are provided by a number of major international insurance companies, such as Allianz and Generali.

Property

B&M stores, Jawoll stores, our distribution centres in Speke, Middlewich, Runcorn, Blackpool and Knowsley and our UK headquarters are all leased. The freehold of Jawoll’s distribution centre in Soltau is owned by the Group. As of September 24, 2016, related parties of the Group own the freehold (or superior lease) of 67 of the sites where B&M stores are located, 10 sites where Jawoll stores are located and two central sites of Jawoll’s head office and the vehicle maintenance area adjacent to one of our Speke warehouses. See “*Certain Relationships and Related Party Transactions*”.

Individual B&M store leases vary as to their terms, rental provisions and expiration dates. The lease agreements for B&M stores typically last between five and 15 years, with rent renewals typically every five years if relevant. Jawoll store leases range between 5 years and 10 years, but typically have a right for Jawoll to extend them for a total overall lease period of 15 years.

In Germany we also have recently expanded the in-house property acquisition team to three people to support Jawoll's new store opening programme.

Competition

As a general merchandise discount retailer, we compete with a number of nationwide and regional general merchandise discounter retailers, within this segment, several limited assortment discount retailers and supermarkets (including traditional and discount supermarkets), as well as specialist and online retailers in a number of individual product categories in the UK and Germany. Outside of the general merchandise discount retail sector, we face competition from retailers of different sizes and with different sales strategies.

The UK grocery, specialist retail and general merchandise discount retail markets are highly competitive, particularly with respect to product range and quality, pricing, store location, convenience and design. We believe that many of our competitors only compete with us with regards to certain of the products offered by the Group. For example, we compete with supermarkets with regards to our ambient grocery products and with specialist retailers with regards to our non-grocery products. The Group and certain other of our limited assortment discount retail competitors have sought to compete with these retailers by offering more attractive prices to consumers than non-discount grocery and specialist retailers, or by creating a single price £1 product offering.

In Germany, Jawoll competes against a group of general merchandise discounters and a broader set of category specialist retailers. The general merchandise discount segment is highly fragmented with several retailers operating out-of-town portfolios regionally with limited overlap, as well as a few in town operators with larger networks of smaller stores. Jawoll's strength in certain product categories such as seasonal goods and gardening products helps to drive footfall. For more information on the competitive environment in which the Group operates, see "*Industry*".

Legal and arbitration proceedings

From time to time we may be party to governmental, arbitration or legal proceedings. We are not currently party to any such proceedings which, if decided against us, would in our view have a material adverse effect on our business, results of operations or financial position. We note, however, that the outcome of such proceedings can be difficult to predict.

Regulatory Matters

Our operations are subject to governmental regulation from national and EU regulatory authorities concerning, among other things, export and import quotas and other customs regulations, consumer and data protection, the advertisement, promotion and sale of products, taxation, product safety, the health, safety and working conditions of our employees, the safety of our stores and their accessibility for the disabled, environmental matters and our competitive and marketplace conduct.

The products which we sell are subject to various consumer protection laws in the national market and across the EU, which has an effect on the pricing of products, product descriptions, promotional activity and product safety, among other things.

We are also exposed to regulatory and legislative requirements, including those surrounding the import of goods, the Bribery Act, Modern Slavery Act, health & safety, employment law, data protection, the environment and the listing rules, which could lead to financial penalties and reputational damage.

Environment

As a retailer we recognise that our supply chain and operations will impact the environment and that we have a corporate responsibility to minimise impacts both now and in the future. Our business model is relatively simple and we focus on the recycling of product packaging, minimising the overland deliveries of our directly imported products, reducing our electricity usage and improving our fuel efficiencies to help minimise the impact of our business on the environment.

We believe we comply in all material respects with the environmental standards applicable to us under applicable law and regulations. We have not been involved in any material legal proceedings that are, or have been in the 12 months preceding the date of this document, related to environmental protection issues. We are periodically subject to environmental audits or assessments performed by governmental authorities, none of which has resulted in any material expenses. We conduct due diligence relating to environmental matters as part of our due diligence process undertaken in connection with leasing new B&M store sites.

Corporate Social Responsibility

We recognise that we have a responsibility to ensure that our business is conducted in a socially responsible manner, resulting in a high standard of social and environmental behaviour. Our Corporate Social Responsibility strategy focuses on the following areas: the Environment, our Suppliers, Health and Safety and our Colleagues and members of the executive management team have responsibility for each of these areas and they form regular agenda items at our Board meetings.

We strive to ensure that all colleagues are treated fairly and with respect, that no employee is discriminated against on grounds of gender, race, colour, religion, disability, or sexual orientation and that B&M and Jawoll are recognised as great places to work.

Under our equal opportunities policy at B&M and Jawoll we actively encourage the benefits of having a diverse workforce across our business. Our Board comprises one female member. As at March 2016, below the Board and at the senior management level the percentage of employees who are female increases to 19%, and for all employees the female percentage of colleagues increases to 55%.

MANAGEMENT

Directors

Our board of Directors (together, the "**Board**" and each, a "**Director**") are:

Name	Age	Position
Sir Terence (Terry) Patrick Leahy	60	Non-Executive Chairman of the Board
Sundeep (Simon) Arora	46	Chief Executive Officer, Executive Director
Paul Andrew McDonald	50	Chief Financial Officer, Executive Director
Thomas Martin Hübner	58	Senior Independent Non-Executive Director
Ronald (Ron) Thomas McMillan	63	Independent Non-Executive Director
Kathleen Rose Guion	64	Independent Non-Executive Director
Henricus (Harry) Brouwer	57	Independent Non-Executive Director
David Andrew Novak	47	Non-Executive Director

The management expertise and experience of each of the executive Directors ("**Executive Directors**") is set out below:

Sir Terence (Terry) Patrick Leahy, Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Sir Terry joined our Group as Non-Executive Chairman on March 6, 2013. He brings with him a wealth of retailing and senior executive experience, having worked at Tesco for 32 years during which time he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011. He is currently a senior adviser to private equity firm Clayton, Dubilier & Rice, LLC, Non-Executive Chairman of BUT in France and a Non-Executive Director of Motor Fuel Group. Sir Terry is the Chairman of the Board of Directors of the Issuer and he also chairs the Nomination Committee.

Sundeep (Simon) Arora, Chief Executive Officer

Simon has been Chief Executive Officer of our Group since December 1, 2004. He has a background in consumer goods, corporate finance and consulting having been a co-founder and Managing Director of wholesale homeware business, Orient Sourcing Services before acquiring B&M jointly with his family and prior to that holding various positions with McKinsey & Co., 3i and Barclays Bank. Simon is also a member of the Nomination Committee of the Issuer.

Paul Andrew McDonald, Chief Financial Officer

Paul is a chartered certified accountant and has over 20 years' experience in value and discount retailing. He joined our Group as Chief Financial Officer on May 3, 2011. He has held senior financial management roles at Littlewoods, Ethel Austin and TJ Hughes and carries with him a depth of experience and skills in financial management and business operations in this sector.

The management expertise and experience of each of the non-executive Directors ("**Non-Executive Directors**") is set out below:

Thomas Hübner, Senior Independent Non-Executive Director

Thomas has over 27 years' experience in the European retail sector, during which time he has held senior executive management roles in pan-European business operations of Carrefour, Metro and McDonald's in Europe. He is currently Chairman of Burger King SEE, Independent Non-Executive Director of Geberil, Advisory Board Member of VR Equitypartner and Director of Panda Retail Company (Jeddah, Saudi Arabia). Thomas is the Senior Independent Director of the Issuer and a member of the Audit & Risk Committee and the Nomination Committee. Thomas was appointed to the Board on May 29, 2014.

Ron McMillan, Independent Non-Executive Director and Chairman of the Audit & Risk Committee

Until 2013 Ron worked in PwC's assurance business for 38 years and has deep knowledge and experience in relation to auditing, financial reporting, regulatory issues and governance. He was the Global Finance Partner and Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East and acted as the audit engagement leader to a number of major listed companies. He is the Senior Independent Director and Audit

Committee Chairman of N Brown Group PLC, SCS PLC, 888 Holdings PLC and Brammer PLC. Ron is also Chairman of Welcome to Yorkshire. Ron chairs the Audit & Risk Committee and is a member of the Remuneration Committee and the Nomination Committee of the Issuer. Ron was appointed to the Board on May 29, 2014.

Kathleen Guion, Independent Non-Executive Director and Chair of the Remuneration Committee

Kathleen's experience in the retail sector spans more than 40 years, during which time she has held senior executive management positions in retail operations in United States retail chains involved in rolling-out large expansion programmes. She was division president and executive vice president of Dollar General Corporation from 2003 to 2011, and held senior positions in E-Z Serve Corporation, 7-Eleven Corporation, Duke and Long Distributing and Devon Partners. She is currently a Non-Executive Director and Chairperson of the Nominating and Governance Committee of the True Value Company in the U.S. Kathleen chairs the Remuneration Committee and is a member of the Nomination Committee of the Issuer. Kathleen was appointed to the Board on May 29, 2014.

Harry Brouwer, Independent Non-Executive Director

Harry has over 30 years' experience working in the FMCG supply chain sector, during which time he has held a number of senior executive management, marketing and customer development positions in national, pan-European and international businesses of Unilever. He is currently the Executive Vice President of Unilever Food Solutions globally and prior to that held senior management roles with Unilever in Germany, Austria, Switzerland, Benelux, UK, Ireland, the United States and Asia. Harry is a member of the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee of the Issuer. Harry was appointed to the Board on May 29, 2014.

David Andrew Novak, Non-Executive Director

David has over 25 years' experience in private equity and corporate finance, and has held a number of Non-Executive Directorships in investee companies which also include the Issuer, having been appointed as a Non-Executive Director of the Issuer on November 27, 2012. He is a partner at Clayton, Dubilier & Rice, LLC ("**CD&R**") responsible for CD&R's European business and is a member of CD&R's investment and Management Committees. David is a Non-Executive Director of Mauser and Kalle in Germany and Motor Fuel Group in the UK. David was previously a Non-Executive Director of British Car Auctions, Jafra Cosmetics International Inc., Brakes Group and HD Supply among others and a member of the Supervisory Board at Rexel. David serves as Chair of the American School in London.

Senior Managers

In addition to the executive management appointed to the Board, the following senior managers (each, a "**Senior Manager**") are considered relevant to establishing that we have the appropriate expertise and experience for the management of its business:

Name	Age	Position
Sundeep (Simon) Arora	46	Chief Executive Officer
Paul Andrew McDonald	50	Chief Financial Officer
Bobby Arora	42	Trading Director (UK)
Martin Roberts	49	Operations Director (UK)
Andy Monk	55	Supply Chain Director (UK)

The business address of each of the Senior Managers is The Vault, Dakota Drive, Estuary Commerce Park Speke, Liverpool L24 8RJ, United Kingdom.

The management expertise and experience of each of the Senior Managers is set out below. For Sundeep (Simon) Arora, Chief Executive Officer, and Paul Andrew McDonald, Chief Financial Officer, see above under "*Directors*".

Bobby Arora, Trading Director (UK)

Bobby has been Trading Director of the Company since January 2005. Bobby has over 15 years' experience as a director, having co-founded Orient Sourcing Services Ltd (where he was responsible for buying merchandise from 1995 to 2004) and was on the board of Lambert Howarth Group plc, the footwear and houseware company.

Martin Roberts, Operations Director (UK)

Martin joined the Company as Operations Director in January 2016. He has over 30 years of experience in the retail sector and has held senior roles at Tesco, Sainsbury's, Wickes and Vodafone.

Andy Monk, Supply Chain Director (UK)

Andy joined B&M as Supply Chain Director in July 2016. He has over 30 years of experience in supply chain management having held senior roles in several companies including Poundland, Somerfield and Tibbett & Britten Group.

Corporate Governance

The Board is composed of eight members, consisting of the Chairman, two Executive Directors, four independent Non-Executive Directors and one other Non-Executive Director. For the purposes of the UK Corporate Governance Code, the Board does not regard Sir Terry Leahy as independent at the time of his appointment as Chairman by virtue of his role as senior adviser to CD&R. David Novak, as a Non-Executive Director nominated by CD&R, is also not regarded as independent for the purposes of the UK Corporate Governance Code.

The UK Corporate Governance Code recommends that at least half of the Board (excluding the Chairman) should compromise independent Non-Executive Directors. Save with regard to the independence of the Chairman at the time of his appointment, the Board complies fully with the requirements of the UK Corporate Governance Code and reports to shareholders on compliance with the UK Corporate Governance Code in accordance with the Listing Rules.

Committees of the Board

The Board has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities with written terms of references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board. The Nominations Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters.

The Company's Nomination Committee is composed of six members, four of whom are independent Non-Executive Directors (namely Ron McMillan, Thomas Hübner, Harry Brouwer and Kathleen Guion) and one is an Executive Director (namely Simon Arora). The chairman of the Nomination Committee is Sir Terry Leahy.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level.

The membership of the Company's Remuneration Committee comprises three Non-Executive Directors (namely Kathleen Guion, Ron McMillan and Harry Brouwer). The chairman of the Remuneration Committee is Kathleen Guion.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board and the shareholders, as applicable.

The Audit and Risk Committee is also responsible for (i) advising the Board on the Company's risk strategy, risk policies and current risk exposures, (ii) overseeing the implementation and maintenance of the overall risk management framework and systems, and (iii) reviewing the Company's risk assessment processes and capability to identify and manage new risks. When appropriate, the Audit and Risk Committee will meet with the Group's Senior Managers in attendance.

The membership of the Company's Audit and Risk Committee comprises three independent Non-Executive Directors (namely, Ron McMillan, Thomas Hübner and Harry Brouwer). Ron McMillan is considered by the Board to have recent and relevant financial experience. The chairman of the Audit Committee is Ron McMillan.

Relationship Agreements with CD&R Holdco and the Arora Family

CD&R European Value Retail Investment S.à r.l. ("**CD&R Holdco**") entered into a Relationship Agreement with the Company that came into effect on admission of the Company to trading on the London Stock Exchange in June 2014 ("**Admission**") and which continues to remain in force. Under the terms of that agreement CD&R Holdco are entitled to appoint two Non-Executive Directors to the Board for so long as CD&R Holdco (together with its associates) holds 10% or more of the ordinary shares in the capital of the Company, and one Non-Executive Director for so long as CD&R Holdco (together with its associates) holds 5% or more (but less than 10%) of the ordinary shares in the capital of the Company. While Sir Terry Leahy remains a Director of the Company, CD&R Holdco have the right to appoint only one other Non-Executive Director. That other Director is David Novak. At March 26, 2016, CD&R Holdco held 11.41% of the total issued shares in the Company.

Simon Arora, Bobby Arora and Robin Arora and SSA Investments S.à r.l. ("**SSA Investments**") (together "**Arora Family**") entered into a Relationship Agreement with the Company which came into effect on Admission and which continues to remain in force. Under the terms of that agreement for as long as the Arora Family, together with their associates, hold 10% or more of the ordinary shares in the capital of the Company, they are entitled to appoint one Director to the Board. That Director is Simon Arora. At March 26, 2016, SSA Investments (together with Praxis Nominees Limited as its nominee) held 20.99% of the total issued shares in the Company.

We believe that the terms of the Relationship Agreements referred to above ensure that the Company and other members of the Group are capable of carrying on their business independently of CD&R Holdco and the Arora Family and that transactions and relationships between those parties and the Group are at arm's length on normal commercial terms.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we enter into agreements with or render services and products to related parties. In turn, such related parties may render services and products to us as part of their business. We believe that all transactions with affiliated companies and persons with which members of our Board of Directors are affiliated are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third parties.

We are party to relationship agreements with CD&R Holdco and SSA Investments, our principal shareholders. See "*Management—Relationship Agreements with CD&R Holdco and the Arora Family*".

We are also party to certain transactions with related parties relating to our property estate. See "*Business—Property*".

In addition, set forth below is a summary of material transactions between or among us and related parties during the periods specified:

Multi-lines International Company Limited, a supplier, and Home Focus Group, a customer, have been associates of the Group since the purchase of B&M European Value Retail 2 S.à r.l. on March 6, 2013.

Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments, Multi Lines International (Properties) Ltd and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

Jawoll Immobilien GmbH, Stern Grundstück Entwicklungs GmbH, DS Grundstück GmbH and Silke Stern are all landlords of properties occupied by the Group and are related by virtue of connection to a director of J.A.Woll-Handels GmbH. Some of these are held under finance lease, as detailed below.

Board approval or ratification is sought when related party transactions are entered into.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income, including the P&L impact of any finance leases, as of the dates indicated:

	52 weeks ended	
Period ended	**March 28, 2015**	**March 26, 2016**
	£'000	
Sales to associates of the Group		
Home Focus Group Limited	737	**770**
Total sales to related parties	737	**770**
Purchases from associates of the Group		
Multi-lines International Company Ltd	72,371	**98,105**
Purchases from owners of the business		
Clayton, Dubilier & Rice	17,608	**—**
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	120	**134**
DS Grundstück GmbH	570	**581**
Jawoll Immobilien GmbH	451	**458**
Rani Investments	191	**191**
Rani 1 Life Interest Trust	36	**—**
Rani 2 Life Interest Trust	36	**—**
Ropley Properties Ltd	2,632	**2,811**
Silke Stern	135	**133**
Speke Point Ltd	2,125	**—**
Stern Grundstück Entwicklungs	464	**475**
Triple Jersey Ltd	2,925	**7,176**
Total purchases from related parties	99,664	**110,064**

Included in the financial year 2016 figures above are 6 leases of new stores (or extensions to existing stores), and 1 lease renewal of an existing store, entered into by Group companies during the financial year 2016 with the Arora related parties. The total expense on these leases in financial year 2016 was £927,000 (2015: £188,000). There were also three conditionally exchanged leases with Arora related parties in the financial year 2016 with long stop completion dates in the next financial year, and no expense is incurred under them until they are completed.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the debtors balance held by Multi-lines International is a deposit on account and included a goods received not invoiced (GRNI) balance of £1.6 million in financial year 2016 (2015: £2.9 million). Note that the Multi-lines balance in 2014 and 2015 was restated to £2.9 million in line with the adjustment discussed in notes 1 and 15 of the Audited Financial Statements for the financial year 2016.

	52 weeks ended	
As at	**March 28, 2015**	**March 26, 2016**
	£'000	
Trade receivables from associates of the group		
Home Focus Group Ltd	79	**251**
Multi-lines International Company Ltd	2,842	**546**
Trade receivables from companies owned by key management personnel		
DS Grundstücks GmbH	—	**2**
Total related party trade receivables	2,921	**799**
Trade payables to companies owned by key management personnel		
Rani Investments	39	**39**
Ropley Properties Ltd	727	**852**
Triple Jersey Ltd	566	**1,290**
Total related party trade payables	1,332	**2,181**

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at March 26, 2016 (2015: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The balances remaining on the finance lease asset and liabilities at each year end is as follows:

	52 weeks ended	
As at	**March 28, 2015**	**March 26, 2016**
	£'000	
Finance lease assets from parties related to key management personnel		
DS Grundstücks GmbH	1,192	**994**
Jawoll Immobilien GmbH	1,227	**1,194**
Silke Stern	762	**701**
Stern Grundstück Entwicklungs	1,848	**1,695**
Total assets held under finance lease from related parties	5,029	**4,584**
Finance lease liabilities with parties related to key management personnel		
DS Grundstücks GmbH	1,431	**1,196**
Jawoll Immobilien GmbH	1,408	**1,370**
Silke Stern	883	**815**
Grundstück Entwicklungs	2,070	**1,899**
Total finance lease liabilities held with related parties	5,792	**5,280**

All related party finance leases are on properties occupied by our German business.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following contains a summary of the expected material provisions of the New Senior Facilities Agreement and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The terms of the New Senior Facilities Agreement and Intercreditor Agreement may differ from the terms described below. For further information regarding our existing indebtedness, see "Use of Proceeds", "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

New Senior Facilities Agreement

B&M European Value Retail Holdco 4 Ltd. (as borrower and guarantor (the "**Borrower**")), the Issuer (as parent (for the purpose of this section, the "**Parent**") and guarantor) and the other Guarantors (as guarantors) will enter into the New Senior Facilities Agreement with certain lenders on or before the Issue Date. Funding under the New Senior Facilities Agreement is subject to a number of conditions precedent.

The description set forth below is a summary of the principal terms and conditions of the New Senior Facilities Agreement, and is qualified in its entirety by reference to the New Senior Facilities Agreement and the other documents entered into in connection therewith.

Bank of America Merrill Lynch International Limited ("**BAML**") and HSBC Bank plc are the global coordinators and bookrunners, BAML is the agent and Deutsche Bank AG, London Branch is the security agent under the New Senior Facilities Agreement.

Structure

The New Senior Facilities Agreement provides for senior facilities of up to £450 million consisting of (a) a term loan "A" facility (the "**Term Loan A Facility**") of up to £300 million and (b) a revolving credit facility (the "**Revolving Credit Facility**") of up to £150 million, to be made available by way of cash advances, bank guarantees, letters of credit and ancillary facilities.

The proceeds of the Term Loan A Facility are to be used (a) to refinance certain existing financial indebtedness of the Group, including under the Existing Senior Facilities Agreement, (b) for general corporate and working capital purposes of the Group and (c) to pay fees, costs and expenses incurred in connection with the New Senior Facilities Agreement, the Notes, the refinancing of the Existing Senior Facilities Agreement and any transaction in relation to the foregoing. The proceeds of the Revolving Credit Facility are to be used for the general corporate and working capital purposes of the Group. We do not expect the Revolving Credit Facility will be drawn in connection with the Offering.

The New Senior Facilities Agreement provides for uncommitted incremental facilities (each an "**Incremental Facility**" and, together with the Term Loan A Facility and the Revolving Credit Facility, the "**Facilities**") that may become committed in accordance with the terms of the New Senior Facilities Agreement in an amount which, when aggregated with any outstanding Incremental Facility and any other outstanding indebtedness of the Group incurred under the secured leverage ratio basket described in the definition of "Permitted Security" in the New Senior Facilities Agreement, shall not exceed the greater of (A) £150 million and (B) the amount which, on a *pro forma* basis after giving effect to the implementation and full drawdown of such Incremental Facility and to the consummation of any acquisition financed thereby would not result in the Secured Leverage Ratio (as defined in the New Senior Facilities Agreement) being greater than 3.25:1.

The Term Loan A Facility and the Revolving Credit Facility are finally repayable on 31 July 2021.

Interest Rate and Fees

Advances under the Term Loan A Facility and the Revolving Credit Facility bear interest at rates per annum equal to LIBOR or, in relation to any loan in euro, EURIBOR plus an initial applicable margin of 2.25% per annum. The margin is subject to adjustment (up or down as appropriate) in accordance with the margin adjustment mechanism based on the Leverage Ratio (as such term is defined in the New Senior Facilities Agreement) and will range from 1.75% to 3.50% per annum.

In addition to paying interest on loans outstanding under the New Senior Facilities Agreement, the Borrower is also required to pay a commitment fee at a rate of a percentage per annum equal to 40% of the margin applicable to the Revolving Credit Facility on the undrawn and uncancelled revolving commitments from the Issue Date until the end of the availability period of the Revolving Credit Facility. This fee is payable on the last day of each successive period of three months which ends during the relevant availability period, on the last day of the relevant availability period and on the cancelled amount of the relevant lender's commitments at the time the cancellation is effective. We are also required to pay customary fees including fees, facility fees and issuance/administrative fees on letters of credit and bank guarantees, fees in connection with ancillary facilities, arrangement fees as well as agency and security agency fees. We may also be required to pay a fee in respect of any Incremental Facility which becomes committed in accordance with the terms of the New Senior Facilities Agreement.

Guarantees and Security

The obligations under the New Senior Facilities Agreement will be guaranteed by the Guarantors and the Parent.

In addition, the New Senior Facilities Agreement requires that, subject to the Agreed Security Principles (as defined in "*—Description of the Notes—Certain Definitions*"), each member of the Group (other than certain members of the Group organised in Germany) that is or becomes a "Material Company" (which definition includes, among other things, any member of the Group that has earnings before interest, tax, depreciation and amortisation representing 5% or more of EBITDA (as defined in the New Senior Facilities Agreement) of the Group becomes a guarantor under the New Senior Facilities Agreement.

The New Senior Facilities Agreement further requires that, subject to the Agreed Security Principles, on the Issue Date and as at the date that annual financial statements for each financial year are delivered, the aggregate of earnings before interest, tax, depreciation and amortization represents not less than 80% of EBITDA of the Group, calculated on an unconsolidated basis and excluding intra-group items and investments in subsidiaries of any member of the Group as well as any member of the Group that is organised in Germany and is not a direct or indirect wholly owned subsidiary of the Parent.

The obligations under the New Senior Facilities Agreement on the Issue Date will be secured on a first-ranking basis by the same Collateral as the Collateral securing the Notes on the Issue Date.

Prepayment

The liabilities under the New Senior Facilities Agreement must be prepaid upon the occurrence of certain events.

For example, the New Senior Facilities Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender under the New Senior Facilities Agreement upon a change of control or the sale of all or substantially all of the business and/or assets of the Group.

Indebtedness under the New Senior Facilities Agreement may be voluntarily prepaid by the borrowers in whole or in part (if in part, in a minimum amount of £2.5 million), upon giving at least three business days' prior notice to the agent. Such payments may be subject to break funding costs if any such prepayment is not made on the last day of the relevant interest period.

Covenants

The New Senior Facilities Agreement contains customary restrictive covenants, subject to certain agreed exceptions, including covenants restricting the ability of certain members of the Group to (without limitation):

- make certain acquisitions;
- incur indebtedness;
- enter into certain secured foreign exchange or commodity hedging transactions in excess of a certain threshold;
- create security;
- dispose of assets;
- merge with other companies;
- make certain loans and give certain guarantees;

- enter into certain transactions with affiliates;
- make a substantial change to the general nature of the business of the Group;
- change centre of main interests; and
- undertake certain activities that would result in a breach of anti-corruption laws or sanctions.

The New Senior Facilities Agreement also requires compliance with certain affirmative covenants, including covenants relating to:

- maintenance of relevant authorisations;
- maintenance of insurance;
- environmental compliance;
- conduct of business;
- preservation of assets and security;
- payment of taxes;
- accession of guarantors;
- compliance with laws;
- compliance with “People with Significant Control” regime;
- compliance with pension scheme funding requirements; and
- provision of financial and other information to the lenders.

The New Senior Facilities Agreement will require compliance with a financial covenant consisting of a maximum Leverage Ratio calculated as the ratio of Total Financial Indebtedness to EBITDA (each as defined in the New Senior Facilities Agreement) of 4.50:1 for each relevant period. The ratio is based on the definitions in the New Senior Facilities Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this Offering Circular.

The Parent is permitted to prevent or cure breaches of the Leverage Ratio covenant by adding such “cure” amounts (generally, amounts received by the Parent in cash pursuant to any new equity or permitted subordinated debt) to cash for the purposes of calculating Total Financial Indebtedness and recalculating the financial covenant on that basis. There is a requirement to apply at least 50% of any cure amount in voluntary prepayment of the Facilities and an amount not exceeding 50% of such cure amount may be retained by the Group. No more than four different cure amounts may be taken into account over the life of the Facilities and, unless the full amount of the equity cure is used in prepayment of the Facilities, no more than one cure amount in each two consecutive twelve months period are permitted. The cure amount may, at the Parent’s option, exceed the minimum amount required to meet the financial covenant.

Events of Default

The New Senior Facilities Agreement also sets out certain events of default, including non-payment of principal, interest or fees; breach of financial covenant (subject to cure rights); breach of covenants; misrepresentations; insolvency or insolvency proceedings; repudiation of the financing documents; illegality with respect to performance of material obligations under the financing documents; cross default to other indebtedness of the members of the Group in excess of £20 million; breach of the Intercreditor Agreement; execution or distress in respect of assets in excess of £20 million; audit qualification; any Material Company ceasing to carry on business or any obligor ceasing to be a subsidiary of the Parent, other than as permitted under the New Senior Facilities Agreement; material adverse change, expropriation, ownership of obligors and certain litigation.

Intercreditor Agreement

In connection with entering into the New Senior Facilities Agreement and the Indenture, on or prior to the Issue Date, the Issuer and the Guarantors will enter into the Intercreditor Agreement to govern the relationships and relative priorities among (amongst others): (i) the lenders under the New Senior Facilities Agreement (the “**Senior Lenders**”) and the other finance parties under the New Senior Facilities Agreement (the “**Senior Finance Parties**”); (ii) any persons that are initially party or that accede to the Intercreditor Agreement as counterparties to certain hedging agreements that are permitted to share in the Transaction Security (as defined below) in accordance with the terms of the Intercreditor Agreement (collectively, the "**Hedging Agreements**" and any persons that are initially party or that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the "**Hedge Counterparties**"); (iii) the Trustee (on behalf of the Noteholders the "**Senior Secured Noteholders**" and, together with the Trustee, "**the Senior Secured Notes Creditors**"); (iv) certain intra-group creditors and debtors; and (v) the Subordinated Creditors (as defined below).

Each member of the Group that incurs any liability or provides any guarantee under the New Senior Facilities Agreement, the Intercreditor Agreement, the Indenture on any other Debt Document (as defined below) are each referred to in this description as a "**Debtor**" and are referred to collectively as the "**Debtors**".

The Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- provisions in respect of the enforcement process (if undertaken);
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the "**Transaction Security**" and the parties which receive the benefit of such security and guarantees being together the "**Secured Parties**").

The Intercreditor Agreement contains provisions relating to future indebtedness (the "**Additional Senior Secured Liabilities**") that may be incurred (either through a credit facility (an "**Additional Senior Facilities Agreement**" and the lenders thereunder being the "**Additional Senior Lenders**") or the issue of notes ("**Additional Senior Secured Notes**" and the noteholders thereunder being the "**Additional Senior Secured Noteholders**") by any member of the Group that is not subordinated in right of payment to the liabilities of the Debtors with respect to the Notes (the "**Senior Secured Notes Liabilities**"), the Senior Facilities Agreement (the "**Senior Lender Liabilities**"), the Hedging Agreements (the "**Hedging Liabilities**") and any then existing Additional Senior Secured Liabilities (the Additional Senior Secured Liabilities, the Senior Secured Notes Liabilities, the Senior Lender Liabilities and the Hedging Liabilities being together, the "**Senior Secured Liabilities**", the documents required to implement such Senior Secured Liabilities being the "**Senior Secured Finance Documents**" and the creditors of such Senior Secured Liabilities (together with their respective creditor representatives being the "**Senior Secured Creditors**") and that is permitted under the terms of the Senior Secured Finance Documents to be incurred and to share in the Transaction Security with the ranking applicable to it as provided for in the Intercreditor Agreement.

By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorised and directed the Trustee to enter into it on their behalf.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, nor does is summarize all provisions in the Intercreditor Agreement. As such, it may not contain all of the information that is important to you. We urge you to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain of the rights and obligations of the holders of the Notes and the Trustee. The Intercreditor Agreement also includes certain limitations on our ability to refinance or issue additional notes, refinance our senior indebtedness or amend the documents governing our indebtedness. It also prescribes the terms of certain of our intercompany indebtedness.

Any summary of a term in the discussion that follows does not restate the definition given to such term in the Intercreditor Agreement and, as such, does not (and is not intended to) summarize the full scope of the particular definition. The summary of a term may not contain all of the information that is important to you. We urge you to refer to the relevant definitions in the Intercreditor Agreement. Where a term is used that has not been summarized or otherwise defined in this Offering Circular, it has the meaning it is given in the Intercreditor Agreement.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of permitted payments described below, that (i) the Senior Lender Liabilities, (ii) the Hedging Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Additional Senior Secured Liabilities, (v) certain intercompany liabilities owed by members of the Group to certain other members of the Group (the "**Intra-Group Liabilities**") and (vi) the liabilities owed by certain members of the Group to any person acceding to the Intercreditor Agreement as an "Investor" (the "**Subordinated Liabilities**", together with the Intra-Group Liabilities and the Senior Secured Liabilities, the "**Liabilities**" and the documents required to implement such Liabilities being the "**Debt Documents**" and the creditors of such Liabilities being the "**Creditors**") will rank in right and priority of payment in the following order:

- *first*, the Senior Lender Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities and the Additional Senior Secured Liabilities, *pari passu* and without any preference amongst them; and
- *second*, the Intra-Group Liabilities and Subordinated Liabilities, *pari passu* and without any preference amongst them.

The Intercreditor Agreement does not purport to rank the Intra-Group Liabilities and the Subordinated Liabilities as between themselves.

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the Senior Lender Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities and the Additional Senior Secured Liabilities (in each case, only to the extent that such Transaction Security is expressed to secure those Liabilities), *pari passu* and without any preference between them.

The Intercreditor Agreement provides that all proceeds from enforcement of the Transaction Security, proceeds from a distressed disposal and certain other proceeds recovered by the Security Agent will be applied as provided below under "*—Application of Proceeds*".

Permitted Payments

Permitted Payments: Senior Secured Liabilities

Prior to an acceleration event under the Senior Secured Documents (other than Hedging Agreements) (an "**Acceleration Event**"), the Intercreditor Agreement will permit payments to be made by the Debtors under the Senior Secured Liabilities (other than the Hedging Liabilities) *provided* that such payments are permitted under the applicable document governing such Liability.

The Debtors may not make payments in respect of the Senior Secured Liabilities after an Acceleration Event unless such payments are made to the Security Agent for distribution in accordance with the enforcement proceeds waterfall described below under "*—Application of Proceeds*."

Permitted Payments: Hedging Liabilities

The Intercreditor Agreement restricts payments to Hedge Counterparties except certain specified permitted payments.

Permitted Payments: Intra-Group Liabilities

The Intercreditor Agreement prohibits payments of the Intra-Group Liabilities if at the time of payment an Acceleration Event has occurred unless: (i) the Majority Senior Lenders (as defined below) and the creditor representatives for the other Senior Secured Liabilities (other than the Hedging Liabilities) consent to those payments being made; (ii) the Instructing Group (as defined below) consents to those payments being made; or (ii) those payments are made to facilitate payment of Senior Secured Liabilities.

"**Majority Senior Lenders**" means those Senior Lenders and Additional Senior Lenders, if any, whose Senior Lender Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 66 2/3% of the total Senior Lender Credit Participations at that time (subject to certain disenfranchisement and other exceptions under the underlying Debt Document).

Permitted Payments: Subordinated Liabilities

Subject to certain exceptions, the Intercreditor Agreement permits payments in respect of the Subordinated Liabilities only if the payment is: (a) expressly permitted by the New Senior Facilities Agreement and any Additional Senior Facilities Agreement; and (ii) not prohibited by the other Senior Secured Finance Documents.

Enforcement of Transaction Security

Enforcement Instructions

"**Majority Senior Secured Creditors**" means those Senior Secured Creditors whose Senior Secured Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

"**Instructing Group**" means the Relevant Creditor Representative (not including any Hedge Counterparty acting as creditor representative for itself), to the extent required under the terms of the Senior Secured Finance Documents acting upon instructions of the Senior Secured Creditors that it represents. For the purposes of the foregoing, the "**Relevant Creditor Representative**" means the creditor representative or creditor representatives which represent the Majority Senior Secured Creditors.

The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the Instructing Group.

Subject to the Transaction Security having become enforceable in accordance with its terms, the Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as it sees fit.

Manner of Enforcement Instructions

If the Transaction Security is being enforced pursuant to the provisions described in "—*Enforcement Instructions*" above, the Security Agent shall enforce the Transaction Security in such manner (including, without limitation, the selection of any administrator (or any analogous officer in any jurisdiction) of any Debtor to be appointed by the Security Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate.

Turnover

Subject to certain exclusions, if any creditor under the Debt Documents receives or recovers any payment in relation to any of the Liabilities (except a payment permitted under the Intercreditor Agreement or in accordance with"—*Application of Proceeds*" below) or the proceeds of any enforcement of any Transaction Security except in accordance with "—*Application of Proceeds*" below, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the Security Agent and promptly pay an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement provides that, subject to certain exceptions, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document, under the parallel debt provisions in the Intercreditor Agreement and/or in connection with the realisation or enforcement of all or any part of the Transaction Security will be applied in the following order of priority:

i. in discharging any sums owing to the Security Agent, any receiver or any delegate (other than pursuant to the parallel debt provisions in the Intercreditor Agreement) on a *pro rata* and *pari passu* basis;

ii. in discharging any sums owing to the creditor representatives (other than any Hedge Counterparty) (in respect of unpaid fees, costs, expenses owing to the creditor representatives for the Senior Secured Creditors pursuant to the relevant Debt Documents) on a pro rata and pari passu basis (in accordance with the relevant Debt Documents);

iii. in discharging all costs and expenses incurred by any creditor representative or Senior Secured Creditor in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent after the occurrence of an insolvency event in accordance with the terms of the Intercreditor Agreement;

iv. in payment or distribution to:

(1) the agent under the New Senior Facilities Agreement on its own behalf and on behalf of the other creditors under the New Senior Facilities Agreement (including any arranger thereunder and the Senior Lenders, together the "**Senior Facility Creditors**");

(2) each creditor representative of the Senior Secured Noteholders on its own behalf and on behalf of such Senior Secured Noteholders;

(3) each creditor representative of the Additional Senior Secured Creditors on its own behalf and on behalf of such Additional Senior Secured Creditors; and

(4) the Hedge Counterparties,

for application towards the discharge of:

A. the Liabilities owed by the Debtors to the Senior Facility Creditors;

B. the Senior Secured Notes Liabilities;

C. the Additional Senior Secured Liabilities; and

D. the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty),

on a pro rata basis and ranking pari passu between paragraphs (A), (B), (C) and (D) above and in each case in accordance with the relevant Debt Documents;

v. if none of the Debtors is under any further actual or contingent liability under any Senior Secured Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and

vi. the balance, if any, in payment or distribution to the relevant Debtor.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal of an asset of a member of the Group or an asset which is subject to the Transaction Security to a person outside the Group is not a distressed disposal and is permitted under the Senior Secured Finance Documents, the Intercreditor Agreement provides that the Security Agent will and is authorised:

(i) to release the Transaction Security or any other claim over that asset; and

(ii) if the relevant asset consists of shares in the capital of a member of the Group, to release the Transaction Security or any other claim (relating to a Debt Document) over that member of the Group's assets and/or shares and/or assets of any of its subsidiaries.

Distressed Disposal

Subject to certain exceptions set out in the Intercreditor Agreement, where a distressed disposal of an asset of a member of the Group is being effected, the Intercreditor Agreement provides that the Security Agent is authorised:

i. to release the Transaction Security, or any other claim over that asset;

ii. if the asset which is disposed of consists of all the shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower of the Liabilities (the Borrowing Liabilities), its liabilities as a guarantor of the Liabilities (the Guarantee Liabilities) or other liabilities it may have to the Senior Secured Creditors, an arranger under the New Senior Facilities Agreement or any Additional Senior Facilities Agreement, a creditor under the Subordinated Liabilities (an Investor), a lender of Intra-Group Liabilities (an Intra-Group Lender) or a Debtor (together, the Other Liabilities); (b) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of an Investor, an Intra-Group Lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor;

iii. if the asset which is disposed of consists of all the shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, its Guarantee Liabilities and Other Liabilities; (b) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of an Investor, an Intra-Group Lender or another Debtor over the assets of any subsidiary of that holding company;

iv. if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, and the Security Agent decides to dispose of all or any part of the Liabilities (other than Liabilities to any agent or arranger under the New Senior Facilities Agreement or any Additional Senior Facilities Agreement) or intra-group receivables owed by that Debtor or the holding company of that Debtor or any subsidiary of that Debtor or holding company on the basis that the transferee of those Liabilities or intra-group receivables will not be treated as a Senior Secured Creditor or a secured party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all or part of those Liabilities or intra-group receivables on behalf of the relevant creditors and Debtors and the transferee shall not be treated as Senior Secured Creditor or secured party;

v. if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, and the Security Agent decides to dispose of all or any part of the Liabilities (other than Liabilities to any agent or arranger under the New Senior Facilities Agreement or any Additional Senior Facilities Agreement) or intra-group receivables owed by that Debtor or the holding company of that Debtor or any subsidiary of that Debtor or holding company on the basis that the transferee of those Liabilities or intra-group receivables will be treated as a Senior Secured Creditor or a secured party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all and not part only of the Liabilities owed to the Senior Secured Creditors (other than to an agent or arranger) and all or part of any other Liabilities (other than liabilities owed to a creditor representative, Security Agent or arranger) or intra-group receivables of that Debtor on behalf of the relevant creditors and Debtors; and

vi. if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer Intra-Group Liabilities or intra-group receivables owed by that Debtor or holding company of a Debtor to another Debtor.

Amendment

Subject to certain exceptions, the Intercreditor Agreement may be amended with the written consent of only (i) each creditor representative (other than Hedge Counterparties) in accordance with, and to the extent such consent is required under, the relevant Debt Documents; (ii) the Security Agent and (iii) the Parent, unless it is an amendment or waiver that has the effect of changing or which relates to: (a) any amendment to the redistribution provisions, application of proceeds or amendment provisions set out in the Intercreditor Agreement; (b) any amendment to the definitions of "Instructing Group", "Majority Senior Lender" or "Majority Senior Secured Creditors"; (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent; or (c) any amendment to the order of priority or subordination under the Intercreditor Agreement, which shall not be made without the consent of:

vii. the creditor representatives (other than the Hedge Counterparties);

viii. the Senior Lenders and the lenders under any Additional Senior Facilities Agreement;

ix. each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);

x. each other Senior Secured Creditor (in relation to Senior Secured Noteholders and/or any Additional Senior Secured Noteholders, only to the extent such noteholder consent to such amendment or waiver is required by the applicable indenture and in the requisite percentage required under the applicable indenture) under a series of Senior Secured Liabilities (to the extent that the amendment or waiver could adversely affect those Senior Secured Creditors under such series of Senior Secured Liabilities);

xi. the Security Agent; and

xii. the Parent.

provided that an amendment or waiver that has the effect of changing or which relates to: (a) the redistribution provisions or application of proceeds, (b) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent or (c) the order of priority or subordination under the

Intercreditor Agreement' shall only require the consent of the Parent and those Senior Secured Creditors (in relation to Senior Secured Noteholders and/or any Additional Senior Secured Noteholders, only to the extent such noteholder consent to such amendment or waiver is required by the applicable indenture and in the requisite percentage required under the applicable indenture) which will be prejudiced by the proposed amendment or waiver.

Subject to certain exceptions and unless the provisions of any Debt Document expressly provide otherwise, the Security Agent may, if authorised by the Instructing Group and if the Parent consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Transaction Security which shall be binding on each party to the Intercreditor Agreement.

Governing Law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

General

B&M European Value Retail S.A., a Luxembourg public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg with registered address as at the date hereof at 9 Allée Scheffer, L-2520 Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B187275 (the "Issuer"), will issue £250 million aggregate principal amount of 4.125% Senior Secured Notes due 2022 (the "Notes") under an indenture (the "Indenture"), to be dated as of the Issue Date, between, among others, the Issuer, the Initial Guarantors (as defined below), Deutsche Trustee Company Limited, as Trustee, and Deutsche Bank AG, London Branch, as Security Agent, in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"). Unless the context requires otherwise, references in this "*Description of Notes*" to the Notes include the Notes and any "*Additional Notes*" (as defined below) that are issued under the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture contains provisions that define your rights and govern the obligations of the Issuer and the Guarantors under the Notes. The Notes will be initially guaranteed on a senior secured basis by B&M European Value Retail 1 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, B&M European Value Retail 2 S.à r.l., EV Retail Limited and B&M Retail Limited. The terms of the Notes include those set out in the Indenture. Certain terms used in this description are defined below under the caption "*—Certain Definitions*".

For the purposes of this description, references to "Issuer," "we," "our," and "us" refer only to B&M European Value Retail S.A. and any successor in interest thereto, and not to any of its subsidiaries. Unless the context otherwise requires, in this description, references to the "Notes" include any Additional Notes (as defined below).

The following is a description of the material terms of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, the Notes, the Security Documents and the Intercreditor Agreement, including the definitions of certain terms therein. The Issuer urges you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement as they, and not this description, govern your rights as holders of the Notes. Copies of the Indenture, the forms of Note, the Security Documents and the Intercreditor Agreement will be made available as set forth under the section entitled "*Listing and General Information*."

Overview of the Notes and the Note Guarantees

The Notes

The Notes:

- will be senior secured obligations of the Issuer;
- will be secured by the Collateral as set forth below under the caption "*—Security*" on a first-priority basis along with obligations under the Senior Facilities Agreement, certain Hedging Obligations and certain other future indebtedness;
- will rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- will rank senior in right of payment to any existing and any future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;
- will be guaranteed on a senior basis by the Guarantors, which guarantees may be subject to the guarantee limitations described herein; and
- will be structurally subordinated to any existing and future Indebtedness of the Issuer's Subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will initially be guaranteed by the Guarantors. The Note Guarantee of each Guarantor:

- will be a senior secured obligation of such Guarantor, secured by the Collateral as set forth below under the caption "*—Security*" on a first-priority basis along with obligations under the Senior Facilities Agreement, certain Hedging Obligations and certain other future indebtedness;
- will rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the Note Guarantee of that Guarantor;
- will rank senior in right of payment with any existing and any future Indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee;
- will be effectively senior in right of payment to any existing or future unsecured obligations of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under such Note Guarantee; and
- will be structurally subordinated to any existing and future Indebtedness of such Guarantor's Subsidiaries that are not Guarantors.

The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*".

The Issuer is a holding company and conducts all of its operations through its Subsidiaries. Claims of creditors of the non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of the Issuer's creditors, including holders of the Notes. Accordingly, the Notes and the Note Guarantees will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries*".

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, subject to compliance with the terms of the Indenture, the Issuer will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Issuer's Unrestricted Subsidiaries, if any, will not guarantee the Notes.

Listing of the Notes

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue the Notes in an aggregate principal amount of £250 million. The Notes will mature on February 1, 2022. The Notes will be issued in fully registered form, without coupons, in minimum denominations of £100,000 and any integral multiple of £1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 4.125% per annum. Interest on the Notes will accrue from the date of original issue, or, if interest has already been paid or provided for, from the most recent date to which interest has been paid or provided for. Interest will be payable semi-annually to holders of record at the close of business on January 15 or July 15 immediately preceding the interest payment date, on February 1 and August 1 of each year, commencing August 1, 2017. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months.

The Issuer may issue an unlimited aggregate principal amount of additional Notes in one or more series from time to time (the "Additional Notes"), subject to limitations set forth under the caption "*—Certain Covenants—Limitation on Indebtedness*". Such Additional Notes will have identical terms and conditions to the Notes offered hereby, except with respect to the issue date, issue price, the first interest payment date and the first date from which interest will accrue. Any Additional Notes will be part of the same class as the Notes currently being offered and will be treated as Notes for all purposes of the Indenture. Holders of Additional Notes will vote on all matters as a single class with holders of Notes issued on the Issue Date, including, without limitation, waivers, amendments, redemptions and offers to purchase.

Methods of Receiving Payments on the Notes

Principal of, and premium, if any, and interest on, the Notes will be payable, and the Notes may be exchanged or transferred at the office or agency of the Paying Agent except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the registered holders of the Notes as such address appears in the Note Register. The Notes may be presented for registration of transfer and exchange at the offices of the Registrar.

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes. The initial Paying Agent will be Deutsche Bank AG, London Branch, in London.

The Issuer will maintain one or more registrars (each, a "Registrar") for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market. The Registrars will maintain a register reflecting ownership of Notes (as defined herein) outstanding from time to time (the "Register"). The initial Registrar will be Deutsche Bank Luxembourg, S.A., in Luxembourg. The Issuer will also maintain a register of Notes at its registered office in accordance with the Luxembourg Companies Law which, in case of any discrepancy with the information contained in the Register, shall prevail over the Register. The Issuer will also maintain one or more transfer agents (each, a "Transfer Agent"). The Transfer Agents will facilitate transfer of Notes on behalf of the Issuer. The initial Transfer Agent will be Deutsche Bank Luxembourg, S.A., in Luxembourg.

The Issuer or any of its Subsidiaries may act as Paying Agent (other than with respect to Global Notes) or Registrar in respect of the Notes. The Issuer may change the Paying Agent, the Registrars or the Transfer Agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

Optional Redemption

The Notes will be redeemable, at the Issuer's option, at any time prior to maturity at varying redemption prices in accordance with the applicable provisions set forth below (the date of such redemption being the "Redemption Date").

At any time on and after February 1, 2019 the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at the applicable redemption price set forth below. The Notes will be so redeemable at the following redemption prices (expressed as a percentage of principal amount on the Redemption Date), plus accrued and unpaid interest, if any, to the relevant Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 1 of the years set forth below:

Redemption period	Price
2019	102.063%
2020	101.031%
2021	100.000%

At any time prior to February 1, 2019 the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the applicable Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to February 1, 2019 the Issuer will be entitled at its option on one or more occasions to redeem Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the

Notes (including the principal amount of any Additional Notes) with funds in an equal aggregate amount (the "Redemption Amount") not exceeding the aggregate net cash proceeds of one or more Equity Offerings, at a redemption price (expressed as a percentage of principal amount thereof) of 104.125%, plus accrued and unpaid interest, if any, to the Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that if Notes are redeemed pursuant to this paragraph, an aggregate principal amount of Notes equal to at least 60% of the original aggregate principal amount of Notes (calculated giving effect to any issuance of Additional Notes) remains outstanding immediately after the occurrence of each such redemption of Notes. Any amount payable in any such redemption may be funded from any source. Any notice of any such redemption may be given prior to completion of the related Equity Offering but in no event may be given more than 180 days after the date of the completion of the related Equity Offering.

Notwithstanding the foregoing, in connection with any tender for the Notes, if Holders of not less than 90% in the aggregate principal amount of the outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any other Person making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such Holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes that remain outstanding following such purchase at a price in cash equal to the price offered to each Holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, to but excluding the Redemption Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any redemption of Notes may be made upon notice in accordance with the provisions set forth under the caption "Notices", not less than 10 nor more than 60 days prior to the Redemption Date, except that a redemption notice may be delivered more than 60 days prior to the Redemption Date if such notice is issued in connection with legal or covenant defeasance of the Issuer's obligations or a satisfaction and discharge of the Indenture, or if the Redemption Date is delayed as provided for in the following paragraph.

Any redemption of Notes (including in connection with an Equity Offering) or notice thereof may, at the Issuer's discretion, be subject to the satisfaction (or waiver by the Issuer in its sole discretion) of one or more conditions precedent, which may include consummation of any related Equity Offering or the occurrence of a Change of Control. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been (or, in the Issuer's sole determination, may not be) satisfied (or waived by the Issuer in its sole discretion) by the Redemption Date, or by the Redemption Date so delayed.

If the Issuer effects an optional redemption of Notes, it will, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent required by the Luxembourg Stock Exchange, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

The Issuer may provide in any notice of redemption that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Selection and Notice

For so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent required by the rules and regulations of the Luxembourg Stock Exchange, the Issuer shall publish notice of any redemption in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

In the case of any partial redemption, selection of the Notes for redemption will be made by the Paying Agent or the Registrar in accordance with the applicable procedures of Euroclear or Clearstream, as applicable, or, in the case of Notes in definitive form, on a pro rata basis unless otherwise required by law or applicable stock exchange or depositary requirements.

No Note of £100,000 in aggregate principal amount or less shall be redeemed in part.

If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. Neither the Trustee nor the Paying Agent will be liable for selections made by the Paying Agent pursuant to this Section. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuer has deposited with, or procured deposit with, the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest, if any on the Notes to be redeemed.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions "*—Change of Control*" and "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*". The Issuer may at any time and from time to time purchase Notes in the open market or otherwise.

Additional Amounts

All payments required to be made by the Issuer or any Guarantor or the Paying Agent on behalf of the Issuer or such Guarantor under or with respect to the Notes or any Note Guarantee (each of the Issuer, such Guarantor or such Paying Agent and, in each case, any successor thereof, making such payment, the "Payor"), will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of the government of Luxembourg or the United Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax, by or on behalf of any authority or agency having power to tax within any other jurisdiction in which the Issuer or the applicable Guarantor is organised or otherwise resident for tax purposes or any jurisdiction from or through which payment is made by such Payor (each a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law or regulation.

If a Payor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Note Guarantee, as applicable, the Issuer or the applicable Guarantor will be required to pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by any Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not apply to:

(1) any Taxes that would not have been so imposed or levied but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, beneficial owner, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, company or corporation) and the Relevant Taxing Jurisdiction, including, without limitation, such Holder or person being or having been a domiciliary, national or resident thereof, or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein (other than the holding by such Holder of any Note or such Holder's receipt of payments under, or exercise or enforcement of its rights in respect of, such Note or Note Guarantee);

(2) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;

(3) any Taxes which are payable other than by withholding or deduction from payments under (or with respect to) the Notes or any Note Guarantee;

(4) any Taxes that are imposed or levied by reason of the failure of the Holder or the beneficial owner of any Note to comply with any written request by the Payor made to such Holder at least 60 days before any such withholding or deduction would be payable (A) to provide information or documentation concerning the nationality, residence or identity of such Holder or beneficial owner or (B) to make any declaration or similar claim or satisfy any certification, information or reporting requirement, which in the case of (A) or

(B), is required or imposed by a statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of any Taxes, but, in each case, only if and to the extent that such Holder or beneficial owner is legally entitled to provide such information or documentation or to make such declaration or claim or to satisfy such requirement (without giving effect, for the avoidance of doubt, to any separate contractual limitation on any such disclosure, declaration, claim or satisfaction of requirement);

(5) any Taxes imposed on a Note presented for payment more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of the 30-day period);

(6) any Taxes imposed on any payment of principal of (or premium, if any, on) or interest on a Note to any Holder who is a fiduciary or partnership or any Person (other than a Payor) other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the sole beneficial owner of such Note;

(7) any Taxes imposed on a Note presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to, or otherwise selecting, another Paying Agent in a member state of the European Union;

(8) any withholding or deduction pursuant to or in connection with Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements) thereunder or any law, regulation, or official interpretation implementing any of the foregoing;

(9) any withholding or deduction that is required to be made pursuant to the Luxembourg law of 23 December 2005, as amended; or

(10) any Taxes imposed or levied by reason of any combination of clauses (1) through (9) above.

The Payor will make any withholding or deduction required by law in respect of Taxes, and remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor or any Guarantor will use reasonable efforts to provide the Paying Agent with official receipts or other documentation evidencing the payment of the Taxes with respect to which Additional Amounts are paid. If so provided, copies thereof will be made available at the offices of the Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

If the Issuer or any Guarantor will be obligated to pay Additional Amounts under or with respect to any payment made on the Notes or any Note Guarantee, prior to the date of such payment, such Payor will deliver to the Paying Agent a certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date. Whenever in the Indenture, the Notes or in this "Description of Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) redemption prices or purchase prices in connection with a redemption or a purchase of Notes, as applicable;

(3) the payment of interest; or

(4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference will be deemed to include payment of Additional Amounts as described under this caption "*—Additional Amounts*", to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present or future stamp, excise, issue, registration, or similar court or documentary Taxes (referred to in this paragraph as "stamp taxes") that arise in any Relevant Taxing Jurisdiction from the execution, delivery, enforcement or registration of the Notes, the Indenture, the Note Guarantees, the Security Documents or any other document or instrument in relation thereto, and the Issuer and each Guarantor will indemnify the Holders for any such stamp taxes paid by such Holders.

The obligations described under this caption "—Additional Amounts," will survive any termination, defeasance or discharge of the Indenture or any Note Guarantee, and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Payor is incorporated, organised or resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

Optional Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem Notes, at its option, at any time in whole but not in part, upon not less than 10 nor more than 60 days' notice to the Holders (which notice will be given in accordance with the procedures described under "*—Notices*"), at a redemption price equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or any Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, any Additional Amounts, in each case, as a result of:

(1) a change in or an amendment to the laws (including any regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws (including any regulations, protocols or rulings promulgated thereunder and including the decision of any court, governmental agency or tribunal),

which change or amendment is announced, enacted or becomes effective, on or after the date of this Offering Circular (or, if the Relevant Taxing Jurisdiction has changed since the date of this Offering Circular either (i) as a result of an addition of a Guarantor, or (ii) an existing Guarantor redomiciling or becoming tax-resident (other than as a result of a change in law after the date of this Offering Circular), the date on which the then current Relevant Taxing Jurisdiction became the applicable Relevant Taxing Jurisdiction under the Indenture) and the Issuer and the Payor cannot avoid such obligation by taking reasonable measures available to them.

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer or a Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in, or remain likely to come into, effect. Before publishing or mailing notice of the redemption of Notes, the Issuer will deliver to the Trustee an Officer's Certificate to the effect that the Issuer cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it. The Issuer or such Guarantor will also deliver to the Trustee an opinion of independent legal counsel of recognised standing to the effect that the Issuer or such Guarantor would be obliged to pay Additional Amounts as a result of a change or amendment described above. The Trustee will accept such opinion as sufficient evidence of the Issuer's or such Guarantor's obligations to pay Additional Amounts and such opinion will be conclusive and binding on the Holders. The foregoing provisions will apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor to the Issuer or such Guarantor permitted under the caption "*—Certain Covenants—Merger and Consolidation*" is incorporated, organised or otherwise resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

The Note Guarantees

General

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control (as defined below), will be guaranteed, fully and unconditionally, jointly and severally, on the Issue Date, on a senior secured basis, by B&M European Value Retail 1 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, B&M European Value Retail 2 S.à r.l., EV Retail Limited and B&M Retail Limited (each a "Guarantor").

Not all of the Subsidiaries of the Issuer will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganisation of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

As of September 24, 2016, the Guarantors and the Issuer represented 92.1% of the total assets and accounted for 94.5% of the total liabilities of the Group on a consolidated basis. For the financial six months 2017, the Guarantors and the Issuer were responsible for 91.2% of the Group's Adjusted EBITDA on the same consolidated basis. As of September 24, 2016, the Non-Guarantor Subsidiaries represented 7.9% of the total assets and accounted for 5.5% of the total liabilities of the Group on a consolidated basis. For the financial six months 2017, the Non-Guarantor Subsidiaries were responsible for 8.8% of the Group's Adjusted EBITDA on the same consolidated basis.

The Indenture will provide that the Issuer, each Guarantor, the Security Agent and the Trustee will be authorised (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described under the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement."

The Indenture will also provide that each holder of the Notes, by accepting its Note, will be deemed to have:

(a) appointed and authorised the Trustee and the Security Agent to give effect to the provisions in the Intercreditor Agreement;

(b) agreed to be bound by the provisions of the Intercreditor Agreement; and

(c) irrevocably appointed the Trustee and the Security Agent to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favour of obligations under the Senior Facilities Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalisation" rules, retention of title claims and similar matters.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to the Agreed Security Principles to cease to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defences that may limit its validity and enforceability*" and "*Risk Factors—Risks Related to our Financial Profile and the Notes—Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult*".

Releases of the Note Guarantees

The Note Guarantee of a Guarantor will automatically terminate and be discharged and of no further force and effect:

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in such Guarantor (whether by direct sale or sale of a holding company) such that such Guarantor does not remain a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of such Guarantor (in each case, other than to the Issuer or a Restricted Subsidiary) in accordance with the terms of the Indenture (including, but not limited to, the covenants described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*");
- upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";
- in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under the caption "*—Amendments and Waivers*";
- as a result of a transaction permitted by the caption "*—Merger and Consolidation*"; or
- at any time such Guarantor is released from such other guarantee that gave rise to the requirement to guarantee the Notes, so long as no other Indebtedness is at that time guaranteed by the relevant Guarantor that would give rise to a requirement to guarantee payment of the Notes as described under the caption "—Certain Covenants—Future Guarantors" below (it being understood that a release subject to contingent reinstatement is still a release).

Upon written request from the Issuer or the applicable Guarantor, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee and the Security Agent without the consent of the holders of the Notes.

Security

General

The Notes will (subject to the Agreed Security Principles) be secured by the Collateral, which, on the Issue Date, will consist of:

- pledges over all of the issued share capital of the Initial Guarantors incorporated in Luxembourg (the "*Luxembourg Share Pledges*");
- fixed and floating charges over substantially all of the Initial Guarantors' and the Issuer's property and assets in England pursuant to an English law debenture (the "*English Law Debenture*"); and
- pledges over certain bank accounts of the Issuer and the Initial Guarantors incorporated in Luxembourg (the "*Luxembourg Bank Account Pledges*").

Any other additional security interests that may in the future be created to secure obligations under the Notes and the Indenture would also constitute Collateral.

The Collateral will also secure the liabilities under the Senior Facilities Agreement and may secure certain Hedging Obligations, and certain other future indebtedness (including any Additional Notes). Pursuant to the terms of the Intercreditor Agreement, any proceeds received upon any enforcement over any Collateral, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Senior Facilities Agreement, such Hedging Obligations (if any), the Indenture and the Notes and any other Indebtedness of the Issuer or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes*".

Security Documents

The English Law Debenture, Luxembourg Bank Account Pledges and Luxembourg Share Pledges will (subject to the Agreed Security Principles) secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Indenture and the Notes, the Senior Facilities Agreement and certain other future indebtedness as provided for in the Security Documents.

So long as no enforcement has occurred and is continuing, and subject to certain terms and conditions, each pledgor will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the shares pledged by it and, so long as no enforcement has occurred, each pledgor will be entitled to exercise any voting and other consensual rights pertaining to the shares pledged by it in a manner which does not adversely affect the validity or enforceability of the security or cause an Event of Default to occur. Subject to the Intercreditor Agreement, *however*:

- upon the occurrence of an enforcement event, all rights of the relevant pledgor to receive dividends and other payments made upon or with respect to the pledged shares will cease and such dividends and other payments will be paid to an account for the benefit of the Security Agent; and
- upon the occurrence of an enforcement event, the Security Agent will also be entitled to exercise all rights, actions and privileges granted by law to a secured creditor.

The Indenture will provide that the Security Documents may be enforced upon an acceleration of amounts due under the Notes following an Event of Default.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the holders of the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favour under the Security Documents. The holders of the Notes may only take action through the Security Agent.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests (as defined below) created under the Security Documents or the rights and obligations set out in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests created under the Security Documents or the terms of the Intercreditor Agreement were to be successful, the Trustee and the holders of the Notes may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes*."

Subject to certain conditions, including compliance with the covenant described under the caption "—Certain Covenants—Impairment of Security Interest," the Issuer and the Guarantors are permitted to pledge the Collateral in connection with future incurrences of Indebtedness, including any Additional Notes, or Indebtedness of its Restricted Subsidiaries, in each case permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness.

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "Security Interests" and each, a "Security Interest") as between (a) the lenders under the Senior Facilities Agreement, (b) the Security Agent, the Trustee and the Holders of the Notes under the Indenture, (c) the counterparties under certain Hedging Obligations and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which will provide, among other things, that the obligations under the Senior Facilities Agreement and the Notes are secured equally and rateably by first-ranking Security Interests. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*". See "*—Security—Release of Security*", "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*".

Release of Security

The Collateral will be released:

- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";
- as described under "*—Amendment and Waivers*" and "*—Certain Covenants—Limitation on Liens*";
- automatically without any action by the Trustee or Security Agent, if the Lien granted in favour of the Senior Facilities Agreement or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof);
- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in the case of property and assets and Capital Stock of a Guarantor, to the extent such Guarantor is released from its Note Guarantee pursuant to the terms of the Indenture;
- to the extent permitted in accordance with the covenant described under the caption "*—Certain Covenants—Impairment of Security Interest*" below;
- in connection with any asset sale or disposition or transfer of assets to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"; or
- as otherwise permitted in accordance with the Indenture.

Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes. The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee and Security Agent of an Officer's Certificate of the Issuer, and that the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate. The Trustee and the Security Agent shall take all necessary actions to effectuate the releases described above, subject to customary protections and indemnifications.

Change of Control

Upon the occurrence of a Change of Control (as defined below), each holder of the Notes will have the right to require the Issuer to repurchase all or any part (equal to £100,000 or in integral multiples of £1,000 in excess thereof) of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of repurchase, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date); *provided, however*, that the Issuer will not be obligated to repurchase Notes pursuant to this covenant in the event that it has exercised its right to redeem all of the Notes as described under the caption "*—Optional Redemption*".

Unless the Issuer has exercised its right to redeem all the Notes as described under the caption "*—Optional Redemption*", the Issuer will, not later than 30 days following the date the Issuer obtains actual knowledge of any Change of Control having occurred, mail a notice (a "Change of Control Offer") to each Holder with a copy to the Trustee and the Paying Agent stating:

(1) that a Change of Control has occurred or may occur and that such Holder has, or upon such occurrence will have, the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date falling prior to or on the purchase date);

(2) the purchase date (which will be no earlier than 10 days nor later than 60 days from the date such notice is mailed except that such notice may be delivered more than 60 days prior to the purchase date if such purchase date is delayed as provided in clause (4) of this paragraph);

(3) the instructions determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(4) if such notice is mailed prior to the occurrence of a Change of Control, that such offer is conditioned on the occurrence of such Change of Control and that the purchase date may, in the Issuer's discretion be delayed until such time as the Change of Control has occurred.

No Note will be repurchased in part if less than £100,000 in original principal amount of such Note would be left outstanding.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not validly withdrawn under such Change of Control Offer.

To the extent that the provisions of any applicable laws or regulations, including securities laws, conflict with the provisions of the Indenture, the Issuer will comply with the applicable laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue thereof.

The Issuer has no present plans to engage in a transaction involving a Change of Control, although it is possible that the Issuer could decide to do so in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalisations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Issuer's capital structure or credit ratings. Except as described above with respect to a Change of Control, the Indenture will not contain any covenants or provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalisation or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer in a transaction that would constitute a Change of Control.

The occurrence of certain of the events that would constitute a Change of Control would require prepayment of Indebtedness under the Senior Facilities Agreement. Agreements governing Indebtedness of the Issuer and the Restricted Subsidiaries may contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Agreements governing future Indebtedness of the Issuer or any of its Subsidiaries may prohibit the Issuer from repurchasing the Notes upon a Change of Control or restrict the ability of the Issuer's Subsidiaries to provide funds to the Issuer necessary to enable it to repurchase the Notes. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require repayment of Indebtedness under, such agreements, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer and its Subsidiaries. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. As described above under the caption "*—Optional Redemption*", the Issuer also has the right to redeem the Notes at specified prices, in whole or in part, upon a Change of Control or otherwise.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in outstanding principal amount of the Notes.

The definition of Change of Control includes a phrase relating to the sale or other transfer of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries, and therefore it may be unclear as to whether a Change of Control has occurred and whether the holders of the Notes have the right to require the Issuer to repurchase such Notes.

If and for so long as the Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any Change of Control Offer in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted (or required, as the case may be) by the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

Certain Covenants

The Indenture will contain, among others, the covenants as described below, that will apply from and after the Issue Date.

Suspension of Covenants on Achievement of Investment Grade Status

If on any day following the Issue Date (a) the Notes have Investment Grade Ratings from both Rating Agencies and, (b) no Default has occurred and is continuing under the Indenture, then, beginning on that day subject to the provisions of the following paragraph, the covenants specifically listed under the following captions under the caption "—Certain Covenants" in this "Description of Notes" section of this Offering Circular (collectively, the "Suspended Covenants") will be suspended:

(i) "*—Limitation on Indebtedness*";

(ii) "*—Limitation on Restricted Payments*";

(iii) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(iv) "*—Limitation on Sales of Assets and Subsidiary Stock*";

(v) "*—Limitation on Transactions with Affiliates*";

(vi) "*—Future Guarantors*"; and

(vii) clauses (a)(iii) and (a)(iv) of "*—Merger and Consolidation*".

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries unless such designation would have complied with the covenant described under the caption "—Limitation on Restricted Payments" as if such covenant would have been in effect during such period.

If on any subsequent date, in case of a suspension of the foregoing covenants pursuant to (a) of the first paragraph above, one or both of the Rating Agencies downgrade the ratings assigned to the Notes below an Investment Grade Rating, the foregoing covenants will be reinstated as of and from the time at which the Issuer obtains actual knowledge of such rating decline (any such date, a "Reversion Date"). The period of time between the suspension of covenants as set forth above and the Reversion Date is referred to as the "Suspension Period." On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" or one or more of the clauses set for in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*", such Indebtedness will be deemed to have been Incurred under the exception provided by clause (b)(iii) of "*—Certain Covenants—Limitation on Indebtedness*". With respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as if the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*" had been in effect prior to, but not during, the Suspension Period. For purposes of the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", upon the occurrence of a Reversion Date the amount of Excess Proceeds not applied in accordance with such covenant will be deemed to be reset to zero. In addition, for purposes of the covenant described under the caption "*—Limitation on Transactions with Affiliates*", all agreements and arrangements entered into by the Issuer and any Restricted Subsidiary with an Affiliate of the Issuer during the Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the Issue Date, and for purposes of the covenant described under the caption "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*", all contracts entered into during the Suspension Period prior to such Reversion Time that contain any of the encumbrances or restrictions subject to such covenant will be deemed to have been existing on the Issue Date.

During the Suspension Period, any reference in the definitions of "Permitted Liens" and "Unrestricted Subsidiary" to the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" or any provision thereof shall be construed as if such covenant were in effect during the Suspension Period.

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred for any failure to comply with the Suspended Covenants during any Suspension Period. The Issuer and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honour, comply with or otherwise perform any contractual commitments or obligations entered into during a Suspension Period following a Reversion Date and to consummate the transactions contemplated thereby.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Indebtedness

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer or any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of the Incurrence of such Indebtedness, after giving *pro forma* effect to the Incurrence thereof, the Consolidated Coverage Ratio would be equal to or greater than 2.0:1.0.

(b) Notwithstanding the foregoing paragraph (a), the Issuer and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to any Credit Facility (including but not limited to in respect of letters of credit or bankers' acceptances issued or created thereunder) and any Refinancing Indebtedness in respect thereof in a maximum aggregate principal amount at any time outstanding not exceeding the Bank Basket Sterling Amount *less* all principal repayments of Indebtedness Incurred pursuant to this clause (i) with the proceeds from Asset Dispositions utilised in accordance with clause (a)(iii) of the covenant "*—Limitation on Sales of Assets and Subsidiary Stock*" described below that permanently reduce the commitments thereunder;

(ii) Indebtedness (A) of any Restricted Subsidiary to the Issuer or (B) of the Issuer or any Restricted Subsidiary to any Restricted Subsidiary; *provided*, that (a) except (1) in the case of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries or (2) if it would contravene any provisions of any joint venture agreement or similar arrangement in effect on the Issue Date governing or binding upon the Issuer or any Restricted Subsidiary, any such Indebtedness owed by the Issuer or a Guarantor to a Restricted Subsidiary that is not the Issuer or a Guarantor shall, to the extent legally permitted, be subordinated in right of payment to, in the case of Indebtedness of the Issuer, the Notes or, in the case of Indebtedness of a Guarantor, its Note Guarantee and (b) any subsequent issuance or transfer of any Capital Stock of such Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Issuer or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this clause (ii);

(iii) Indebtedness represented by the Notes (other than any Additional Notes), the Note Guarantees, the Security Documents (including "parallel debt" obligations created under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents), and any Indebtedness (other than the Indebtedness described in clauses (i) or (ii) of this paragraph (b)) outstanding on the Issue Date and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iii) or paragraph (a) above;

(iv) Purchase Money Obligations, Capitalised Lease Obligations, and in each case any Refinancing Indebtedness with respect thereto in an aggregate principal amount not to exceed the greater of £25.0 million and 1.6% of Consolidated Total Assets at any time outstanding;

(v) Indebtedness consisting of accommodation guarantees incurred in the ordinary course of business for the benefit of trade creditors of the Issuer or any of its Restricted Subsidiaries;

(vi) (A) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Issuer or any Restricted Subsidiary (other than any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this covenant); *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the guarantee must be subordinated to or *pari passu* with the Notes or such Note Guarantee to the same extent as the Indebtedness being guaranteed, or (B) without limiting the covenant described under the caption "—Limitation on Liens," Indebtedness of the Issuer or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary (other than any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this covenant);

(vii) Indebtedness of the Issuer or any Restricted Subsidiary (A) arising from the honouring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such Indebtedness is extinguished within 30 Business Days of its Incurrence, or (B) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;

(viii) Indebtedness of the Issuer or any Restricted Subsidiary, in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business, including in respect of liabilities or obligations of franchises, or (C) Hedging Obligations, entered into not for speculative purposes, or (D) the financing of insurance premiums, in the ordinary course of business, or (E) take or pay obligations under supply arrangements, incurred in the ordinary course of business, or (F) netting, overdraft protection and other similar arrangements arising under standard business terms of any bank at which the Issuer or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility arrangement, or (G) Bank Products Obligations;

(ix) Indebtedness (A) of a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in, or otherwise Incurred in connection with, a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; *provided* that (1) such Indebtedness is not recourse to the Issuer or any Restricted Subsidiary that is not a Special Purpose Entity (other than with respect to Special Purpose Financing Undertakings); (2) in the event such Indebtedness shall become recourse to the Issuer or any Restricted Subsidiary that is not a Special Purpose Entity (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Issuer as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this covenant for so long as such Indebtedness shall have such recourse; and (3) in the event that at any time thereafter such Indebtedness shall comply with the provisions of the preceding subclause (1), the Issuer may classify such Indebtedness in whole or in part as Incurred under this clause (b)(ix) of this covenant;

(x) Indebtedness of (A) the Issuer or any Restricted Subsidiary Incurred to finance or refinance, or otherwise Incurred in connection with, any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Issuer or any Restricted Subsidiary, or (B) any Person that is acquired by or merged or consolidated with or into the Issuer or any Restricted Subsidiary (including Indebtedness thereof Incurred in connection with any such acquisition, merger or consolidation), *provided* that, in each case, on the date of such acquisition, merger or consolidation, after giving effect thereto, either (1) the Issuer could Incur at least £1.00 of additional Indebtedness pursuant to paragraph (a) above and secure such additional Indebtedness with a Lien on the Collateral Incurred pursuant to clause (3) of the definition of "Permitted Collateral Lien" or (2) the Consolidated Coverage Ratio would not be less than it was immediately prior to giving effect thereto and the Consolidated Secured Net Leverage Ratio would not be greater than it was immediately prior to giving effect thereto; and any Refinancing Indebtedness with respect to any such Indebtedness;

(xi) Contribution Indebtedness and any Refinancing Indebtedness with respect thereto;

(xii) Indebtedness issuable upon the conversion or exchange of shares of Disqualified Stock issued in accordance with paragraph (a) above, and any Refinancing Indebtedness with respect thereto;

(xiii) Indebtedness of any Restricted Subsidiary incorporated or otherwise organised outside of the United Kingdom consisting of local lines of credit, bilateral facilities and/or working capital facilities in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of £100.0 million and 6.5% of Consolidated Total Assets; and

(xiv) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of £100.0 million and 6.5% of Consolidated Total Assets.

(c) Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred pursuant to clauses (a) and (b) of this covenant (other than Indebtedness Incurred pursuant to clause (b)(ii) of this covenant) by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed at any time outstanding the greater of £100 million and 50% of LTM EBITDA, after giving *pro forma* effect to the Incurrence thereof (including the use of proceeds therefrom).

(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above, the Issuer, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of such clauses or subclauses of paragraph (b) above (including in part under one such clause or subclause and in part under another such clause or subclause); *provided* that, except with respect to Indebtedness incurred under the Senior Facilities Agreement on the Issue Date pursuant to clause (i) of paragraph (b) and any Refinancing Indebtedness in respect thereof and any other Indebtedness incurred pursuant to clause (i) of paragraph (b) of this covenant, which may not be reclassified, any Indebtedness Incurred pursuant to clause (b) of this covenant shall cease to be deemed Incurred or outstanding for purposes of such clause but shall be deemed Incurred for the purposes of paragraph (a) of this covenant from and after the first date on which the Issuer or any Restricted Subsidiary could have Incurred such Indebtedness under paragraph (a) of this covenant without reliance on such clause; (iii) in the event that Indebtedness could be Incurred in part under paragraph (a) above, the Issuer, in its sole discretion, may classify a portion of such Indebtedness as having been Incurred under paragraph (a) above and the remainder of such Indebtedness as having been Incurred under paragraph (b) above; (iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with IFRS; (v) the principal amount of Indebtedness outstanding under any clause of paragraph (b) above shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness; (vi) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred (or, Indebtedness Incurred to refinance Indebtedness initially Incurred) in reliance on any provision of paragraph (b) above measured by reference to a percentage of Consolidated Total Assets at the time of Incurrence, and such refinancing would cause such percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing; and (vii) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred (or, Indebtedness Incurred to refinance Indebtedness initially Incurred) in reliance on any provision of paragraph (b) above measured by an amount in sterling, such sterling amount shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) to the extent the principal amount of such newly Incurred Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing. Notwithstanding anything herein to the contrary, Indebtedness outstanding on the Issue Date under the Senior Facilities Agreement shall be classified as Incurred under paragraph (b)(i) of this covenant, and may not later be reclassified.

(e) For purposes of determining compliance with any provision of paragraph (b) above (or any category of Permitted Liens described in the definition thereof) measured by an amount in sterling or by reference to a percentage of Consolidated Total Assets, in each case, for the Incurrence of Indebtedness or Liens securing Indebtedness denominated in a currency other than sterling, the Sterling Equivalent principal amount of such Indebtedness Incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving or deferred draw Indebtedness; *provided* that (i) if such Indebtedness or Lien denominated in currency other than sterling is subject to a Currency Agreement with respect to sterling the amount of such Indebtedness or Lien expressed in sterling will be calculated so as to take account of the effects of such Currency Agreement, (ii) the Sterling Equivalent principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date, (iii) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in Sterling or by reference to a percentage of Consolidated Total Assets, as applicable, to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in sterling or by reference to a percentage of Consolidated Total Assets, as applicable, shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (A) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (B) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing and (iv) the Sterling Equivalent principal amount of Indebtedness denominated in a currency other than sterling and Incurred pursuant to a Senior Facilities Agreement shall be calculated based on the relevant currency exchange rate in effect on, at the Issuer's option, (A) the Issue Date, (B) any date on which any of the respective commitments under such Senior Facilities Agreement shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (C) the date of such Incurrence. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

(a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any such payment in connection with any merger or consolidation involving the Issuer) except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (y) dividends or distributions payable to the Issuer or any Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a *pro rata* basis measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof);

(iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations of the Issuer or any Guarantor Subordinated Obligations of any Guarantor (other than a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(iv) make any Investment (other than a Permitted Investment) in any Person,

(any such dividend, distribution, purchase, repurchase, redemption, repurchase, defeasance, other acquisition or retirement or Investment being herein referred to as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) an Event of Default shall have occurred and be continuing (or would result therefrom);

(2) the Issuer could not Incur at least an additional £1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*"; or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Issue Date and then outstanding would exceed, without duplication, the sum of:

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on the first date of the fiscal quarter of the Issuer in which the Issue Date occurs to the end of the most recent fiscal quarter of the Issuer ending prior to the date of such Restricted Payment for which consolidated financial statements of the Issuer are available (or, in case such Consolidated Net Income will be a negative number, 100% of such negative number);

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received without duplication (x) by the Issuer as capital contributions to the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after the Issue Date (in each case, other than Excluded Contributions or Contribution Amounts) or (y) by the Issuer or any Restricted Subsidiary from the Incurrence by the Issuer or any Restricted Subsidiary after the Issue Date of Indebtedness that is converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock), plus the amount of any cash and the Fair Market Value of any property or assets received by the Issuer or any Restricted Subsidiary upon such conversion or exchange;

(C) (i) the aggregate amount of cash and the Fair Market Value of any property or assets received from dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Issuer or any Restricted Subsidiary from any Unrestricted Subsidiary, plus (ii) the aggregate amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"); and

(D) in the case of any disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), the aggregate amount of cash and the Fair Market Value of any property or assets received by the Issuer or a Restricted Subsidiary with respect to all such dispositions and repayments.

(b) The provisions of paragraph (a) of this covenant do not prohibit any of the following (each, a "Permitted Payment"):

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Issuer ("Treasury Capital Stock") or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the net cash proceeds of the substantially concurrent issuance or sale of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) ("Refunding Capital Stock") or a substantially concurrent capital contribution to the Issuer, in each case other than Excluded Contributions and Contribution Amounts; *provided* that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (3)(B) of the preceding paragraph (a);

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor (w) made by exchange for, or out of the net cash proceeds of the substantially concurrent Incurrence of, Indebtedness of the Issuer or of such Guarantor of Refinancing Indebtedness (other than to the Issuer or a Restricted Subsidiary) Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*", (x) from Net Available Cash to the extent permitted by the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", but only if the Issuer will have complied with the provisions described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor (y) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Issuer will have complied with the provisions described under the caption "*—Change of Control*" and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor or (z) constituting Acquired Indebtedness;

(iii) any dividend paid or redemption made within 60 days after the date of declaration thereof or the giving notice thereof, as applicable, if at such date of declaration or notice such dividend or redemption would have complied with this covenant;

(iv) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions;

(v) payments, repayments, loans, advances, dividends or distributions by the Issuer or any Restricted Subsidiary to any entity formed for the purpose of investing in Capital Stock of the Issuer or any Restricted Subsidiary to permit the Issuer or any Restricted Subsidiary or any such entity to repurchase or otherwise acquire Capital Stock or other debt or equity securities of the Issuer or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Restricted Subsidiary (including in each case any options, warrants or other rights in respect thereof), or payments by the Issuer or any Restricted Subsidiary to repurchase or otherwise acquire Capital Stock or other debt or equity securities of the Issuer or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Restricted Subsidiary (including in each case any options, warrants or other rights in respect thereof), in each case from current or former Management Investors (including any repurchase or acquisition by reason of the Issuer or any Restricted Subsidiary retaining any Capital Stock, option, warrant or other right in respect of tax withholding obligations, and any related payment in respect of any such obligation), such payments, repayments, loans, advances, dividends or distributions not to exceed an amount (net of repayments of any such loans or advances) equal to £12.0 million, plus (x) the Net Cash Proceeds received by the Issuer or any Restricted Subsidiary since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock to a Management Investor) from, or as a capital contribution from, the issuance or sale to Management Investors of Capital Stock of the Issuer or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (3)(B)(x) of the preceding paragraph (a), plus (y) the cash proceeds of key man life insurance policies received by the Issuer or any Restricted Subsidiary since the Issue Date to the extent such cash proceeds are not included in any calculation under clause (3)(A) of the preceding paragraph (a) *provided* that the cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary by any current or former Management Investor in connection with any repurchase or other acquisition of Capital Stock (including any options, warrants or other rights in respect thereof) from any Management Investor shall not constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(vi) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount (net of repayments of any such loans or advances) equal to the greater of £75.0 million and 4.9% of Consolidated Total Assets;

(vii) payments by the Issuer to holders of Capital Stock of the Issuer in lieu of issuance of fractional shares of such Capital Stock;

(viii) dividends or other distributions of or Investments paid for or made with Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(ix) (A) dividends on any Designated Preferred Stock of the Issuer issued after the Issue Date; *provided* that at the time of such issuance and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be equal to or greater than 2.0:1.0 or (B) any dividend on Refunding Capital Stock that is Preferred Stock; *provided* that at the time of the declaration of such dividend and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be at least 2.0:1.0;

(x) distributions or payments of Special Purpose Financing Fees;

(xi) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(xii) payments by the Issuer or a Restricted Subsidiary (A) pursuant to a Tax Sharing Agreement, provided that payments made pursuant to a Tax Sharing Agreement shall not duplicate payments made pursuant to Clause (B) below, or (B) to permit the payment of any Taxes payable by the Issuer or any of its Restricted Subsidiaries to any taxing authority; and

(xiii) any Restricted Payment; *provided* that on a *pro forma* basis after giving effect to such Restricted Payment the Consolidated Net Leverage Ratio would be equal to or less than 2.5:1.0;

provided that (A) in the case of clauses (iii), (vi) and (xiii), the net amount of any such Permitted Payment will be included in subsequent calculations of the amount of Restricted Payments, (B) in all cases other than pursuant to clauses (A) immediately above, the net amount of any such Permitted Payment will be excluded in subsequent calculations of the amount of Restricted Payments and (C) solely with respect to clauses (vi) and (xiii) no Event of Default will have occurred or be continuing at the time of any such Permitted Payment after giving effect thereto. The Issuer, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the clauses or sub-clauses of this covenant (or, in the case of any Investment, the clauses or sub-clauses of Permitted Investments) and in part under one or more other such clauses or sub-clauses.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, (ii) make any loans or advances to the Issuer or any Restricted Subsidiary or (iii) transfer any of its property or assets to the Issuer or any Restricted Subsidiary (provided that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, will not be deemed to constitute such an encumbrance or restriction), except for any encumbrance or restriction:

(1) pursuant to an agreement or instrument in effect at or entered into on the Issue Date (including the Senior Facilities Agreement, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes, the Indenture and the Security Documents);

(2) pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged or consolidated with or into the Issuer or any Restricted

Subsidiary, or which agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets from such Person, as in effect at the time of such acquisition, merger or consolidation (except to the extent that such Indebtedness was incurred to finance, or otherwise in connection with, such acquisition, merger or consolidation); *provided* that for purposes of this clause (2), if a Person other than the Issuer is the Successor Issuer with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary will be deemed acquired or assumed, as the case may be, by the Issuer or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Issuer;

(3) pursuant to an agreement or instrument (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred or outstanding pursuant or relating to, or that otherwise extends, renews, refunds, refinances or replaces, any agreement or instrument referred to in clause (1) or (2) of this covenant or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an Initial Agreement (an "Amendment"); *provided, however*, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favourable to the Holders than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Issuer);

(4) (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Notes or the Indenture, (C) contained in mortgages, pledges or other security agreements securing Indebtedness of a Restricted Subsidiary to the extent restricting the transfer of the property or assets subject thereto, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary, (E) pursuant to Purchase Money Obligations that impose encumbrances or restrictions on the property or assets so acquired, (F) on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business, (G) pursuant to customary provisions contained in agreements and instruments entered into in the ordinary course of business (including but not limited to leases and joint venture and other similar agreements entered into in the ordinary course of business), (H) that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or such Restricted Subsidiary, or (I) pursuant to Hedging Obligations or Bank Products Obligations;

(5) with respect to any agreement for the direct or indirect disposition of Capital Stock, property or assets of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such sale or disposition;

(6) by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Issuer or any Restricted Subsidiary or any of their businesses; or

(7) pursuant to an agreement or instrument (A) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the Holders than the encumbrances and restrictions contained in the Initial Agreements (as determined in good faith by the Issuer), or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Issuer) and either (x) the Issuer determines that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness, (B) relating to Indebtedness of or a Financing Disposition by or to or in favour of any Special Purpose Entity or (C) relating to any loan or advance by the Issuer to a Restricted Subsidiary subsequent to the Issue Date, including of proceeds of any Capital Stock or Indebtedness issued or Incurred by the Issuer; *provided* that, in the case of this clause (C), the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the Holders than the encumbrances and restrictions contained in the Intercreditor Agreement (as determined in good faith by the Issuer).

Limitation on Sales of Assets and Subsidiary Stock

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(i) except in the case of a Specified Asset Sale, the Issuer or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition, as such Fair Market Value (on the date a legally binding commitment for such Asset Disposition was entered into) may be determined by the Issuer (and will be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of £10.0 million, in good faith by the Board of Directors, whose determination will be conclusive (including as to the value of all non-cash consideration));

(ii) except in the case of a Specified Asset Sale, at least 75% of the consideration therefor (excluding, in the case of an Asset Disposition (or series of related Asset Dispositions), any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, that are not Indebtedness) received by the Issuer or such Restricted Subsidiary is in the form of cash; and

(iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer (or any Restricted Subsidiary, as the case may be) as follows:

(A) first, either (x) to the extent the Issuer or such Restricted Subsidiary elects (or is required by the terms of any Senior Indebtedness of the Issuer or any Guarantor Incurred under clause (b)(i) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" which is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee or any Indebtedness of a Restricted Subsidiary that is not a Guarantor), to prepay, repay or purchase any such Indebtedness or (in the case of letters of credit, bankers' acceptances or other similar instruments) cash collateralise any such Indebtedness (in each case other than Indebtedness owed to the Issuer or a Restricted Subsidiary) within 365 days after the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or (y) to the extent the Issuer or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with an amount equal to Net Available Cash received by the Issuer or another Restricted Subsidiary) within 365 days from the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or, if such investment in Additional Assets is a project authorised by the Board of Directors that will take longer than such 365 days to complete, the period of time necessary to complete such project; *provided* that such period of time does not exceed an additional 180 days following the expiration of the aforementioned 365 days;

(B) second, to the extent the balance of such Net Available Cash after application in accordance with clause (A) above (such balance, the "Excess Proceeds") exceeds £25.0 million, to make an offer to purchase Notes and (to the extent the Issuer or such Restricted Subsidiary elects, or is required by the terms thereof) to purchase, redeem or repay any other Pari Passu Indebtedness of the Issuer or such Restricted Subsidiary, pursuant and subject to the conditions of the Indenture and the agreements governing such other Indebtedness; and

(C) third, to the extent of the balance of such Net Available Cash after application, if required, in accordance with clauses (A) and (B) above (the amount of such balance, "Declined Excess Proceeds"), to fund (to the extent permitted by the other applicable provisions of the Indenture) any general corporate purpose (including but not limited to the repurchase, repayment or other acquisition or retirement of any Subordinated Obligations or the making of other Restricted Payments),

provided, however, that (1) in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A)(x) or (B) above, the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased and (2) the Issuer (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (A)(y) above with respect to such Asset Disposition.

Notwithstanding the foregoing clause (iii) of the first paragraph of this covenant, to the extent that repatriating any or all of the Net Available Cash from any Asset Disposition by a Foreign Subsidiary (a "Foreign Disposition") (x) would result in material adverse tax consequences to the Issuer or any of its Subsidiaries or (y) is prohibited or delayed by applicable local law from being repatriated to the United Kingdom (in the case of the foregoing clauses (x) and (y), as reasonably determined by the Issuer in good faith which determination shall be conclusive), the portion of such Net Available Cash so affected will not be required to be applied in compliance with clause (iii) of the first paragraph of this covenant, and such amounts may be retained by the applicable Foreign Subsidiary; *provided* that, in the case of this clause (y), the Issuer shall take commercially reasonable efforts to cause the applicable Foreign Subsidiary to take all actions reasonably required by the applicable local law, applicable organisational impediments or other impediment to permit such repatriation, and if such repatriation of any of such affected Net Available Cash can be achieved such repatriation will be promptly effected and such repatriated Net Available Cash will be applied (whether or not repatriation actually occurs) in compliance with clause (iii) of the first paragraph of this covenant. The time periods set forth in this covenant shall not start until such time as the Net Available Cash may be repatriated whether or not such repatriation actually occurs.

If the aggregate principal amount of Notes and other Indebtedness of the Issuer or a Restricted Subsidiary validly tendered and not validly withdrawn (or otherwise subject to purchase, redemption or repayment) in connection with an offer pursuant to clause (B) above exceeds the Excess Proceeds, the Excess Proceeds will be apportioned between the Notes and such other Indebtedness of the Issuer or a Restricted Subsidiary, with the portion of the Excess Proceeds payable in respect of the Notes to equal the lesser of (x) the Excess Proceeds amount multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes and the denominator of which is the sum of the outstanding principal amount of the Notes and the outstanding principal amount of the relevant other Indebtedness of the Issuer or a Restricted Subsidiary, and (y) the aggregate principal amount of Notes validly tendered and not validly withdrawn.

For the purposes of clause (ii) of paragraph (a) above, the following are deemed to be cash: (1) Temporary Cash Investments and Cash Equivalents, (2) the assumption of Indebtedness of the Issuer (other than Disqualified Stock of the Issuer) or any Restricted Subsidiary and the release of the Issuer or such Restricted Subsidiary from all liability on payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Disposition, (4) securities received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash within 180 days, (5) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary received from Persons who are not the Issuer or any Restricted Subsidiary, (6) Additional Assets and (7) any Designated Non-cash Consideration received by the Issuer or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause, not to exceed an aggregate amount at any time outstanding equal to the greater of £25.0 million and 1.6% of Consolidated Total Assets (with the Fair Market Value of each item of Designated Non-cash Consideration being measured on the date a legally binding commitment for such disposition (or, if later, for the payment of such item) was entered into and without giving effect to subsequent changes in value).

(b) In the event of an Asset Disposition that requires the purchase of Notes pursuant to clause (iii)(B) of paragraph (a) above, the Issuer will be required to repurchase Notes tendered pursuant to an offer by the Issuer for the Notes (the "Asset Offer") at a purchase price of 100% of their principal amount plus accrued and unpaid interest, if any, to the purchase date in accordance with the procedures (including prorating in the event of oversubscription) set forth in the Indenture. If the aggregate purchase price of the Notes tendered pursuant to the Asset Offer is less than the Net Available Cash allotted to the repurchase of Notes, the remaining Net Available Cash will be available to the Issuer and the Restricted Subsidiaries for use in accordance with clause (iii)(B) of paragraph (a) above (to repay other Indebtedness of the Issuer or a Restricted Subsidiary) or clause (iii)(C) of paragraph (a) above. The Issuer will not be required to make an Asset Offer for Notes pursuant to this covenant if the Net Available Cash available therefor (after application of the proceeds as provided in clause (iii)(A) of paragraph (a) above), is less than £10.0 million for any particular Asset Disposition (which lesser amounts will be carried forward for purposes of determining whether an Asset Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) The Issuer will, not later than 45 days after the Issuer becomes obligated to make an Asset Offer pursuant to this covenant (it being understood that the Issuer may satisfy its obligations pursuant to this covenant by making an Asset Offer with respect to all or part of the Net Available Cash from an Asset

Disposition in advance of being required to do so by the Indenture), mail a notice to each Holder with a copy to the Trustee and the Paying Agent stating (1) that an Asset Disposition that requires the purchase of a portion of the Notes has occurred and that such Holder has the right (subject to the prorating described below) to require the Issuer to repurchase a portion of such Holder's Notes in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant Interest Payment Date); (2) the repayment date (which will be no earlier than 10 days nor later than 60 days from the date such notice is mailed); (3) the instructions determined by the Issuer, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and (4) the amount of the Asset Offer. If, upon the expiration of the period for which the Asset Offer remains open, the aggregate principal amount of Notes surrendered by Holders exceeds the amount of the Asset Offer, the Issuer will select the Notes to be repaid on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in minimum denominations of £100,000 or integral multiples of £1,000 in excess thereof will be repaid).

(d) To the extent that the provision of any applicable laws or regulations, including securities laws, conflict with provisions of this covenant, the Issuer and the Restricted Subsidiaries will comply with the applicable laws and regulations and will not be deemed to have breached their respective obligations under this covenant by virtue thereof.

(e) The sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*—Change of Control*" and/or the provisions described above under the caption "*—Certain Covenants—Merger and Consolidation*" and not by the provisions described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*".

Limitation on Transactions with Affiliates

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "Affiliate Transaction") involving aggregate payments or consideration in excess of £10.0 million unless (i) the terms of such Affiliate Transaction are not materially less favourable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (ii) if such Affiliate Transaction involves aggregate consideration in excess of £15 million, the terms of such Affiliate Transaction have been approved by a majority of the Board of Directors and (iii) in addition, if such Affiliate Transaction involves aggregate consideration in excess of £25 million, the Issuer has obtained a written opinion of an accounting, appraisal, investment banking or advisory firm of international standing, or other recognised independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of transactions is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favourable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

(b) The provisions of the preceding paragraph (a) will not apply to:

(i) any Restricted Payment Transaction;

(ii) (1) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former employee, officer or director or consultant of or to the Issuer or any Restricted Subsidiary heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements, (2) payments of compensation, performance of indemnification or contribution obligations, or any issuance, grant or award of stock, options, other equity related interests or other securities, to any such employees, officers, directors or consultants in the ordinary course of business, (3) the payment of reasonable fees to directors of the Issuer, any of its Subsidiaries (as determined in good faith by the Issuer or such Subsidiary) or (4) Management Advances and payments in respect thereof (or in reimbursement of any expenses referred to in the definition of such term);

(iii) any transaction between or among any of the Issuer, one or more Restricted Subsidiaries, or one or more Special Purpose Entities;

(iv) any transaction arising out of agreements or instruments in existence on the Issue Date, and any payments made pursuant thereto;

(v) any transaction with customers, clients, suppliers or purchasers or sellers of assets or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture on terms that are fair to the Issuer and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or senior management of the Issuer, or are not materially less favourable to the Issuer or the relevant Restricted Subsidiary than those that could be obtained at the time in a transaction with a Person who is not an Affiliate of the Issuer;

(vi) any transaction in the ordinary course of business, or approved by a majority of the Board of Directors, between the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer controlled by the Issuer that is a joint venture or similar entity;

(vii) the execution, delivery and performance of any Tax Sharing Agreement; and

(viii) issuances or sales of Capital Stock (other than Disqualified Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Indebtedness of the Issuer or any Restricted Subsidiary (the "Initial Lien"), unless (a) in the case of any property or assets that does not constitute Collateral, (i) such Lien is a Permitted Lien or (ii) contemporaneously therewith effective provision is made to secure the Notes and the Indenture or, in respect of Liens on property or assets of any Guarantor, any Note Guarantee thereof, equally and rateably with (or, in the case of Subordinated Obligations and Guarantor Subordinated Obligations on a senior basis to) such obligation for so long as such obligation is so secured by such Initial Lien and (b) in the case of any property or assets that constitute Collateral, such Lien is a Permitted Collateral Lien.

Any such Lien thereby created in favour of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) as set forth under the caption "*—Security*".

Future Guarantors

Subject to the immediately following paragraph, the Issuer will cause each Restricted Subsidiary that enters into any guarantee of payment by the Issuer or by any Guarantor of any Indebtedness of the Issuer or any such Guarantor (any such guarantee, the "Triggering Indebtedness"), to guarantee payment of the Notes on a senior or *pari passu* basis with such Restricted Subsidiary's guarantee of such other Indebtedness. In addition, the Issuer may cause any Restricted Subsidiary that is not a Guarantor to guarantee payment of the Notes and become a Guarantor.

The Issuer will not be obligated to cause any Restricted Subsidiary to become a Guarantor unless (x) (i) such Subsidiary accounts for more than 3.0% of the Group's LTM EBITDA or Consolidated Total Assets and (ii) the Indebtedness guaranteed thereby referred to above is either Incurred pursuant to (A) the Senior Facilities Agreement, or (B) clause (b)(i) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" in an aggregate principal amount exceeding £5.0 million or (C) is Public Debt and (y) in the good faith determination of the Issuer (which determination shall be conclusive), the provision by such Restricted Subsidiary of a Note Guarantee would not be inconsistent with the Agreed Security Principles and could not reasonably be expected to give rise to or result in:

- any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Issuer (including any reasonably available "whitewash" procedures or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law);
- any liability (criminal, civil, administrative or other) for any of the officers, directors or shareholders of the Issuer, any Subsidiary thereof (including such Guarantor);
- any cost, expense, liability or obligation (including, without limitation, any Tax or any obligation to pay any Additional Amount) other than routine and immaterial out-of-pocket expenses incurred in connection

with (x) any governmental or regulatory filings required as a result of such Note Guarantee or (y) any "whitewash" procedures (or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law) undertaken in connection with such Note Guarantee.

Subject to the Intercreditor Agreement, each Guarantor, as primary obligor and not merely as surety, will jointly and severally, irrevocably and fully and unconditionally guarantee, on a *pari passu* basis with the Senior Facilities Agreement, the punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all monetary obligations of the Issuer under the Indenture and the Notes, whether for principal of or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the "Guaranteed Obligations").

The obligations of each Guarantor will be subject to the limitations provided in the Agreed Security Principles and will be further limited to the maximum amount that can be guaranteed by such Guarantor without rendering its Note Guarantee void, voidable or unenforceable under applicable law relating to fraudulent conveyance or fraudulent transfer or any other law affecting the rights of creditors generally or otherwise relating to the insolvency of debtors. Notwithstanding any other provisions of the Indenture, each Note Guarantee shall be in such form and substance, and subject to such terms, conditions, limitations, qualifications and restrictions as may be necessary or appropriate (in the good faith determination of the Issuer, which determination shall be conclusive) by reason of or to comply with any applicable law, rule or regulation, including the law of any jurisdiction where the relevant Guarantor is organised or conducts business.

Each Note Guarantee shall be a continuing guarantee and shall (i) subject to the paragraphs below, remain in full force and effect until payment in full of the principal amount of all outstanding Notes (whether by payment at maturity, purchase, redemption, defeasance, retirement or other acquisition) and all other Guaranteed Obligations of the Guarantor then due and owing, (ii) be binding upon such Guarantor and (iii) inure to the benefit of and be enforceable by the Trustee, the Holders and their permitted successors, transferees and assigns.

The Guaranteed Obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced or terminated the obligations of any Guarantor hereunder and under its Note Guarantee (whether such payment shall have been made by or on behalf of the issuer or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganisation of the Issuer, any Guarantor or otherwise, all as though such payment had not been made.

Each Note Guarantee shall be released in accordance with the provisions described under the caption "*—Releases of the Notes Guarantees*".

Upon any such occurrence, the Trustee and the Security Agent, if applicable, shall execute any documents reasonably requested in order to evidence such release, discharge and termination in respect of the applicable Note Guarantee.

Neither the Issuer nor any such Guarantor will be required to make a notation on the Notes to reflect any such Note Guarantee or any such release, termination or discharge.

Reports

So long as any Notes are outstanding, the Issuer will provide to the Trustee:

(a) within 120 days after the end of each fiscal year of the Issuer beginning with the fiscal year ending March 25, 2017, annual reports containing the following information with a level of detail that is substantially comparable to this Offering Circular: (a) an audited consolidated balance sheet of the Issuer as of the end of the two most recent fiscal years and an audited consolidated income statements and statements of cash flow of the Issuer for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) a *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Issuer on a *pro forma* basis (unless such *pro forma* information has been provided in a previous report pursuant to clause (b) or (c) below (*provided* that such *pro forma* financial information will be provided only to the extent it can be prepared without the Issuer incurring unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, any available audited financial statements for the most recently audited fiscal year of the acquired entity)); (c) an operating and financial review of the audited financial statements (in a scope that is substantially comparable to the information contained in the "*Operating and Financial Review*" of this Offering Circular); and (d) a description of the business, management and shareholders of the Issuer, material affiliate transactions and material debt instruments;

(b) within 90 days after the end of the Issuer's fiscal half-year in each fiscal year beginning with the half-year ending September 23, 2017, semi-annual reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such six-month period and unaudited condensed statements of income and cash flow for the year to date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Issuer, together with condensed footnote disclosure; (b) a *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the period as to which such quarterly report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Issuer on a *pro forma* basis (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense and, if unreasonable expense would be incurred by the Issuer in such preparation, in the case of a material acquisition, only provide any actually available financial information for the most recent interim or annual period for the acquired entity); (c) an operating and financial review of the unaudited financial statements (in a scope that is substantially comparable to the information contained in the "*Operating and Financial Review*" of this Offering Circular); and (d) material recent developments;

(c) within 90 days after the end of the Issuer's first and third fiscal quarters in each fiscal year beginning with the fiscal quarter ending June 24, 2017, a trading update in respect of such fiscal quarter consistent with past practice; and

(d) as soon as reasonably practicable after the occurrence of any material acquisition, disposition or restructuring of the Issuer and its Restricted Subsidiaries, taken as a whole, and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Issuer on a *pro forma* basis or any change in the Chief Financial Officer or Chief Executive Officer of the Issuer or change in auditors of the Issuer, a report containing a description of such event,

provided, however, that the reports set forth in clauses (a), (b), (c) and (d) above will not be required to (1) contain any reconciliation to U.S. generally accepted accounting principles, (2) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Issuer or (3) include any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Circular. All financial statements shall be prepared in accordance with IFRS.

For so long as the Issuer is listed on the Main Market of the London Stock Exchange:

(a) the Issuer will be deemed to have complied with its obligations pursuant to clause (a) of the first paragraph of this covenant if it has published on a website maintained by the Group (or otherwise made publicly available in accordance with the rules of the U.K. Listing Authority) an annual report meeting the requirements of Art. 3 of the Luxembourg Law of January 11, 2008 in transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "*Transparency Law*") within the time periods set out in such clause (a);

(b) the Issuer will be deemed to have complied with its obligations pursuant to clause (b) of the first paragraph of this covenant if it has published on a website maintained by the Group (or otherwise made publicly available in accordance with the rules of the U.K. Listing Authority) a semi-annual report meeting the requirements of Art. 4 of the Transparency Law within the time periods set out in such clause (b); and

(c) the Issuer will be deemed to have complied with its obligations pursuant to clause (d) of the first paragraph of this covenant if it has complied with the applicable rule(s) of the U.K. Listing Authority in respect of the occurrence of such event.

Substantially concurrently with the issuance to the Trustee after the Issue Date of the reports specified in paragraph (a), (b), (c) or (d) above, the Issuer will also (1) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Issuer in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability), or (2) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (1) after the use of its commercially reasonable efforts, furnish such reports to the Holders and prospective purchasers of the Notes, upon their request. The publication of the reports specified in paragraph (a), (b), (c) or (d) above pursuant to clauses (i) or (ii) of the immediate preceding sentence will be deemed to satisfy the Issuer's obligations to provide such reports to the Trustee.

In the event the Issuer becomes an SEC registrant and subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) with the SEC, make available to the Trustee the annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in this covenant.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Issuer shall furnish to the Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Issuer will also make available copies of all reports required by clauses (a) through (c) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, at the offices of the Registrar in Luxembourg.

Impairment of Security Interest

The Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would or is reasonably likely to, in each case, in the good faith determination of the Issuer, have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Trustee, the Security Agent and the holders of the Notes (other than of any Additional Notes), the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), *provided* that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) subject to the second paragraph of this covenant, the Issuer and its Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments, extensions, renewals, restatements, supplements, modifications or replacements to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent permitted under the Indenture (including by way of release and retaking of Security Documents), (iii) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Issuer, a Guarantor or any security provider, as applicable, and the assumption by such successor of the obligations under the Indenture, the Notes, the Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, in each case, in accordance with the caption "*—Certain Covenants—Merger and Consolidation*", (vi) provide for the release of property and assets constituting Collateral from the Liens created under the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this Description of Notes, (viii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (ix) provide for Additional Notes to also benefit from the Collateral, or (x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) and (iv) through (x)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, the Issuer delivers to the Trustee and the Security Agent, either:

(1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the grantor of the security and the Issuer and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(2) a certificate from the Board of Directors or responsible accounting or financial officer of the Issuer (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the grantor of the security and the Issuer and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary assumptions, exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that this covenant is complied with, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to and enter into all necessary documentation to implement such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the Holders.

Merger and Consolidation

The Issuer

(a) The Issuer will not consolidate with or merge with or into, or convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets taken as a whole in one or more related transactions, to any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Issuer") is a Person organised and existing under the laws of Luxembourg or any other member state of the European Union, the United Kingdom, or the United States of America, any State thereof or the District of Columbia, and the Successor Issuer (if not the Issuer) expressly assumes all the obligations of the Issuer under the Notes, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately after giving *pro forma* effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Issuer or, if applicable, the Successor Issuer could Incur at least £1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (B) the Consolidated Coverage Ratio of the Issuer (or, if applicable, the Successor Issuer with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Issuer immediately prior to giving effect to such transaction;

(iv) each Guarantor (other than (x) any Guarantor that will be released from its obligations under its Note Guarantee in connection with such transaction and (y) any party to any such consolidation or merger) shall have delivered a supplemental indenture or other document or instrument in form reasonably satisfactory to the Trustee, confirming its Note Guarantee (other than any Note Guarantee that will be discharged or terminated in connection with such transaction); and

(v) the Issuer will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph; *provided* that (x) in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact, and (y) no Opinion of Counsel will be required for a consolidation, merger or transfer described in paragraph (b) of this covenant.

Guarantors

(b) A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Indenture) will not consolidate with or merge with or into, or convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries taken as a whole in one or more related transactions, to any Person, unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(ii) either

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture and appropriate Security Documents in a form reasonably satisfactory to the Trustee; or

(b) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, the Issuer will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (ii) of paragraph (a) and (i) of paragraph (b) of this covenant will not apply to (1) any consolidation or merger among Guarantors or (2) any consolidation or merger among the Issuer and any Guarantor or (3) any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer or (4) a transaction in which the Issuer or a Guarantor consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate solely for the purpose of reincorporating or reorganising the Issuer or a Guarantor in another jurisdiction or changing its legal structure to a corporation or other entity or (y) a Restricted Subsidiary of the Issuer so long as all assets of the Issuer and the Restricted Subsidiaries of the Issuer immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by the Issuer and its Restricted Subsidiaries immediately after the consummation thereof.

Upon any transaction involving the Issuer in accordance with this covenant, in which the Issuer is not the Successor Issuer, the Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, and thereafter the predecessor Issuer will be relieved of all obligations and covenants under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, except that the predecessor Issuer in the case of a lease of all or substantially all its assets will not be released from its obligation to pay the principal of and interest on the Notes.

Financial Calculations for Limited Condition Acquisitions

In connection with any Limited Condition Acquisition, and any related transactions (including any financing thereof), at the Issuer's election, (a) compliance with any requirement relating to the absence of a Default or Event of Default may be determined as of the date a definitive agreement for such Limited Condition Acquisition, is entered into (the "effective date") and not as of any later date as would otherwise be required under the Indenture, and (b) any calculation of the Consolidated Coverage Ratio, the Consolidated Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio or any amount based on a percentage of Consolidated Total Assets, or any other determination under any basket or ratio under the Indenture, may be made as of such effective date and, to the extent so made, will not be required to be made at any later date as would otherwise be required under the Indenture, giving *pro forma* effect to such Limited Condition Acquisition, and any related transactions (including any Incurrence of Indebtedness and the use of proceeds thereof). The Indenture will also provide that, if the Issuer makes such an election, any subsequent calculation of any such ratio, percentage and/or basket (unless the definitive agreement for such Limited Condition Acquisition expires or is terminated without its consummation) shall be calculated on an equivalent *pro forma* basis. As used herein, the term "Limited Condition Acquisition" means any acquisition by one or more of the Issuer and its Restricted Subsidiaries of any assets, business or Person or any other Investment permitted by the Indenture whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

Listing

The Issuer shall use its commercially reasonable efforts to obtain and, for so long as the Notes are outstanding, maintain thereafter the listing of such Notes on the Official List of the Luxembourg Stock Exchange or, if at any time the Issuer determines that it shall not obtain or maintain such listing on the Official List of the Luxembourg Stock Exchange, or if maintenance of such listing becomes unduly onerous, it shall, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange and their withdrawal from trading on the Luxembourg Stock Exchange's Euro MTF Market, use all commercially reasonable efforts to list and maintain thereafter a listing of such Notes on another internationally recognised stock exchange.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any Guarantor of any Indebtedness permitted pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" (and, in each case, such Indebtedness shall be (x) Senior Indebtedness of the Issuer or a Guarantor or (y) Subordinated Obligations or a Guarantor Subordinated Obligation), the Issuer, the relevant Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorised Representatives) an amended and/or restated Intercreditor Agreement or an additional intercreditor agreement (an "Additional Intercreditor Agreement") containing substantially the same terms as the Intercreditor Agreement (or terms more favourable to the Holders) including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as are necessary to facilitate compliance with the covenant described under the caption "*Certain Covenants—Future Guarantors*") and priority and release of the Security Documents (or such other terms or with such changes as the Issuer may in good faith determine to be necessary or appropriate relating to the Security Documents, in connection with the Incurrence of such Indebtedness, *provided* that such other terms are not materially more adverse to the Holders taken as a whole than the terms contained in the Intercreditor Agreement); *provided*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement without the consent of the Trustee and the Security Agent. Pursuant to any such Additional Intercreditor Agreements, such other Indebtedness may constitute Senior Indebtedness or Subordinated Obligations or Guarantor Subordinated Obligations. If more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict in any material respect.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement or any Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Issuer or any of its Subsidiaries that is subject to any Intercreditor Agreement or any Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness that is contractually subordinated in right of payment to the Notes or the Note Guarantees, as applicable), (3) add Guarantors to any Intercreditor Agreement or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes (including Additional Notes), or confirm and evidence the release, termination or discharge of any Note Guarantee or Lien (including Liens on the Collateral and the Security Documents) when such release, termination or discharge is provided for or permitted under the Indenture, any Intercreditor Agreement or any Additional Intercreditor Agreement, (5) make provision for pledges of the Collateral securing Additional Notes to rank *pari passu* with the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Issuer under any Intercreditor Agreement or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement or any Additional Intercreditor Agreement that would limit or terminate the benefits available to any holder of Senior Indebtedness of a Guarantor (or any Representative thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement or Additional Intercreditor Agreement, (8) conform the text of any Intercreditor Agreement or Additional Intercreditor Agreement to any provision of this "*Description of Notes*", or

(9) make any other change to any Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. The Issuer shall not otherwise direct the Trustee and the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendments and waivers," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee and the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee and the Security Agent under the Indenture or any Intercreditor Agreement or an Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee and the Security Agent shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have irrevocably appointed the Trustee and the Security Agent to act on its behalf to enter into and comply with the provisions of such Intercreditor Agreement or Additional Intercreditor Agreement.

A copy of each Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Trustee and, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market and the rules and regulations of the Luxembourg Stock Exchange so require, at the offices of the Registrar in Luxembourg.

Events of Default

An "Event of Default" means the occurrence of the following:

(i) a default in any payment of interest on any Note when due, continued for a period of 30 days;

(ii) a default in the payment of principal of any Note when due, whether at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration of acceleration or otherwise;

(iii) the failure by the Issuer to comply with its obligations under paragraph (a) of the covenant described under the caption "*—Certain Covenants—Merger and Consolidation*";

(iv) the failure by the Issuer to comply for 60 days after notice with its other agreements contained in the Notes, the Indenture, any of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement to which the Trustee or the Security Agent (in its capacity as Security Agent for the Trustee and the Holders) is a party;

(v) the failure by the Issuer or any Restricted Subsidiary to pay any Indebtedness for borrowed money (other than any Indebtedness owed to the Issuer or any Restricted Subsidiary) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, if the total amount of such Indebtedness so unpaid or accelerated exceeds £25.0 million or its equivalent in a currency other than sterling (the "cross acceleration provision");

(vi) certain events of bankruptcy, insolvency or reorganisation (or similar proceedings affecting the rights of creditors generally) of the Issuer or a Significant Subsidiary, or of other Restricted Subsidiaries that are not Significant Subsidiaries but would, in the aggregate, constitute a Significant Subsidiary if considered as a single Person, pursuant to or within the meaning of any Bankruptcy Law (the "bankruptcy provisions");

(vii) the rendering of any final non-appealable judgment for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful) in excess of £25.0 million or its equivalent in a currency other than sterling against the Issuer or a Significant Subsidiary, or jointly and severally against other Restricted Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment is not subject to appeal and remains outstanding for a period of 90 days following its notification to the judgment debtor and is not discharged, waived or stayed (the "judgment default provision");

(viii) the failure of any applicable Note Guarantee by the Issuer or a Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Notes or the Indenture) or the denial or disaffirmation in writing by the Issuer or any applicable Guarantor that is a Significant Subsidiary of its obligations under the Notes and the Indenture or its Note Guarantee (other than by reason of the termination of the Indenture or such Guarantee or the release of such Note Guarantee in accordance with such Note Guarantee and the Indenture), if such Default continues for 10 days (the "guarantee default provision"); or

(ix) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of £10.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared by a court of competent jurisdiction to be invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provision").

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (iv) will not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes notify the Issuer and the Trustee of the Default and the Issuer or a Guarantor, as applicable, does not cure such Default within the time specified in such clauses after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganisation of the Issuer (or similar proceedings affecting the rights of creditors generally)) occurs and is continuing, the Trustee, if so given notice by the Holders, or the Holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer and the Trustee may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganisation (or similar proceedings affecting the rights of creditors generally) of the Issuer occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Notwithstanding the foregoing, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in clause (v) above shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, and be of no further effect, if within 30 days after such Event of Default arose (x) the Indebtedness that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice, action or other event or condition (as the case may be) giving rise to such Event of Default, or (z) the default in respect of such Indebtedness that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and if so requested by the Trustee, have provided to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due against the Issuer or any Guarantor, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes will be given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 60 days after it occurs. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Issuer will be required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signer thereof knows of any Default that is continuing that occurred during the previous year. The Issuer will also be required to deliver to the Trustee, promptly, and in any event within 30 days, after becoming aware of the occurrence thereof, written notice of any event which would constitute certain Events of Default, their status and what action the Issuer is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document may be amended with the written consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes then outstanding (including, in each case, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by Holders of at least 90% of the aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(i) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver;

(ii) reduce the rate of or extend the time for payment of interest on any Note;

(iii) reduce the principal of or extend the Stated Maturity of any Note;

(iv) reduce the premium payable upon the redemption of any Note, or change the time on which any Note may be redeemed as described under the caption "*—Optional Redemption*" above;

(v) make any Note payable in money other than that stated in such Note;

(vi) impair the legal right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(vii) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Holder in any material respect;

(viii) waive a Default or Event of Default in the payment of principal of, or interest, or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(ix) waive a required redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions "*—Change of Control*" or "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*");

(x) release any Guarantor from any of its obligations under its Note Guarantee, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement);

(xi) release any Lien on Collateral granted for the benefit of the Holders, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement); or

(xii) make any change in the amendment or waiver provisions described in this sentence.

Without the consent of any Holder, the Issuer, any Guarantor, the Trustee and the Security Agent, as applicable, may amend or supplement the Indenture, any Note, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to (i) cure any ambiguity, mistake, omission, defect or inconsistency, (ii) provide for the assumption by a successor of the obligations of the Issuer or any Guarantor under the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document, (iii) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code), (iv) add any Note Guarantees with respect to the Notes, add security to or for the benefit of the Notes, or confirm and evidence the release, termination or discharge of any Note Guarantee, Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination or discharge is provided for or permitted under the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents, (v) add to the covenants of the Issuer for the benefit of the Holders or surrender any right or power conferred upon the Issuer, (vi) provide for or confirm the issuance of Additional Notes in accordance with the limitations set forth in the Indenture (including the establishment of parallel debt in respect thereof or amendment of the parallel debt to allow such Additional Notes to be secured), (vii) to provide that any Indebtedness that becomes or will become an obligation of a Successor Issuer pursuant to a transaction governed by the provisions described under the caption "*—Certain Covenants—Merger and Consolidation*" (and that is not a Subordinated Obligation or a Guarantor Subordinated Obligation) is Senior Indebtedness for purposes of the Indenture, (viii) conform the text of the Indenture, the Notes, any Note Guarantee or the Security Documents to any provision of this "*Description of Notes*", (ix) make any change that does not materially adversely affect the rights of any Holder or (x) make any change to comply with any requirement of the SEC in connection with any qualification of the Indenture under the TIA, or otherwise.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver. Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent Holder of all or part of the related Note. Any such Holder or subsequent Holder may revoke such consent as to its Note by written notice to the Trustee or the Issuer, received thereby before the date on which the Issuer certifies to the Trustee that the Holders of the requisite principal amount of Notes have consented to such amendment or waiver. After an amendment or waiver under the Indenture becomes effective, the Issuer is required to give to Holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment or waiver.

Defeasance

The Issuer may, at its option at any time, terminate all its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those relating to the Trustee, the defeasance and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes. In addition, the Issuer may, at its option at any time, terminate its obligations under certain covenants under the Indenture, including the covenants described under the caption "—Certain Covenants" (other than clauses (i) and (ii) of paragraph (a) under the caption "*—Certain Covenants—Merger and Consolidation*") and the caption "*—Change of Control*", the operation of the default provisions relating to such covenants described under the caption "*—Events of Default*" above, and the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision, the guarantee default provision and the security default provision, described under the caption "*—Events of Default*" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (iv), (as it relates to the covenants described under the caption "*—Certain Covenants*" above), (v), (vi) (in the case of clause (vi) with respect to Restricted Subsidiaries of the Issuer only), (vii) or (viii) under the caption "*—Events of Default*" above or because of the failure of the Issuer to comply with clause (a)(ii) or (iii) or (iv) under the covenant described under the caption "*—Certain Covenants—Merger and Consolidation*" above.

Either defeasance option may be exercised to any redemption date or to the maturity date for the Notes. In order to exercise either defeasance option, the Issuer must irrevocably deposit with the Trustee or with a person designated by the Trustee and approved by the Issuer for the benefit of the Holders money, U.K. Government Securities, or a combination thereof, the principal of and interest on which will be sufficient (without reinvestment) to pay principal of, and premium (if any) and interest on, the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of, among other things, an Opinion of Counsel to the effect that Holders of the applicable Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel (x) must be based on a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law since the Issue Date and (y) need not be delivered if all Notes not theretofore delivered to the Registrar for cancellation have become due and payable, will become due and payable at their Stated Maturity within one year, or are to be called for redemption within one year, under arrangements conforming to the requirements of the Indenture in the name, and at the expense, of the Issuer).

Satisfaction and Discharge

The Indenture, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement will be discharged and cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (i) either (a) all Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Registrar for cancellation or (b) all Notes not previously cancelled or delivered to the Registrar for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) have been or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (ii) the Issuer has irrevocably deposited or caused to be deposited with the Trustee or with a person designated by the Trustee and approved by the Issuer money, U.K. Government Securities or a combination thereof, sufficient (without reinvestment) to pay and discharge the entire indebtedness on the Notes not previously cancelled or delivered to the Registrar for cancellation, for principal, premium, if any, and interest to the date of redemption or their Stated Maturity, as the case may be, *provided* that if such redemption is made pursuant to the provisions described in the third paragraph under the caption "*—Optional Redemption*", (x) the amount of money or U.K. Government Securities, or a combination thereof, that the Issuer must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit or calculated by the Issuer in good faith and (y) the Issuer must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date; (iii) the Issuer has paid or caused to be paid all other sums then payable under the Indenture by the Issuer; and (iv) the Issuer has delivered to the Registrar and the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (i), (ii) and (iii)).

Concerning the Trustee and the Security Agent

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee will be permitted to engage in transactions with the Issuer and the Guarantors; *provided*, *however*, that if it acquires any conflicting interest, it must either eliminate such conflict or resign.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for the removal of the Trustee and the appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture provides for the indemnification of the Trustee in connection with its actions under the Indenture.

Deutsche Bank AG, London Branch will initially act as Security Agent under the Security Documents on behalf of the Trustee and the Holders. The Security Agent, acting in its capacity as such, shall have such duties with respect to the Collateral as are set forth in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Under certain circumstances, the Security Agent may have obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents that are in conflict with the interests of the Holders. In addition, Deutsche Bank AG, London Branch also acts as security agent under the initial Senior Facilities Agreement. The Security Agent will be under no obligation to exercise any rights or powers conferred under the Indenture or any of the Security Documents for the benefit of the Holders unless such Holders have offered to the Security Agent indemnity and/or security reasonably satisfactory to the Security Agent against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Security Agent, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Security Documents and has not relied on or will not at any time rely on the Security Agent in respect of such risks.

No personal liability of directors, officers, employees, incorporators and stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Subsidiary thereof will have any liability for any obligation of the Issuer or any Guarantor under the Indenture, the Notes, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Issuer, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes or other governmental charges payable in connection with the transfer or exchange. The Issuer will not be required to transfer or exchange any Note selected for redemption or repurchase or to transfer or exchange any Note for a period of 15 Business Days prior to the day of the mailing of the notice of redemption or purchase. The Notes will be issued in registered form and the Holder will be treated as the owner of such Note for all purposes. For further information about transfer and exchange procedures, see the section titled "*Book-Entry; Delivery and Form*".

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. For Notes which are represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery of the relevant notices to Euroclear and Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made, *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Currency Indemnity and Calculation of Sterling-denominated Restrictions

The sterling is the sole currency of account with respect to the Notes and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than sterling, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder of a Note, as the case may be, or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall only constitute a discharge to the Issuer or any Guarantor to the extent of the sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that sterling amount is less than the sterling amount expressed to be due to the recipient or the Trustee under any Note the Issuer will indemnify them against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in reasonable detail in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities, to the extent permitted by law, constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out under the caption "*—Currency Indemnity and Calculation of Sterling-denominated Restrictions*") and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a non-sterling currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-sterling amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since most of the managers and executive officers of the Issuer and its Subsidiaries are not residents of the United States, and most of the assets of the Issuer and its Subsidiaries are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. See the section titled "*Enforcement of Civil Liabilities*".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Notes Guarantees will be prescribed ten years after the applicable due dates for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest will be prescribed five years after the applicable due date for the payment of interest.

Governing Law

The Indenture will provide that it, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. For the avoidance of doubt, the application of articles 86 to 94-8 of the Luxembourg Companies Law shall be expressly excluded. The Intercreditor Agreement and the Senior Facilities Agreement will be governed by, and construed in accordance with, English law. The Collateral will be governed by English and Luxembourg law.

The Issuer has not qualified and does not expect to qualify the Indenture under the TIA. The Indenture will accordingly not be subject to the TIA, and will not contain any provision corresponding or similar to certain provisions of the TIA that would otherwise apply if the Indenture were so qualified, including TIA §316(b).

Consent to Jurisdiction and Service

The Issuer and Guarantors will appoint National Registered Agents Inc. as agent for actions relating to the Notes or the Indenture brought in any U.S. federal or state court located in the Borough of Manhattan in The City of New York and will submit to such jurisdiction.

Certain Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalised terms used in this "Description of Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person is merged with or into or becomes a Subsidiary or (ii) assumed in connection with the acquisition of properties or assets from such Person, in each case other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Additional Assets" means (i) any property or assets that replace the property or assets that are the subject of an Asset Disposition; (ii) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer or a Restricted Subsidiary or otherwise useful in a Related Business and any capital expenditures in respect of any property or assets already so used; (iii) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or another Restricted Subsidiary; or (iv) Capital Stock of any Person that at such time is a Restricted Subsidiary acquired from a third party.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Security Principles" means the Agreed Security Principles as set out in a schedule to the Senior Facilities Agreement as amended from time to time, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"Applicable Premium" means, with respect to a Note on any redemption date, the greater of (A) 1% of the principal amount of such Note and (B) the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) the redemption price of such Note at February 1, 2019 (such redemption price (expressed in a percentage of the principal amount) being set forth in the table under the second paragraph in the caption "*—Optional Redemption*"), plus (ii) all required remaining scheduled interest payments due on such Note to and including February 1, 2019 (excluding accrued and unpaid interest), computed using a discount rate equal to the Gilt Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Note on such redemption date,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, *provided* that such calculation shall not be a duty or obligation of the Trustee or any Paying Agent.

"Asset Disposition" means any sale, lease, transfer or other disposition of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares, or shares to be held by third parties to meet applicable legal requirements), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), other than:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition in the ordinary course of business;

(3) a disposition of Cash Equivalents or Temporary Cash Investments;

(4) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(5) any Restricted Payment Transaction;

(6) a disposition that is governed by the provisions described under the captions "*—Certain Covenants—Merger and Consolidation*" or "*—Change of Control*";

(7) any Financing Disposition;

(8) any "fee in lieu" or other disposition of assets to any governmental authority or agency that continue in use by the Issuer or any Restricted Subsidiary, so long as the Issuer or any Restricted Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee;

(9) any exchange of property pursuant to or intended to qualify under Section 1031 (or any successor section) of the Code, or any exchange of equipment to be leased, rented or otherwise used in a Related Business;

(10) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including without limitation any sale/leaseback transaction or asset securitisation, in the ordinary course of business;

(11) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets or exercise of termination rights under any lease, licenses, concession, or other agreement;

(12) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(13) a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), entered into in connection with such acquisition;

(14) a disposition of Capital Stock which are directors' qualifying shares or which are *de minimis* holdings of Capital Stock to comply with legal or regulatory requirements;

(15) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the reasonable opinion of the Issuer, no longer economically practicable to maintain or useful in the conduct of the business of the Issuer and its Subsidiaries taken as a whole;

(16) any disposition or series of related dispositions for aggregate consideration not to exceed £10.0 million;

(17) any license, sub-license or other grant of rights in or to any trademark, copyright or other intellectual property;

(18) the creation or granting of any Lien permitted under the Indenture;

(19) any disposition in connection with a Tax Sharing Agreement; or

(20) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets.

"Bank Basket Sterling Amount" means an amount equal to (i) £300.0 million *plus* (ii) the greater of £150.0 million and 70% of LTM EBITDA, *plus* (iii) in the event of any refinancing of any Indebtedness Incurred under the basket permitting Indebtedness up to the Bank Basket Sterling Amount, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing.

"Bank Indebtedness" means any and all amounts, whether outstanding on the Issue Date or thereafter incurred, payable under or in respect of any Credit Facility, including without limitation principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Issuer or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Bank Products Agreement" means any agreement pursuant to which a bank or other financial institution agrees to provide (a) treasury services, (b) credit card, merchant card, purchasing card or stored value card services (including, without limitation, the processing of payments and other administrative services with respect thereto), (c) cash management services (including, without limitation, controlled disbursements, automated clearinghouse transactions, return items, netting, overdrafts, depository, lockbox, stop payment, electronic funds transfer, information reporting, wire transfer and interstate depository network services) and (d) other banking products or services as may be requested by the Issuer or any Restricted Subsidiary (other than letters of credit and other than loans and advances except indebtedness arising from services described in paragraphs (a) to (c) above).

"Bank Products Obligations" of any Person means the obligations of such Person pursuant to any Bank Products Agreement.

"Bankruptcy Law" means the U.K. Insolvency Act 1986, as amended (together with the rules and regulations made pursuant thereto),Title 11, U.S. Code, or any similar U.S. federal, state or non-U.S. law or Luxembourg (or any political subdivision thereof) law, for the relief of debtors (but excluding for the avoidance of doubt, any solvent winding up or other solvent process) or any amendment to, succession to or change in such law.

"Bloomberg" means any private electronic information service provided by Bloomberg L.P. or any of its Affiliates, or any of their respective successors.

"Board of Directors" means, for any Person, the board of directors or managers or other governing body of such Person or, if such Person does not have such board of directors, managers or other governing body, and is owned or managed by a single entity, the Board of Directors of such entity, or, in either case, any committee thereof duly authorised to act on behalf of such Board of Directors. Unless otherwise provided, "Board of Directors" means the Board of Directors of the Issuer.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorised or required by law to close in Luxembourg, London or New York City.

"Capital Stock" of any Person means any and all shares of, partnership interest in, membership in, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalised Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalised or finance lease for financial reporting purposes in accordance with IFRS. The Stated Maturity of any Capitalised Lease Obligation shall be the date of the last scheduled payment of rent or any other amount due under the related lease without penalty.

"Cash Equivalents" means any of the following: (a) securities issued or fully guaranteed or insured by the United States of America, the United Kingdom or a member state of the European Union, Switzerland or Canada or any agency or instrumentality of any thereof, (b) overnight bank deposits, time deposits, certificates of deposit or bankers' acceptances or money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition of (i) any bank or institutional lender under the Revolving Credit Facility or any affiliate thereof or (ii) any commercial bank or trust company having capital and surplus in excess of £250,000,000 and the commercial paper of the holding company of which is rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (c) repurchase obligations with a term of not less than 30 days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above, (d) money market instruments, commercial paper or other short-term obligations rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (e) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (f) investments similar to any of the foregoing denominated in currencies other than euro, sterling or U.S. dollars approved by the Board of Directors and (g) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition.

"Change of Control" means:

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; or

(2) the Issuer merges or consolidates with or into, or sells or transfers (in one or a series of related transactions) all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole, to another Person and any "person" (as defined in clause (1) above), is or becomes the "beneficial owner" (as so defined), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the surviving Person in such merger or consolidation, or the transferee Person in such sale or transfer of assets, as the case may be.

"Change of Control Event" means an event constituting a Change of Control.

"Clearstream" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means the rights, property and assets securing or otherwise benefitting the Notes and/or the Note Guarantees as described under the caption "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees or the Indenture.

"Commodities Agreements" means, in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of (i) LTM EBITDA to (ii) Consolidated Interest Expense for such four fiscal quarters; *provided* that:

(1) if since the beginning of such period the Issuer or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period;

(2) if since the beginning of such period the Issuer or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "Discharge") or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;

(3) if since the beginning of such period the Issuer or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business including any such disposition occurring in connection with a transaction causing a calculation to be made hereunder or designation of a Restricted Subsidiary or an Unrestricted Subsidiary (any such disposition or designation, a "Sale"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to

(A) the Consolidated Interest Expense attributable to any Indebtedness of the Issuer or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Issuer and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;

(4) if since the beginning of such period the Issuer or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder or designated any Unrestricted Subsidiary as a Restricted Subsidiary (any such Investment, acquisition or designation, a "Purchase"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period; and

(5) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Issuer or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (2), (3) or (4) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period;

provided that (in the event that the Issuer shall classify Indebtedness Incurred on the date of determination as Incurred in part under paragraph (a) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and in part under paragraph (b) of such covenant, as provided in paragraph (d)(iii) of such covenant) any such *pro forma* calculation of Consolidated Interest Expense shall not give effect to any such Incurrence of Indebtedness on the date of determination pursuant to such paragraph (b) or to any Discharge of Indebtedness from the proceeds of any such Incurrence pursuant to such paragraph (b).

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Issuer or an authorised responsible financial or accounting Officer of the Issuer. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Issuer or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a sterling currency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Issuer or such Restricted Subsidiary may designate. If any Indebtedness that is being given *pro forma* effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on a Capitalised Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalised Lease Obligation in accordance with IFRS.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication (in each case on a consolidated basis in accordance with IFRS):

(1) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) and any charge for such taxes incurred by the Issuer or a Restricted Subsidiary pursuant to a Tax Sharing Agreement; *plus*

(2) Consolidated Interest Expense for such period; *plus*

(3) depreciation, amortisation or impairment (including but not limited to amortisation of goodwill and intangibles and amortisation and write-off of financing costs and write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) and any non-cash charges, non-cash losses, or non-cash provisions for reserves for discontinued operations, in each case, other than any non-cash items for which a future cash payment will be required and for which an accrual or reserve is required by IFRS to be made, to the extent that such depreciation, amortisation and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(4) any expenses or charges related to any Equity Offering, Investment or Indebtedness permitted by the Indenture (whether or not consummated or incurred, and including any offering or sale of Capital Stock to the extent the proceeds thereof were intended to be contributed to the equity capital of the Issuer or its Restricted Subsidiaries) and any expenses or charges related to the Transactions; *plus*

(5) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Hedging Obligations or other derivative instruments; *plus*

(6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period, except to the extent of cash dividends declared or paid on, or other cash payments in respect of, Capital Stock held by such parties; *plus*

(7) any gain or loss relating to the fair value of the pension asset or liability calculated in accordance with the 'corridor test' under IFRS; *plus*

(8) any non-recurring fees or charges or non-cash interest attributable to a post-employment benefit scheme or a management or employee benefit scheme, in each case other than the current service costs attributable to any such scheme; *plus*

(9) the amount of net cost savings projected by the Issuer in good faith to be realised as the result of actions taken or to be taken on or prior to the date that is 18 months after the consummation of any operational change (calculated on a *pro forma* basis as though such cost savings had been realised on the first day of such period), net of the amount of actual benefits realised during such period from such actions (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the proviso to the definition of "Consolidated Coverage Ratio", "Consolidated Net Leverage Ratio" or "Consolidated Secured Net Leverage Ratio"); *minus*

(10) (other than any non-cash items reducing such Consolidated Net Income pursuant to clauses (1) – (14) of the definition thereof) non-cash items increasing such Consolidated Net Income for such period, other than (i) any items which represent the reversal in such period of any accrual of, or cash reserve for, anticipated charges in any prior period where such accrual or reserve is no longer required; or (ii) items related to percentage of completion accounting.

"Consolidated Interest Expense" means, for any period, (i) the total interest expense of the Issuer and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Issuer and its Restricted Subsidiaries and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under IFRS and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period, including without limitation any such interest expense consisting of (a) interest expense attributable to Capitalised Lease Obligations, (b) amortisation of debt discount, (c) interest in respect of Indebtedness of any other Person that has been guaranteed by the Issuer or any Restricted Subsidiary, but only to the extent that such interest is actually paid by the Issuer or any Restricted Subsidiary, (d) non-cash interest expense on Indebtedness, (e) the interest portion of any deferred payment obligation and (f) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, plus (ii) Preferred Stock dividends paid in cash in respect of Disqualified Stock of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary and minus (iii) to the extent otherwise included in such interest expense referred to in clause (i) above, Special Purpose Financing Fees, any interest expense in relation to any guarantee, indemnity, performance bond, standby letter of credit or similar instrument issued in respect of commercial obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business and any arrangement, underwriting and participation fees and similar issuance costs, agency and fronting fees and repayment and prepayment or early redemption premiums, fees or costs, in each case under clauses (i) through (iii) as determined on a Consolidated basis in accordance with IFRS; *provided* that gross interest expense shall be determined after giving effect to any net payments made or received by the Issuer and its Restricted Subsidiaries with respect to Interest Rate Agreements and Currency Agreements.

"Consolidated Net Income" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries, determined on a Consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not the Issuer or a Restricted Subsidiary, except that subject to the limitations contained in clause (3) below, the Issuer's or any Restricted Subsidiary's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed in cash by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for purposes of determining the amount available for Restricted Payments under clause (a)(iv)(3)(A) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary that is not a Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted Subsidiary, directly or indirectly, to its parent company by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (w) restrictions that have been waived or otherwise released, (x) restrictions pursuant to the Notes or the Indenture or other Senior Indebtedness, (y) restrictions permitted pursuant to clauses (1) and (7) of the covenant described under the caption "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*", and (z) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favourable to the Holders than such restrictions in effect on the Issue Date as determined by the Issuer in good faith), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount in cash of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause (2));

(3) (x) any net gain or loss realised upon the sale or other disposition of any asset of the Issuer or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors), and (y) any net after-tax gain or loss realised upon the disposal, abandonment or discontinuation of operations of the Issuer or any Restricted Subsidiary;

(4) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge and any exceptional or one off item (including fees, expenses and charges associated with the Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions) and any actual or aborted acquisition, merger or consolidation after the Issue Date), any severance (which, for the avoidance of doubt, shall include retention, integration or excess pension or other excess charges), relocation, consolidation, closing, integration, facilities, stores and/or warehouses opening, business optimisation, transition or restructuring costs, charges or expenses, any signing, retention or completion bonuses, and any costs associated with curtailments or modifications to pension and post-retirement employee benefit plans, excluding, for the avoidance of doubt, any gains or benefits received in respect of rent free periods under leases;

(5) the cumulative effect of a change in accounting principles;

(6) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness;

(7) any unrealised gains or losses in respect of Hedge Agreements or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(8) any unrealised foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person;

(9) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(10) to the extent otherwise included in Consolidated Net Income, any unrealised foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charge, expense or other impact attributable to application of the purchase or recapitalisation method of accounting (including the total amount of depreciation and amortisation, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalisation accounting adjustments);

(12) any goodwill or other intangible asset impairment charges;

(13) any gain or loss associated with the sale or write down or recalculation of assets not in the ordinary course of business, or any gain or loss associated with the disposal of leases not in the ordinary course of business; and

(14) any losses to the extent covered by business interruption or similar insurance and to the extent the proceeds are actually received.

Notwithstanding the foregoing, for the purpose of clause (a)(a)(iv)(3)(A) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*" only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Issuer or a Restricted Subsidiary, and any income consisting of return of capital, repayment or other proceeds from dispositions or repayments of Investments consisting of Restricted Payments, in each case to the extent such income would be included in Consolidated Net Income and such related dividends, repayments, transfers, return of capital or other proceeds are applied by the Issuer to increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(a)(iv)(3)(C) or (a)(a)(iv)(3)(D) thereof.

"Consolidated Net Indebtedness" means, as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Indebtedness of the Issuer and its Restricted Subsidiaries as of such date (other than (1) Hedging Obligations and (2) Indebtedness of a type referred to in, or Incurred pursuant to, clause (b)(ix) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*") *minus* (ii) the aggregate amount of all cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, in each case determined on a Consolidated basis in accordance with IFRS (but excluding items eliminated in Consolidation); *provided* that such cash and Cash Equivalents shall be adjusted to normalise the impact of increases or decreases in Consolidated Working Capital during the relevant four quarter period by increasing or decreasing the amount of Cash on such date of determination based on the average Consolidated Working Capital during such four quarter period as determined in good faith by the Chief Financial Officer of the Issuer or an authorised responsible financial or accounting Officer of the Issuer; *provided further* that such cash and Cash Equivalents shall exclude the proceeds of any Indebtedness in respect of which such calculation was made.

"Consolidated Net Leverage Ratio" means, as of any date of determination, the ratio of (i) Consolidated Net Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided*, that:

(1) if since the beginning of such period the Issuer or any Restricted Subsidiary shall have made a Sale (as defined under the definition of "Consolidated Coverage Ratio"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if since the beginning of such period the Issuer or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of "Consolidated Coverage Ratio") (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Issuer or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Issuer or an authorised responsible financial or accounting Officer of the Issuer.

"Consolidated Secured Net Indebtedness" means, as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Secured Indebtedness of the Issuer and its Restricted Subsidiaries as of such date (other than (1) Hedging Obligations, (2) Indebtedness of a type referred to in, or Incurred pursuant to, clause (b)(ix) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" and (3) Indebtedness secured only by property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby) *minus* (ii) the aggregate amount of all cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, in each case determined on a Consolidated basis in accordance with IFRS (but excluding items eliminated in Consolidation); *provided* that such cash and Cash Equivalents shall be adjusted to normalise the impact of increases or decreases in Consolidated Working Capital during the relevant four quarter period by increasing or decreasing the amount of Cash on such date of determination based on the average Consolidated Working Capital during such four quarter period as determined in good faith by the Chief Financial Officer of the Issuer or an authorised responsible financial or accounting Officer of the Issuer; *provided further* that such cash and Cash Equivalents shall exclude the proceeds of any Indebtedness in respect of which such calculation was made.

"Consolidated Secured Net Leverage Ratio" means, as of any date of determination, the ratio of (i) Consolidated Secured Net Indebtedness as at such date (subject to the proviso below, after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided* that:

(1) if, since the beginning of such period, the Issuer or any Restricted Subsidiary shall have made a Sale (as defined in the definition of "Consolidated Coverage Ratio"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of Consolidated Coverage Ratio) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Issuer or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that, in the event that the Issuer shall classify Indebtedness Incurred on the date of determination that is secured by Liens on property or assets of the Issuer and its Restricted Subsidiaries, as Incurred in part pursuant to paragraph (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" and in part pursuant to one or more clauses or subclauses of paragraph (b) of such covenant (as provided in clauses (ii) and (iii) of paragraph (d) of such covenant), Consolidated Secured Net Indebtedness shall not include any such Indebtedness (and shall not give effect to any Discharge of Consolidated Secured Net Indebtedness from the proceeds thereof) to the extent Incurred pursuant to any such clause or subclause of such paragraph (b).

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Issuer or an authorised, responsible financial or accounting Officer of the Issuer.

"Consolidated Total Assets" means, as of any date of determination, the total assets excluding any increase or decrease in asset carrying value of Hedging Obligations, in each case shown on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as of the most recently ended fiscal quarter of the Issuer for which such a balance sheet is available, determined on a Consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or Liens or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

"Consolidated Working Capital" means, at the date of determination thereof, the aggregate amount of all current assets (excluding cash, Cash Equivalents, pensions assets, interest receivable, income or corporation tax receivable, deferred taxes recorded as assets, the effects (if any) of the application of purchase accounting and the fair value of Hedging Obligations or other derivative transactions) minus the aggregate amount of all current liabilities (excluding any Bank Indebtedness consisting of revolving loans, current maturities of Indebtedness, interest payable, deferred consideration payable for acquisitions, provisions (including, without limitation, accounting for lease incentives), pensions liabilities, restructuring costs payable, corporation tax payable, distributions and redemptions payable, the effects (if any) of the application of purchase accounting and the fair value of any Hedging Obligations or other derivative transactions).

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Issuer in accordance with IFRS; *provided* that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Issuer or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Contribution Amounts" means the aggregate amount of capital contributions applied by the Issuer to permit the Incurrence of Contribution Indebtedness pursuant to clause (b)(xi) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*".

"Contribution Indebtedness" means Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount, together with any Indebtedness refinancing such Indebtedness, not greater than the aggregate amount of cash contributions (other than Excluded Contributions, the proceeds from the issuance of Disqualified Stock or contributions by the Issuer or any Restricted Subsidiary) made to the equity capital of the Issuer or such Restricted Subsidiary (in each case, other than by a Subsidiary of the Issuer) (whether through the issuance or sale of Capital Stock or otherwise) in each case after the Issue Date; *provided* that such Contribution Indebtedness:

(1) is Incurred within 180 days after the making of the related cash capital contribution; and

(2) is so designated as "Contribution Indebtedness" pursuant to an Officer's Certificate no later than the date of Incurrence thereof.

Any sale of Capital Stock or capital contribution that forms the basis for an incurrence of Contribution Indebtedness will be disregarded for purposes of the "Restricted Payments" covenant and will not be considered to be an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture.

"Credit Facilities" means one or more of (i) the Senior Credit Facilities and (ii) other facilities or commercial paper facilities or indentures or trust deeds or note purchase agreements or arrangements designated by the Issuer, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or inventory financings (including, without limitation, through the sale of receivables or inventory to such institutions or to special purpose entities formed to borrow from such institutions against such receivables, inventory or real estate or the creation of any Liens in respect of such receivables or inventory in favour of such institutions), letters of credit, bonds, notes, debentures or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, novated, restated, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Currency Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

"Default" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Non-cash Consideration" means the Fair Market Value of noncash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation.

"Designated Preferred Stock" means Preferred Stock of the Issuer (other than Disqualified Stock) that is issued after the Issue Date for cash (other than to a Restricted Subsidiary) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate of the Issuer; *provided* that the cash proceeds of such issuance shall be excluded from the calculation set forth in clause (a)(a)(iv)(3)(B) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

"Disinterested Directors" means, with respect to any Affiliate Transaction, one or more members of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Issuer, any Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer, or any options, warrants or other rights in respect of any of the foregoing.

"Disqualified Stock" means, with respect to any Person, any Capital Stock (other than Management Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control," or an Asset Disposition) (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control," or an Asset Disposition), in whole or in part, in each case on or prior to the final Stated Maturity of the Notes; *provided* that Capital Stock issued to any employee benefit plan, or by any such plan to any employees of the Issuer or any Subsidiary, shall not constitute Disqualified Stock solely because it may be required to be repurchased or otherwise acquired or retired in order to satisfy applicable statutory or regulatory obligations.

"Equity Offering" means a sale of Capital Stock (x) that is a sale of Capital Stock of the Issuer (other than Disqualified Stock) or (y) proceeds of which in an amount equal to or exceeding the Redemption Amount are contributed to the Issuer or any of its Restricted Subsidiaries (other than an Excluded Contribution).

"Escrowed Proceeds" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System as currently in effect or any successor securities clearing agency.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended as in effect on the Issue Date.

"Excluded Contribution" means Net Cash Proceeds, or the Fair Market Value of property or assets, received by the Issuer as capital contributions to the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Issuer, in each case to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer and not previously included in the calculation set forth in clause (a)(a)(iv)(3)(B)(x) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*" for purposes of determining whether a Restricted Payment may be made.

"Fair Market Value" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Board of Directors, whose determination will be conclusive.

"Financing Disposition" means any sale, assignment, transfer (including, without limitation, by way of trust), conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets (a) by the Issuer or any Subsidiary thereof to or in favour of any Special Purpose Entity, (or in the case of a Lien, a security agent or security trustee) or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets or (b) by the Issuer or any Subsidiary thereof to or in favour of any Special Purpose Entity that is not a Special Purpose Subsidiary.

"Foreign Subsidiary" means any Subsidiary of the Issuer that is not organised under the laws of the United Kingdom and any Subsidiary of such Foreign Subsidiary.

"Gilt Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to February 1, 2019; provided, however, that if the period from such redemption date to February 1, 2019 is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

"Group" means the Issuer and its Restricted Subsidiaries from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person (whether arising by agreements to keep-well, to take or pay or to maintain financial condition, pledges of assets or otherwise); *provided* that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantor" means (a) initially, the Initial Guarantors and (b) any Restricted Subsidiary that enters into a Note Guarantee of the Notes in accordance with the terms of the Indenture, in each case, together with their respective successors and assigns.

"Guarantor Subordinated Obligations" means, with respect to a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date for the Initial Guarantors or thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Guarantor under its Note Guarantee pursuant to a written agreement.

"Hedge Agreements" means, collectively, Interest Rate Agreements, Currency Agreements and Commodities Agreements.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"Holder" means a Person in whose name a Note is registered in a register maintained by the transfer agent and reflecting ownership of the Notes.

"IFRS" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant described under the caption "Reports" as in effect from time to time; *provided* that, at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect from time to time. The Issuer shall give notice of any such election to the Trustee and the Holders. Notwithstanding the foregoing, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Issuer or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect on the Issue Date (as determined in good faith by a responsible accounting or financial officer of the Issuer).

"Incur" means issue, assume, enter into any guarantee of, incur or otherwise become liable for; and the terms "Incurs," "Incurred" and "Incurrence" shall have a correlative meaning; *provided* that any Indebtedness or Capital

Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, will not be deemed to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(5) all Capitalised Lease Obligations of such Person;

(6) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Issuer other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the Fair Market Value of such Capital Stock, such Fair Market Value shall be as determined in good faith by senior management of the Issuer, the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of (A) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (B) the amount of such Indebtedness of such other Persons;

(8) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) obligations under a Tax Sharing Agreement, up to an amount not to exceed, with respect to such Taxes, the amount of such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries, (ii) any "parallel debt" obligations created in connection with a Lien created to secure other indebtedness permitted to be incurred under the Indenture or (iii) any guarantee, indemnity, bond, standby letter of credit or similar instrument in respect of commercial obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such guarantees, indemnities, bonds or letters of credit are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the guarantee, indemnity, bond or letter of credit.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, or otherwise shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with IFRS.

"Independent Financial Advisor" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"Initial Guarantors" means B&M European Value Retail 1 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, B&M European Value Retail 2 S.à r.l., EV Retail Limited and B&M Retail Limited.

"Intercreditor Agreement" means the intercreditor agreement to be entered into on or about the Issue Date and made among, *inter alios*, the Issuer, Bank of America Merrill Lynch International Limited (as Initial Senior Agent (as defined therein)), Deutsche Bank AG, London Branch (as Security Agent) and the lenders under the Senior Facilities Agreement, as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture.

"Interest Rate Agreement" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

"Investment" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, dealers, licensees, franchisees, suppliers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" only, (i) "Investment" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary, *provided* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation, (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer and (iii) for purposes of clause (3)(C) of paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments," the amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary shall be the Fair Market Value of the Investment in such Unrestricted Subsidiary at the time of such redesignation. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; *provided*, that to the extent that the amount of Restricted Payments outstanding at any time pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended.

"Investment Grade Rating" means a rating of Baa3 or better by Moody's and BBB- or better by S&P (or, in either case, the equivalent of such rating by such organisation), or an equivalent rating by any other Rating Agency.

"Issuer" means B&M European Value Retail S.A. and any successor in interest thereto.

"Issue Date" means the first date on which Notes are issued.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"LTM EBITDA" means the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters of the Issuer ending prior to the date of determination for which consolidated financial statements of the Issuer are available.

"Luxembourg" means the Grand Duchy of Luxembourg.

"Luxembourg Companies Law" means the law of 10 August 1915 on commercial companies, as amended.

"Management Advances" means (1) loans or advances made to directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary (x) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (y) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility, or (z) for any other purpose (but in the case of this clause (z) not exceeding £7.5 million in the aggregate outstanding at any time), or (2) promissory notes of, or loans to, Management Investors acquired, or made, in connection with the issuance of, or purchase of, Management Stock to, or by, such Management Investors, which are permitted under clause (b)(v) of the covenant described under the caption "*—Certain Covenants—Restricted Payments*".

"Management Investors" means the officers, directors, employees and other members of the management of, or consultants to, the Issuer or its Subsidiaries, or family members or relatives of any of the foregoing, or trusts, partnerships, limited liability companies or other entities for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Restricted Subsidiary.

"Management Stock" means Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the of the Issuer or any Restricted Subsidiary held directly or indirectly by any of the Management Investors.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Net Available Cash" from an Asset Disposition means an amount equal to the cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Taxes required to be paid or to be accrued as a liability under IFRS, in each case as a consequence of or in receipt of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"), (ii) all payments made, and all instalment payments required to be made, on any Indebtedness (x) that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or (y) that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"), or by applicable law, be repaid out of the proceeds from such Asset Disposition, including but not limited to any payments required to be made to increase borrowing availability under any Senior Facilities Agreement, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Issuer or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition, (iv) any liabilities or obligations associated with the assets disposed of in such Asset Disposition and retained, indemnified or insured by the Issuer or any Restricted Subsidiary after such Asset Disposition, including without limitation pension and other post-employment benefit liabilities, liabilities related to environmental matters, and liabilities relating to any indemnification obligations associated with such Asset Disposition, and (v) the amount of any purchase price or similar adjustment (x) claimed by any Person to be owed by the Issuer or any Restricted Subsidiary, until such time as such claim shall have been settled or otherwise finally resolved, or (y) paid or payable by the Issuer or any Restricted Subsidiary, in either case in respect of such Asset Disposition.

"Net Cash Proceeds," with respect to any issuance or sale of any securities of the Issuer or any Subsidiary by the Issuer or any Subsidiary, or any capital contribution, means the cash proceeds of such issuance, sale, contribution or Incurrence net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale, contribution or Incurrence and net of taxes paid or payable as a result thereof.

"Note Guarantee" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Person in accordance with the provisions of the Indenture.

"Obligations" means, with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Issuer or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Officer" means (a) with respect to the Issuer or any Guarantor, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel or the Company Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The legal counsel may be an employee of or counsel to the Issuer.

"Pari Passu Indebtedness" means Indebtedness of the Issuer or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Obligations or Guarantor Subordinated Obligations as the case may be.

"Permitted Collateral Liens" means

(1) Liens arising by operation of law that are described in the definition of "Permitted Liens;"

(2) Liens on the Collateral to secure any Indebtedness of the Issuer or any Restricted Subsidiary that is permitted to be Incurred under clause (i), (iii) (to the extent, in the case of Refinancing Indebtedness under clause (iii), such Refinancing Indebtedness is in exchange for or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge Indebtedness secured with a Permitted Collateral Lien in compliance with the Indenture but, if such Refinancing Indebtedness relates to Indebtedness incurred on the Issue Date under clause (iii), only if a Permitted Collateral Lien over such assets was in place on the Issue Date), (vi)(A) (but only to the extent such guarantee is in respect of Indebtedness that is permitted to be secured on the Collateral pursuant to any other clause of this definition), (viii)(C), (b)(ix), (x) (*provided* that immediately following the Incurrence of Indebtedness pursuant to such clause (x) and after giving effect thereto on a *pro forma* basis, the Consolidated Secured Net Leverage Ratio would have been less than 3.0:1.0 or would not be greater than it was immediately prior to giving effect to the relevant acquisition, merger or consolidation), (b)(xiii) or (xiv) of paragraph (b) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*"; *provided, however*, that, such Lien ranks equal or junior to all other Liens on such Collateral securing the Notes or the Notes Guarantees and each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) Liens on the Collateral to secure Indebtedness incurred pursuant to clause (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that immediately following the Incurrence of Indebtedness pursuant to such clause (a), and after giving effect thereto on a *pro forma* basis, the Consolidated Secured Net Leverage Ratio would have been less than 3.0:1.0;

(4) Liens securing Indebtedness permitted to be Incurred under clause (iv), (viii)(F) or (viii)(G) of paragraph (b) of the covenant described under the caption "*Certain Covenants—Limitation on Indebtedness*"; and

(5) Liens on assets or Capital Stock of a Special Purpose Entity that constitute Collateral to secure Indebtedness (including Liens securing obligations in respect thereof) or other obligations of, or in favour of, any Special Purpose Entity, or in connection with a Special Purpose Financing Incurred pursuant to clause (b)(ix) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" (but only in respect of the assets subject to the relevant Financing Disposition or Capital Stock of a Special Purpose Entity).

A Lien shall be deemed to rank equally with another Lien notwithstanding (i) any different preference or hardening period applicable thereto, (ii) any other difference in priority so long as an "assignment of ranking" or other sharing arrangement has been entered into by or for the benefit of beneficiaries of each such Lien or (iii) any difference in validity or enforceability.

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Collateral Liens, the Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Collateral Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest and the accretion of accreted value, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to a percentage of Consolidated Total Assets at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause the percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to an amount in sterling, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause such sterling amount to be exceeded, such sterling amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"Permitted Investment" means an Investment by the Issuer or any Restricted Subsidiary in, or consisting of, any of the following:

(1) a Restricted Subsidiary, the Issuer, or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of so becoming a Restricted Subsidiary);

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary (and, in each case, any Investment held by such other Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of such merger, consolidation or transfer);

(3) Temporary Cash Investments or Cash Equivalents;

(4) receivables owing to the Issuer or any Restricted Subsidiary, if created or acquired in the ordinary course of business;

(5) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(6) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or received in settlement of other claims asserted by, the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganisation of another Person;

(7) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date, and in each case any extension, modification, replacement, reinvestment or renewal thereof; *provided* that the amount of any such Investment may be increased in such extension, modification,

replacement, reinvestment or renewal only (x) as required by the terms of such Investment or binding commitment as in existence on the Issue Date, or (y) as otherwise permitted by the Indenture;

(8) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*";

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "*—Certain Covenants—Limitation on Liens*";

(10) (1) Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by, to, in or in favour of any Special Purpose Entity, including Investments of funds held in accounts permitted or required by the arrangements governing a Financing Disposition or any related Indebtedness, or (2) any promissory note issued by the Issuer;

(11) bonds secured by assets leased to and operated by the Issuer or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Issuer or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, cancelling such bonds and terminating the transaction;

(12) the Notes;

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) as consideration;

(14) Management Advances;

(15) Investments in any joint-venture or similar agreement or arrangement with another Person in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of £40.0 million and 2.6% of Consolidated Total Assets;

(16) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of paragraph (b) of the covenant described under the caption "*—Certain Covenants—Limitation on Transactions with Affiliates*" (except transactions described in clauses (i), (v) and (vi) of such paragraph), including any Investment pursuant to any transaction described in clause (ii) of such paragraph (whether or not any Person party thereto is at any time an Affiliate of the Issuer); and

(17) other Investments in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of £75.0 million and 4.9% of Consolidated Total Assets.

If any Investment pursuant to clause (15) or (17) above, or paragraph (b)(vii) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*", as applicable, is made in any Person that is not a Restricted Subsidiary and such Person thereafter (A) becomes a Restricted Subsidiary or (B) is merged or consolidated into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary, then such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above, respectively, and not clause (15) or (17), or paragraph (b)(vi) of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*", as applicable.

"Permitted Liens" means:

(1) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Issuer and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Issuer or a Subsidiary thereof, as the case may be, in accordance with IFRS;

(2) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(3) pledges, deposits or Liens in connection with workers' compensation, professional liability insurance, insurance programs, unemployment insurance and other social security and other similar legislation or other insurance related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(4) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(5) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Issuer and its Subsidiaries, taken as a whole;

(6) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Issuer or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(7) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(8) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Bank Products Obligations, Purchase Money Obligations or Capitalised Lease Obligations Incurred in compliance with the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*";

(9) Liens arising out of judgments, decrees, orders or awards in respect of which the Issuer or any Restricted Subsidiary shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(10) leases, subleases, licenses or sublicenses to or from third parties;

(11) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) the Notes or any Note Guarantee, (2) Indebtedness of any Restricted Subsidiary that is not a Guarantor (limited, in the case of this clause (2), to Liens on any of the property and assets of any Restricted Subsidiary that is not a Guarantor) or (3) Indebtedness or other obligations of any Special Purpose Entity (limited, in the case of this clause (3), to Liens on any property or assets of, or stock of, any Special Purpose Entity);

(12) Liens existing on property or assets of a Person at, or provided for under written arrangements existing of, the time such Person becomes a Subsidiary of the Issuer (or at the time the Issuer or a Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; *provided, further*, that for purposes of this clause (l), if a Person other than the Issuer is the Successor Issuer with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Issuer, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Issuer or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Issuer;

(13) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or a joint venture that is not a Subsidiary of the Issuer that secure Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture respectively;

(14) any encumbrance or restriction (including, but not limited to, pursuant to put and call agreements or buy/sell arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(15) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, *provided* that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(16) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on Receivables, commissions or revenue streams from contractual arrangements (including related rights) in the ordinary course of business or (4) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (including in connection with purchase orders and other agreements with customers), (5) in favour of the Issuer or any Subsidiary (other than Liens on property or assets of the Issuer in favour of any Subsidiary that is not a Guarantor), (6) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (7) on inventory or other goods and proceeds securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (8) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (9) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business or (10) arising in connection with repurchase agreements permitted under the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" on assets that are the subject of such repurchase agreements;

(17) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of such debt securities or Indebtedness, or government securities purchased with such cash, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(18) other Liens securing Indebtedness or other obligations that in the aggregate at any time outstanding do not exceed an amount equal to the greater of £75.0 million and 4.9% of Consolidated Total Assets at the time of Incurrence of such Indebtedness or other obligations;

(19) Liens securing any Indebtedness of the Issuer or any Restricted Subsidiary that is permitted to be Incurred under clauses (b)(iv) (*provided* that such Liens are limited to the assets financed with such Indebtedness Incurred under clause (b)(iv)), (b)(viii) or (b)(xiii) of paragraph (b) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*"; and

(20) Liens on assets or Capital Stock of a Special Purpose Entity to secure Indebtedness (including Liens securing obligations in respect thereof) or other obligations of, or in favour of, any Special Purpose Entity, or in connection with a Special Purpose Financing Incurred pursuant to clause (b)(ix) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" (but only in respect of the assets subject to the relevant Financing Disposition or Capital Stock of a Special Purpose Entity).

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest and the accretion of accreted value, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to a percentage of Consolidated Total Assets at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause the percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in sterling, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such sterling amount to be exceeded, such sterling amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

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

"Preferred Stock" as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) and that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over Capital Stock of any other class of such corporation.

"Public Indebtedness" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the Securities Act (or Rule 144A and Regulation S) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term "Public Indebtedness" (i) shall not include the Notes and (ii) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any Bank Indebtedness, commercial bank or similar Indebtedness, Special Purpose Financing, Capitalised Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a "securities offering."

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Rating Agency" means Moody's or S&P or, if Moody's or S&P or both shall not make a rating on the Notes publicly available, a recognised statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

"Receivable" means a right to receive payment arising pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with IFRS.

"refinance" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refinance any Indebtedness (or unutilised commitments in respect of Indebtedness) existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilised commitment; *provided* that

(1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equivalent to or later than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, the Notes), (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilised commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilised commitment being refinanced could be drawn in compliance with the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" immediately prior to such refinancing, plus (z) fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such Refinancing Indebtedness and (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means those businesses in which the Issuer or any of its Subsidiaries is engaged on the Issue Date, or that are similar, related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

"Related Person" means in relation to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition only, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise.

"Representative" means any trustee, agent or representative (if any) for an issue of Indebtedness of the Issuer or any Restricted Subsidiary.

"Restricted Payment Transaction" means any Restricted Payment permitted pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*", any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of the term "Restricted Payment" (including pursuant to the exception contained in clause (i) and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"Revolving Credit Facility" means the revolving loan facility under the Senior Facilities Agreement.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors.

"SEC" means the U.S. Securities and Exchange Commission.

"Secured Indebtedness" means, as of any date of determination, the principal amount of Indebtedness that is secured by Liens on property or assets of the Issuer or any of its Restricted Subsidiaries.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Security Agent" means Deutsche Bank AG, London Branch in its capacity as security agent for the Trustee and the Holders or any successor thereto appointed in accordance with the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement.

"Security Documents" means the English Law Debenture, Luxembourg Bank Account Pledges, Luxembourg Share Pledges and any other instrument and document executed and delivered pursuant to the Indenture or any of the foregoing, and in each case pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Senior Credit Facilities" means the facilities under the Senior Facilities Agreement.

“Senior Facilities Agreement” means the senior facilities agreement, dated January 23, 2017, among, *inter alios*, B&M European Value Retail S.A., as the parent, the original borrower and original guarantors named therein, Bank of America Merrill Lynch International Limited and HSBC Bank plc, as the coordinating mandated lead arrangers, Deutsche Bank AG, London Branch, as security agent, and the lenders party thereto from time to time, as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Facilities Agreement or other credit agreements or otherwise).

“Senior Indebtedness” means any Indebtedness of the Issuer or any Restricted Subsidiary other than, (x) in the case of the Issuer, Subordinated Obligations and (y) in the case of any Guarantor, Guarantor Subordinated Obligations.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” of the Issuer within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, as in effect on the Issue Date. For purposes of the caption “*—Certain Covenants—Future Guarantors*” only, such determination shall be made by substituting 5% for 10% in such Rule.

“Special Purpose Entity” means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts, commissions and/or other receivables, revenue streams from contractual arrangements, and/or related assets, and/or (ii) financing or refinancing in respect of Capital Stock of any Special Purpose Subsidiary.

“Special Purpose Financing” means any financing or refinancing of assets consisting of or including Receivables, commissions and/or revenue streams from contractual arrangements (the “Subject Assets”) of the Issuer or any Restricted Subsidiary that have been transferred to a Special Purpose Entity, prepaid or made subject to a Lien in a Financing Disposition (including any financing or refinancing in respect of Capital Stock of a Special Purpose Subsidiary held by another Special Purpose Subsidiary) that is non-recourse to the Issuer or any Restricted Subsidiary that is not a Special Purpose Subsidiary except for Special Purpose Financing Undertakings, and recourse against the Subject Assets and any assets related thereto including, without limitation, all collateral securing the rights deriving from the Subject Assets, all contracts and all guarantees or other obligations in respect of such Subject Assets, proceeds of such Subject Assets, Cash Equivalents and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitisation transactions involving Subject Assets and any Hedging Obligations entered into in connection with such Subject Assets or transactions.

“Special Purpose Financing Fees” means distributions or Payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Special Purpose Financing.

“Special Purpose Financing Undertakings” means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Issuer or any of its Restricted Subsidiaries that the Issuer determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes, or (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Issuer or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Issuer or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

“Special Purpose Subsidiary” means any Subsidiary of the Issuer that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), revenue streams from contractual arrangements, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) owning or holding Capital Stock of any Special Purpose Subsidiary and/or engaging in any financing or refinancing in respect thereof, and (y) any business or activities incidental or related to such business, and (b) is designated as a “Special Purpose Subsidiary” by the Issuer.

"Specified Asset Sale" means any Asset Disposition necessary or advisable (as determined by the Issuer in good faith) in order to consummate any acquisition of any Person, business or assets or pursuant to buy/sell arrangements under any joint venture or similar agreement or arrangement or of non-core assets acquired in connection with any acquisition of any Person, business or assets.

"Stated Maturity" means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security or indebtedness at the option of the holder thereof upon the happening of any contingency).

"Sterling Equivalent" means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Issuer or the Trustee, the amount of sterling obtained by converting such foreign currency involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable foreign currency as published in The Financial Times in the "Currencies" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

"Subordinated Obligations" means any Indebtedness of the Issuer (whether outstanding on the date of the Indenture or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"Successor Issuer" has the meaning assigned thereto in clause (b)(i) under the caption "*—Certain Covenants—Merger and Consolidation*".

"Tax Sharing Agreement" means any tax consolidation agreement or any similar arrangements in respect of any consolidated, combined, affiliated or unitary tax group or an arrangement relating to the surrender of group relief to which the Issuer or any of its Restricted Subsidiaries is a party.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Temporary Cash Investments" means any of the following: (i) any investment in (x) direct obligations of the United States of America, a member state of the European Union, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof, or obligations guaranteed by the United States of America or a member state of the European Union, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (y) direct obligations of any country recognised by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognised rating organisation), (ii) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by (x) any lender under the Senior Facilities Agreement or any affiliate thereof (y) a bank or trust company that is organised under the laws of the United States of America, any state thereof or any country recognised by the United States of America having capital and surplus aggregating in excess of $250.0 million (or the equivalent thereof in a currency other than Dollars) and whose long term debt is rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognised rating organisation) at the time such Investment is made, (iii) repurchase obligations with a term of not more than 30 days for underlying securities or instruments of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognised rating organisation), (v) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognised rating organisation), (vi) Preferred Stock (other than of the Issuer or any of its Subsidiaries) having a rating of "A" or higher by S&P or "A2" or higher by Moody's (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognised rating organisation), (vii) investment funds investing 95% of their assets in securities of the type described in clauses (i) through (vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a commercial bank organised and located in a country recognised by the United States of America, in each case, having capital and surplus in excess of $250.0 million (or the equivalent thereof in a currency other than Dollars), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act, and (ix) similar investments approved by the Board of Directors in the ordinary course of business.

"TIA" means the U.S. Trust Indenture Act of 1939 (15 U.S.C. §§77aaa-77bbbb) as in effect on the date of the Indenture, except as otherwise provided therein.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions" means the offering of the Notes, the use of proceeds therefrom and the entering into, and borrowing of loans under, the Senior Facilities Agreement, and in each case including the payment of all costs, fees and expenses relating thereto.

"Trust Officer" means any officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"U.K. Government Securities" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Issuer other than the Issuer (including any newly acquired or newly formed Subsidiary of the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (A) the Subsidiary to be so designated has total consolidated assets of £1,000 or less or (B) if such Subsidiary has consolidated assets greater than £1,000, then such designation would be permitted under the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*". The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation either (x) the Issuer could Incur at least £1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Consolidated Coverage Ratio would be greater than it was immediately prior to giving effect to such designation or (z) such Subsidiary shall be a Special Purpose Subsidiary with no Indebtedness outstanding other than Indebtedness that can be Incurred (and upon such designation shall be deemed to be Incurred and outstanding) pursuant to paragraph (b) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*". Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Issuer's Board of Directors giving effect to such designation and an Officer's Certificate of the Issuer certifying that such designation complied with the foregoing provisions.

"Voting Stock" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of members of the directors or all interests in such entity with the ability to control the management or actions of such entity.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes will be issued in fully registered form, represented by one or more Global Notes as defined below. The Notes sold within the United States to investors who the seller reasonably believes to be qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "**144A Global Note**"). The Notes sold outside the United States pursuant to Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**", and together with the 144A Global Note, the "**Global Notes**").

The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("**Rule 144A Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of the Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Guarantors or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than £100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest, and any additional interest and Additional Amounts) to, or to the order of, the common depositary or its nominee via the paying agent for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any Tax imposed or levied by or on behalf of the government of Luxembourg or the United Kingdom, except as may be required by law. If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes after such deduction or withholding will equal the net amounts that such holder would have otherwise received in respect of such Global Note, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (e.g., the common depositary (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in pounds sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream each reserve the right to exchange the Global Notes for definitive registered Notes in certificated form ("**Definitive Registered Notes**"), and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will have a legend to the effect set forth under "*Notice to Investors*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*".

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Certain Investors*" and "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than £100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of a transfer agent, the Issuer will issue and the Trustee (as an authenticating agent appointed by the Trustee) will authenticate a replacement Definitive Registered Note if the requirements of the Trustee and the Issuer are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Certain Investors*" and "*Notice to Investors*".

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a daily newspaper having general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor any Initial Purchaser nor the Trustee nor the Paying Agent is responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

Certain Luxembourg Tax Considerations

The following summarises certain important Luxembourg taxation principles that may be relevant to holders with respect to their investment in the Notes. Unless otherwise indicated, all information contained in this section is based on laws, regulations, practice and decisions in effect in Luxembourg at the date of this Offering Circular. Any changes could apply retroactively and could affect the continued validity of this summary.

This summary does not purport to be a comprehensive description of all potential Luxembourg tax considerations that may be relevant to a decision to invest in, own or dispose of the Notes and is not intended as tax advice to any particular investor. Each investor should consult its own tax advisor about the tax consequences of investing in, holding or disposing of the Notes (including receiving interest and redeeming the Notes).

This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

This overview assumes that each transaction with respect to the Notes is at arm's length.

Withholding Tax

As a general rule, under Luxembourg tax laws currently in effect there is no withholding tax applicable to payments of interest to non-Luxembourg residents.

All payments by the Issuer in the context of the holding, disposal or redemption of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg law, subject however to the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 (the "**23 December 2005 Law**"), as amended by the Luxembourg law of 23 December 2016, which introduced:

(a) a 20% withholding tax (the "**20% withholding tax**") levied on interest and certain income assimilated to interest paid to Luxembourg resident individuals by a paying agent established in Luxembourg; and

(b) an optional 20% tax (the "**20% tax**") on interest and certain income assimilated to interest paid to Luxembourg resident individuals by a paying agent established in a Member State (other than Luxembourg) or a Member State of the EEA.

The 20% withholding tax and the 20% tax will operate a full discharge of income tax for Luxembourg resident individuals acting in the context of the management of their private wealth. Responsibility for the withholding of tax in application of the above-mentioned 23 December 2005 Law is assumed by the Luxembourg paying agent (in the case of the 20% withholding tax) and by the Luxembourg resident holder of the Notes (in the case of the 20% tax).

Exchange of Information

Further to the law of 21 June 2005 as amended, as of 1 January 2015 all interest and interest-assimilated payments made or ascribed by a Luxembourg paying agent to or for the immediate benefit of individuals resident and so-called residual entities established in another Member State within the scope of the Council Directive of 3 June 2003 on taxation of savings income in the form of interest payments, are subject to the automatic exchange of information between Luxembourg and the relevant Member State(s). Information reporting requirements may apply to payments of interests under the Notes.

Taxes on Income and Capital Gains

A non-Luxembourg resident holder of a Note who derives income from such Note or who realises a gain on the holding, disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains unless such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed place of business.

Non-corporate holders of Notes resident in Luxembourg are taxed for income and possibly gains derived from the Notes depending on whether they hold the Notes in the context of carrying on an enterprise or in the context of managing their private wealth. Resident corporate holders of Notes are always deemed to hold the Notes in the context of carrying on an enterprise.

If held in the context of carrying on an enterprise, any interest income, whether paid or accrued, and any capital gain or foreign exchange, whether realised or accrued, derived from the Notes is subject to Luxembourg income taxes (income tax levied at progressive rates and municipal business tax for Luxembourg resident individuals, and corporate income tax and municipal business tax for Luxembourg corporate holders). For Luxembourg resident individuals receiving the interest as income from their professional assets, the 20% withholding tax levied is credited against their final tax liability.

If held in the context of managing private wealth, interest income received is subject to income tax at progressive rates unless the 20% withholding tax or the 20% tax applies. Furthermore, capital gains realised upon disposal of Notes are taxable if realised within six months from the acquisition of the Notes or their disposal precedes the acquisition of the Notes. Upon redemption of the Notes, Luxembourg resident individuals must include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income, unless the 20% withholding tax or the 20% tax, respectively, have been levied or paid.

Net Wealth Tax

Luxembourg net wealth tax (without prejudice to the annual minimum net wealth tax) will not be levied on a corporate holder of a Note unless:

a) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions and is not a holder of a Note governed by (i) the laws of 20 December 2002, 17 December 2010 or the law of 13 February 2007 on undertakings for collective investment, or (ii) the law of 22 March 2004 on securitization, or (iii) the law of 15 June 2004 on the investment company in risk capital, or (iv) the law of 11 May 2007 on family estate management companies or (v) the law of 13 July 2005 on Luxembourg pension structures; or

b) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative.

Individuals are not subject to Luxembourg net wealth tax.

Inheritance and Gift Tax

Where the Notes are transferred for no consideration:

a) No Luxembourg inheritance tax is levied on the transfer of the Notes upon death of a holder of a Note in cases where the deceased holder was not a resident of Luxembourg for inheritance tax purposes;

b) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or is registered in Luxembourg.

Other Taxes and Duties

It is not compulsory that the Notes be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes in accordance therewith. However in the case of proceedings in a Luxembourg court (including but not limited to a Luxembourg insolvency proceeding), registration of the Notes may be ordered by the court, in which case the Notes will be respectively subject to a fixed duty of €12.00 or an *ad valorem* duty. Registration would in principle further be ordered, and the same registration duties could be due, when the Notes are produced, either directly or by way of reference, before an official authority ("*autorité constituée*") in Luxembourg. A registration duty may also apply upon voluntary registration of the Notes in Luxembourg (although there is no obligation to do so). No Luxembourg value added tax is levied with respect to (i) any payment made in consideration of the issuance of the Notes, (ii) any payment of interest, (iii) any repayment of principal or upon redemption, and (iv) any transfer of the Notes.

Residence

A holder of a Note should not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

Common Reporting Standard

The OECD has developed the Common Reporting Standard ("**CRS**") which aims at implementing automatic exchange of financial account information among participating countries.

On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU ("**DAC 2**") was adopted in order to implement the CRS among the EU Member States. The DAC 2 was implemented into Luxembourg law by the law of 18 December 2015 ("**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial account holders and to determine whether they are tax resident in an EU Member State and/or a country with which Luxembourg has an exchange of information agreement. Luxembourg financial institutions will need to report financial account information of such account holders to the Luxembourg tax authorities which will remit such information to the competent foreign tax authorities of the other country.

No assurance can be provided that the Issuer will be able to comply with the CRS Law and, in the event that it is not able to do so, it could be exposed to fines which may reduce the amounts available to it to make payments to investors. Investors will be required to provide certain information to the Issuer to comply with the reporting obligations under the CRS Law. To ensure compliance with the CRS Law in accordance with the foregoing, it may:

a) request information or documentation, including self-certification forms, a tax identification number (if applicable), or any other relevant information in order to ascertain such investor's status; and

b) report information concerning an investor and its account holding in the Issuer to the Luxembourg tax authorities if such investor is a reportable accountholder under the CRS Law.

Each holder of the Notes is encouraged to consult its own tax advisor regarding the possible implications of this legislation on its investment in the Notes.

Certain United Kingdom Tax Considerations

The following is a general summary of certain United Kingdom tax considerations relating to the purchase, ownership and disposition of the Notes. It is based upon UK tax law as applied in England and published H.M. Revenue & Customs ("**HMRC**") practice as of the date of this Offering Circular. Such laws may be repealed, revoked or modified and such practice may not bind HMRC and/or may change, so as to result in UK tax consequences different from those discussed below.

Except where noted, the discussion relates only to the position of persons who are the absolute beneficial owners of the Notes, which hold the Notes as investments (and, therefore, do not hold the Notes in connection with any trade) and may not apply to persons in special situations, such as financial institutions, investment funds, trustees and persons who are or become connected with the Issuer other than through their holding of the Notes. The discussion does not constitute legal or tax advice and, accordingly, persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisers concerning the UK tax consequences in the light of their particular situations as well as any consequences arising under the law of any other relevant tax jurisdiction. No representations with respect to the UK tax consequences of any particular holder of Notes are made in this section. This summary does not purport to describe all of the tax considerations that may be relevant to a prospective holder of the Notes.

References in this discussion to Notes owned, held or disposed of by holders of Notes include references to the Book-Entry Interests held by purchasers in the Notes in global form deposited with, and registered in the name of a common depositary for, Euroclear and Clearstream, Luxembourg.

Payments on the Notes—withholding tax

Certain of the Guarantors are UK resident for UK tax purposes. This may result in the Notes being regarded as having a UK source for UK tax purposes and, as such, may be subject to UK income tax by direct assessment even where paid without withholding.

In the event that interest on the Notes is regarded as having a UK source, such interest will generally be paid after deduction of UK income tax at the basic rate (currently 20%). However, no withholding or deduction of UK income tax at source will be required from payments of interest where:

- the Notes are listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Euro MTF Market of the Luxembourg Stock Exchange being such a recognised stock exchange for these purposes); or

- the Issuer reasonably believes that the person beneficially entitled to such interest is:
  a) a company resident in the UK; or
  b) a company not resident in the UK which carries on a trade in the UK through a permanent establishment and which brings into account the interest in computing its UK taxable profits; or
  c) a partnership each member of which is a company referred to in (a) or (b) above or a combination of companies referred to in (a) and (b) above,

and (in any such case) HMRC has not given a direction that the interest should be paid under deduction of tax.

Section 1005 of the Income Tax Act 2007 provides that securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in EEA states, in a country outside the United Kingdom in which there is a recognised stock exchange. Under current HMRC practice, the listing and admission of the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange fulfils these requirements.

Furthermore, the Issuer may be able, by virtue of other exemptions under UK domestic law or the provisions of an applicable double tax treaty, to pay interest on a holding of Notes free of deduction or subject to a reduced rate of deduction, subject to completion of certain procedural requirements.

Payments by the Guarantor

If the Guarantor makes any payment in respect of interest on the Notes issued by the Issuer (or any other amounts due under such Notes that are treated as interest under UK tax laws) such payment may be subject to UK withholding tax at the basic rate (currently 20%), whether or not the Notes are listed on a "recognised stock exchange" (as defined above), and may not be eligible for the exemptions from UK withholding tax described above.

Taxation of interest and other returns

UK Resident Individuals

A holder of Notes who is a UK resident individual for tax purposes will generally be subject to UK income tax at the applicable rate on any interest received on the Notes (grossed up where deduction at source applies), but subject to credit for (or, if no liability arises, repayment of) any UK income tax deducted at source.

UK Resident Companies

In general, a holder of Notes which is a UK resident company will be liable to, or entitled to relief from, UK corporation tax on all profits, gains and losses arising to it from the Notes, generally computed in accordance with UK GAAP or International Accounting Standards and will be subject to corporation tax on income in respect of all profits, gains and losses on, and fluctuations in value of, the Notes measured and recognised in each accounting period in accordance with their accounting treatment.

Non-UK Residents

Except for any income tax deducted at source as described above, a holder of Notes who is not resident in the United Kingdom (other than certain trustees) will not be liable or assessable to UK tax on interest received on the Notes, unless that holder carries on a trade, profession or vocation through a UK branch or agency or, in the case of a company, a permanent establishment, in connection with which the interest is received or the Notes are held. In certain cases, a UK broker or investment manager is not treated as a UK branch, agency or permanent establishment for these purposes.

If a non-UK resident holder is liable to UK tax on any interest received on the Notes, the holder will receive credit for (and if no liability for UK tax arises, repayment of) any income tax deducted at source.

As noted above, where there is an applicable double tax treaty between the United Kingdom and the country in which the holder of Notes is resident, any liability of the holder of Notes to UK tax on interest received on the Notes may be reduced or eliminated by the treaty.

Accrued Income Scheme

On a transfer of Notes by a holder who is liable to UK income tax, such as a UK resident individual, any interest which has accrued since the last interest payment date may be chargeable to UK income tax as income of that holder.

The accrued income scheme will not, however, generally apply in the case of a holder of Notes who is not resident in the United Kingdom, unless that holder carries on a trade through a UK branch or agency in connection with which the Notes are held.

Taxation of chargeable gains

The Notes should be treated as "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 for the purposes of UK capital gains tax. Accordingly, a disposal (including a redemption) of Notes by an individual holder of Notes resident in the United Kingdom, or who carries on a trade, profession or vocation in the UK through a branch or agency to which the Note is attributable, should not give rise to a chargeable gain or an allowable loss for the purposes of the UK capital gains tax.

Inheritance tax

A gift, or transfer at an undervalue of any Notes by a holder who is an individual or the death of such a holder may give rise to a liability to UK inheritance tax.

Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax will be payable on the issue or on a transfer of, or agreement to transfer, the Notes.

United Kingdom information reporting

Any paying agent or other person in the United Kingdom through whom interest is paid to, or by whom interest is received on behalf of, a holder of Notes may be required to provide information in relation to the payment to HMRC pursuant to certain domestic and international reporting and transparency regimes. The information that is disclosed may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons who exercise control over entities that are, or are treated as, holders of the Notes, details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the holder is resident in the United Kingdom for UK tax purposes. In certain circumstances, HMRC may communicate this information to the tax authorities of certain other jurisdictions.

FATCA

Under the Foreign Account Tax Compliance Act provisions of the Code and related U.S. Treasury guidance ("FATCA"), a withholding tax of 30% will be imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (***withholdable payments***) and (ii) payments by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) (***FFIs***) that agree to comply with FATCA (***participating FFIs***) that are attributable to withholdable payments (***foreign passthru payments***). It is uncertain at present when payments will be treated as "attributable" to withholdable payments. FATCA withholding on foreign passthru payments generally will not apply to debt obligations that are issued on or before the date that is six months after the date on which the final U.S. Treasury regulations that define "foreign passthru payments" (***passthru payment regulations***) are filed unless such obligations are materially modified after that date.

It is possible that, in order to comply with FATCA, we (or if the Notes are held through an FFI, such FFI) may be required, pursuant to an agreement with the United States (an ***FFI Agreement***) or under applicable non-U.S. law enacted in connection with an intergovernmental agreement between the United States and another jurisdiction (an ***IGA***) to request certain information and documentation from the holders or beneficial owners of the Notes, which may be provided to the IRS. In addition, if the terms of the Notes are materially modified on a date more than six months after the date on which the passthru payment regulations are filed, then it is possible that we or a financial institution through which the Notes are held may be required to apply the FATCA withholding tax to any payment with respect to the Notes treated as a foreign passthru payment made after the later of (a) 31 December 2018 and (b) the date on which the passthru payment regulations are published if any required information or documentation is not provided or if payments are made to certain FFIs that have not agreed to comply with an FFI Agreement (and are not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA).

Each person considering an investment in the Notes should consult its own tax advisor regarding the application of FATCA to the Notes.

U.S. Federal Income Tax Considerations For U.S. Holders

The following is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchase the Notes at their issue price (generally the first price at which a substantial amount of the Notes is sold, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the ***Code***), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances (including U.S. Holders that are directly or indirectly related to us) or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold a Note as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of a Note.

EACH PERSON CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

Certain Additional Payments

In certain circumstances, we are required to make payments on the Notes other than scheduled principal and interest. For example, we are required to pay 101% of the principal amount of any Note purchased by us at the Holder's election after a change of control, as described above under the heading "*Description of the Notes—Change of Control*".

U.S. Treasury regulations provide special rules for contingent payment debt instruments that, if applicable, could cause the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes to be different from those described below. We intend to treat the possibility of our making any of the above payments as not causing the Notes to be contingent payment debt instruments. Our treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which such U.S. Holder acquired its Notes. However, our treatment is not binding on the U.S. Internal Revenue Service (the ***IRS***). If the IRS were to challenge our treatment, a U.S. Holder might be required to accrue income on the Notes in excess of stated interest and original issue discount (as described below) and to treat as ordinary income, rather than capital gain, gain recognised on the disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest on the Notes

In general, interest payable on a Note (without reduction for any non-U.S. tax withheld with respect to such payment) will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Notes are not expected to be issued with more than *de minimis* original issue discount ("OID"). However, if the Notes are issued with more than *de minimis* OID, each U.S. Holder generally will be required to include OID in income (as interest) as it accrues, regardless of its regular method of accounting for U.S. federal income tax purposes, using a constant yield method, before such U.S. Holder receives any payment attributable to such income. The remainder of this discussion assumes that the Notes are not issued with more than *de minimis* OID.

The amount of interest paid with respect to a Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by such U.S. Holder.

In the case of interest on a Note held by a U.S. Holder that uses the accrual method of accounting such U.S. Holder is required to include the U.S. dollar value of such interest income that accrued during the relevant accrual period. The U.S. dollar value of such accrued interest income generally is determined by translating such interest income at the average rate of exchange for such accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such interest income at the spot rate of exchange on the last day of such accrual period (and in the case of a partial accrual period, the spot rate of exchange on the last day of the taxable year). If the last day of an accrual period is within five business days of receipt of the payment in respect of the related accrued interest, a U.S. Holder that has made such election may translate such accrued interest using the spot rate of exchange on the date of receipt of such payment. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. An accrual method U.S. Holder generally will recognise foreign currency exchange gain or loss with respect to such accrued interest income on the date the payment in respect of such interest income is received, if there is any difference between the rate of exchange used to determine such interest income and the rate of exchange on the date such payment is received. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

Interest income on the Notes generally will be treated as income from sources outside the United States and generally will be categorised for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income."

A U.S. Holder generally will have a basis in the pounds sterling received with respect to payments of interest on a Note equal to the U.S. dollar value of such pounds sterling on the date of receipt. Any gain or loss on a conversion or other disposition of such pounds sterling by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognise gain or loss in an amount equal to the difference between the amount realised on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's "adjusted tax basis" in such Note. A U.S. Holder that receives pounds sterling on the sale, exchange, retirement or other disposition of a Note generally will have an amount realised equal to the U.S. dollar value of such pounds sterling translated at the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (or, if the

Note is treated as traded on an established securities market, on the settlement date in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder's adjusted tax basis in a Note generally is the amount such U.S. Holder paid for such Note, translated into U.S. dollars at the spot rate of exchange on the date of purchase (or if the Note is treated as traded on an established securities market for U.S. federal income tax purposes, the settlement date, in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder generally will realise foreign currency exchange gain or loss upon such sale, exchange, retirement or other disposition (as ordinary income or loss from sources within the United States) if there is any difference between (i) the spot rate of exchange on the date such U.S. Holder acquired such Note (or, if applicable, the settlement date for such acquisition) and (ii) the spot rate of exchange on the date the payment in respect of such sale, exchange, retirement or other disposition is received or the date such Note is disposed of, as applicable. Such foreign currency exchange gain or loss, together with any foreign currency exchange gain or loss realised on such disposition in respect of accrued interest generally will be realised only to the extent of the total gain or loss realised by such U.S. Holder on the sale, exchange, retirement or other disposition of the Note. Any such total gain or loss not treated as foreign currency exchange gain or loss generally will be capital gain or loss from sources within the United States. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

A U.S. Holder that determines its amount realised in connection with the sale, exchange, retirement or other disposition of a Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognise additional foreign currency exchange gain or loss upon receipt of pounds sterling from such sale, exchange, retirement or other disposition.

A U.S. Holder generally will have a basis in the pounds sterling received upon a sale, exchange, retirement or other disposition of a Note equal to the U.S. dollar value of such pounds sterling on the date of receipt. Any gain or loss on a conversion or other disposition of such pounds sterling by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income on a Note and net gain from the sale, exchange, retirement or other disposition of a Note.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to a U.S. Holder with respect to payments of interest on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by such U.S. Holder on a timely basis to the IRS.

Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 reporting foreign currency exchange loss arising from the Notes or any amounts received with respect to the Notes.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. A "specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the rights under the Notes, the Notes and/or the Guarantees and the Security Documents in each of the jurisdictions in which the Guarantors (as of the date hereof) are organised. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or in the jurisdiction of organisation of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and any security.

European Union

Pursuant to Council Regulation (EC) no. 1346/2000 of May 29, 2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "centre of main interests" is determined at the time when the request for the commencement of the proceedings is filed (ECJ, January 17, 2006, *Staubitz-Schreiber*). The determination of such location is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "centre of main interests" in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests".

If the "centre of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognised in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the "centre of main interests" of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. In the event that any one or more of the Issuer, the Guarantors or any of their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

A new Council Regulation (EC) no. 2015/848 of May 20, 2015 on insolvency proceedings (the "**Recast EU Insolvency Regulation**") came into force on June 26, 2015 and will gradually replace the EU Insolvency Regulation, but its main provisions will only become effective on June 26, 2017. One of the main changes introduced by the Recast EU Insolvency Regulation consists in an increased scrutiny in situations where there has been a recent COMI shift. Where a company's COMI has shifted in the preceding three months the rebuttable presumption that its COMI is at the place of its registered office will no longer apply. Also, the opening of secondary proceedings in another EU Member State will be possible not only if the debtor has an establishment in such EU Member State at the time of the opening of main insolvency proceedings, but also if the debtor had an establishment in such EU Member State in the three-month period prior to the request of opening of main insolvency proceedings.

England and Wales

Insolvency Proceedings

Certain of the Guarantors are companies incorporated under the laws of England and Wales (the "**Obligors**"). Therefore, any insolvency proceedings by or against these Obligors would likely, but may not necessarily, be based on English insolvency law. However, pursuant to the EU Insolvency Regulation, where a company incorporated under English law has its "centre of main interests" in a member state of the European Union other than England and Wales, then the main insolvency proceedings for that company may be opened in the Member State in which its centre of main interest is located and be subject to the laws of that Member State. For further information, please see "—*European Union*." Similarly, the Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in England and Wales, provide that a foreign (i.e., non-European) court may have jurisdiction where any English company has a centre of main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services). To the extent that the Cross-Border Insolvency Regulations 2006 conflict with an obligation of England and Wales under the EU Insolvency Regulation, the requirements of the EU Insolvency Regulation will prevail.

English insolvency law is different from the laws of the United States and other jurisdictions with which investors may be familiar. In the event that the relevant Obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company, its directors or a creditor making an application for administration, in or out of court, the company or the holder of a "qualifying floating charge" making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely, to become unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency Act 1986, as amended (the "**Insolvency Act**"), a company will be "unable to pay its debts" if a statutory demand for over £750 is served on the company and remains unpaid for three weeks or the company has failed to secure or compound for it to the reasonable satisfaction of the relevant creditor within such period or if, in England and Wales, an execution on or other process issued on a judgment, decree or order of any court in favor of a creditor of the company is returned unsatisfied in whole or in part or it is proved to the court's satisfaction that: (a) the company is unable to pay its debts as they fall due or (b) that the value of the company's assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities).

The Obligor's obligations under the Notes are secured by security interests over the Security. English insolvency laws and other limitations could limit the enforceability of the relevant Guarantees against the Obligors and the enforceability of security interests over the Security.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the English guarantees and the security interests over the Security. The application of these laws could adversely affect investors, their ability to enforce their rights under the English guarantees and/or the Security securing the Notes and the English guarantees and therefore may limit the amounts that investors may receive in an insolvency of the Obligors.

Fixed and floating charges

Fixed charge security has a number of advantages over floating charge security, save as provided under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Arrangements Regulations**"): (a) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over certain assets provided that the floating charge has not crystallised at the time the fixed charge is granted; (c) general costs and expenses (including the insolvency officeholder's remuneration) properly incurred in a winding-up or administration are payable out of floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law (for further information, please see "—*Grant of Floating Charge*"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (for further information, please see "—*Moratoria and Other Considerations*").

Under English law there is a possibility that a court could recharacterise as floating charges any security interests expressed to be created by a security document as fixed charges where (among other things) the charge does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Moratoria and other considerations

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances, at the application of, among others, the company itself, its directors or one or more of its creditors (including contingent and prospective creditors). An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration.

An administrator can also be appointed (subject to specific conditions) out of court by a company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointer. The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the Company as a going concern or, if that is not reasonably practicable, achieving a better result for the Company's creditors as a whole than if the Company went into liquidation (without first being in administration) or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby realising property to make a distribution to one or more secured or preferential creditors. During the administration, in general, creditors cannot exercise their rights against a company, including, among other things, no proceedings or other legal process may be commenced or continued against such company, or security enforced over such company's property, except with leave of the court or the consent of the administrator. This moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements Regulations. During the administration of a company, a creditor would not be able to enforce any security interest (other than valid security financial collateral arrangements) or in respect of a guarantee granted by it (although a demand for payment could be made under such guarantee) without the consent of the administrator or the permission of the court. In addition, a secured creditor cannot appoint an administrative receiver while an administrator is in office although, in certain circumstances (principally where one of the exceptions to the general prohibition on the appointment of an administrative receiver applies as set out in the Insolvency Act, or pursuant to a debenture dated earlier than September 15, 2003), the holder of a floating charge can block the appointment of an administrator where it can appoint an administrative receiver.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company out of court, the floating charge granted by the relevant Obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of the relevant English company and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Senior Secured Notes creates a debt of at least £50.0 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, and is generally a rated, listed or traded debt instrument).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is invalid. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator.

A moratorium is also available pursuant to Schedule A1 to the Insolvency Act for "small companies" that are proposing a company voluntary arrangement with creditors, which can be for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by order, extend or reduce the duration of either period). Small companies are those which meet eligibility criteria as regards the number of employees, turnover and balance sheet total as set out in section 382 of the Companies Act 2006. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Trade and Industry may, by regulations, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company." Accordingly, the Obligors may, at any given time, come within the ambit of the "small companies" provisions, such that the Obligors may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement. This moratorium is not available to companies which have entered into certain capital market arrangements (whereby the company has incurred or is expected to incur a debt of at least £10 million and the arrangement involves the issue of a capital market investment) as detailed in Schedule A1 to the Insolvency Act 1986. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State for Trade and Industry may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible. Further, a company voluntary arrangement itself cannot bind secured creditors without their permission. However, if the small companies' moratorium were to apply to any of the Obligors, its effects would include prohibitions on enforcement of security that are similar to those that arise upon an administration moratorium. Therefore, to the extent the small companies' moratorium applies, there would be a moratorium on legal proceedings and execution or other legal process being commenced or continued and the levy of distress, against the company or its property (except with the permission of the court). No other steps may be taken to enforce any security over the company's property except with the permission of the court. The company may dispose of charged property if the holder of the security consents or the court gives permission. Further, the company may not make any payment or disposal of its own property unless there are reasonable grounds for believing that the disposal will benefit the company and the payment or disposal is approved by the committee (if established) or, where there is no such committee, by the nominee of the company voluntary arrangement.

Filings

The prescribed particulars in respect of a security document under which an English company purports to create security, together with a certified copy of the security document, should be delivered to the Registrar of Companies within 21 days after the date of the security document in accordance with Chapter A1 of Part 25 of the Companies Act 2006 (the "**CA06**"). Failing this, the security created by the security document will (subject as mentioned in the above Chapter) be void against a liquidator or administrator and any creditor of the charging company. The application of the above Chapter to a security interest is subject to the application of the Financial Collateral Regulations. In addition, the following categories of charge are not registrable under the above Chapter (as set out in section 859A(6) of the CA06): (a) a charge in favor of a landlord on a cash deposit given as a security in connection with the lease of land; (b) a charge created by a member of Lloyd's (within the meaning of the Lloyd's Act 1982) to secure its obligations in connection with its underwriting business at Lloyd's; and (c) a charge excluded from the application of section 859A of the CA06 by or under any other Act (such as charges that are exempted from registration under the Banking Act 2009). Registration may also determine the order of priority of registrable security interests and may provide notice of a pre-existing security interest for the purpose of priorities.

Corporate authorisations and maintenance of capital

The legality, validity and enforceability of the obligations of an Obligor under the Notes, the Guarantees and the Security are subject to matters affecting companies generally, including that: (a) its entry into and performance of such obligations: (i) are not prohibited by its constitutional documents (or contracts to which it is party); and (ii) have been duly authorised and do not breach or result in inconsistency with applicable laws or regulations; and (b) the documents evidencing such obligations have been duly executed and delivered in accordance with all applicable procedures and laws. In addition, the granting of upstream (or cross-stream) guarantees or security by an English company could be subject to challenge if it results in a reduction in that company's net assets as properly recorded in its books or, to the extent that it does, the company does not have sufficient distributable reserves to cover that reduction.

Enforcement

Enforcement of security and guarantees may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities (including guarantees and security).

Assignments

Any assignment of a debt or other chose in action, including by way of security, can only take effect as a legal assignment under section 136 of the Law of Property Act 1925 if it meets the requirements of that provision, which are: (a) the assignment must be in writing; (b) the assignment must be absolute and not purporting to be by way of charge only; and (c) notice of the assignment must be given to the underlying obligor. If any of these requirements is not satisfied, the assignment may still constitute a valid equitable assignment. Equitable assignments, including by way of security, are subject to certain limitations, including, without limitation: (a) where an equitable interest is followed by a legal interest, the subsequent legal interest will take priority if the holder acquired it for value without notice of the equitable interest; and (b) the priority of dealings in most equitable interests is determined by the time at which notice of such interest is given to the underlying obligor or to the person in control of that equitable interest. The first to give notice will take priority, if that person does not have actual or constructive notice of the prior interest and has given consideration for his or her interest.

Account Banks' Right to Set-off

With respect to English law governed charges over cash deposits (each an "Account Charge") granted by an Obligor over any of its bank accounts, the banks with which some of those accounts are held (each an "Account Bank") may have reserved their right at any time (whether prior to or upon a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangement with that chargor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant chargor) the Account Bank will no longer be entitled to exercise its netting and set-off rights in relation to the account, except where the Account Banks have expressly reserved set-off rights.

Equitable Share Security

Security over shares granted by an English Obligor or over the shares of an English Obligor are equitable charges, not legal mortgages or pledges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

PSC regime

Pursuant to the new Part 21A of the CA06 (and related Schedules 1A and 1B to the CA06), from April 6, 2016 certain English incorporated companies, *societates europaeae* and limited liability partnerships (for the purposes of this paragraph, each a relevant company) must keep a register of certain registrable individuals and legal entities that have significant control over them. Failure of such registrable individuals or legal entities or other persons specified in Part 21A of (and Schedule 1B to) the CA06 (for the purposes of this paragraph, each a notifying party) to comply with the requirements of that Part may give relevant companies the right to issue a restrictions notice to such notifying party for the purposes of Schedule 1B to the CA06. Subject to certain exceptions, the effect of a restrictions notice is that in respect of any relevant interest in the relevant company (as defined in Schedule 1B to the CA06, for example, a share in the relevant company): (a) any transfer of (or agreement to transfer) the interest is void; (b) no rights are exercisable in respect of the interest; (c) no shares may be issued in right of the interest or in pursuance of an offer made to the interest-holder; and (d) except in a liquidation, no payment may be made of sums due from the relevant company in respect of the interest, whether in respect of capital or otherwise. Such restrictions could adversely affect the validity of the security interests over the security and the ability of the Security Agent to enforce its rights under the English security documents.

Application of proceeds

The enforceability of a provision in a security document that relates to the application of proceeds will be subject to any obligations mandatorily preferred by applicable law.

Ranking

The description given by the parties to the ranking of security interests is not determinative of the ranking of those security interests.

Liquidation/winding-up

Liquidation is a winding up procedure under which the assets of the company are realised and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act. At the end of the liquidation process the company will be dissolved. A liquidator has the power to bring or defend legal proceedings on behalf of a company to which they are appointed; to carry on the business of the company as far as it is necessary for its beneficial winding up; to sell the company's property and execute documents in the name of the company; and to challenge antecedent transactions. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except with leave of the court and subject to such terms as the court may impose (although security enforcement is not affected). In proceedings where the company or its directors have resolved to place the company into liquidation, the liquidator (or creditor or shareholder) can apply to the court for an order that no proceedings or other actions may be commenced or continued against the company. There is no automatic stay in the case of a voluntary winding up.

Under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous, or because the company could have made, or could make, a better bargain. However, this power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities. A person sustaining loss or damage as a result of the disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and may prove for the loss or damage in the winding-up.

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute the realizations made from those assets to its creditors. Under the Insolvency Act and the Insolvency Rules 1986, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined and described below), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

First ranking claims: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor, but only to the extent of the realizations from those secured assets or with respect to the asset in which they have a proprietary interest;

Second ranking claims: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

Third ranking claims: first, ordinary preferential debts, being contributions to occupational pension schemes, employment claims (wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person and holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date) and bank and building society deposits eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") up to the statutory limit; and secondly, secondary preferential debts, being bank and building society deposits eligible for compensation under the FSCS to the extent that the claims exceed the statutory limit;

Fourth ranking claims: holders of any floating charge security, according to the priority of their security. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part must be set aside for distribution to unsecured creditors;

Fifth ranking claims: firstly, (a) provable debts of unsecured creditors and secured creditors to the extent of any unsecured shortfall (these rank equally among themselves unless there are subordination agreements in place between any of them); secondly, (b) statutory interest that arises on debts after the insolvency at either the contractual or a statutory rate; and finally (c) non-provable liabilities, being liabilities that do not fall within any of the categories above and which are therefore only recovered in the (unusual) event that all categories above are fully paid. To pay a shortfall, the insolvency officeholder can only use realizations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part in respect of a shortfall unless the Prescribed Part is sufficient to pay out all unsecured creditors; and

Sixth ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subordinated creditors will be ranked according to the terms of the subordination.

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of any floating charge security for the benefit of unsecured creditors (the "**Prescribed Part**"). Under current law, this applies to 50% of the first £10,000 of the relevant company's net property and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of an English Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Challenges to guarantees and security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company. If the Guarantee or Collateral granted by an English Obligor are challenged under the laws of England and Wales, and the court makes certain findings (as described further below), it may be permitted to: (a) avoid or invalidate all or a portion of an English Obligor's obligations under the Note Guarantee and/or Collateral provided by such English Obligor; (b) direct that the holders of the Notes return any amounts paid by or realised from an English Obligor under a guarantee or collateral to the relevant English Obligor or to a fund for the benefit of the English Obligor's creditors; and/or (c) take other action that is detrimental to the holders of the Notes.

The Issuer cannot be certain that, in the event of the onset of an English Obligor's insolvency that is within any of the requisite time periods set forth below, the grant of any security or Guarantee will not be challenged or that a court would uphold the transaction as valid.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question. In administration the onset of insolvency is the date on which (a) the court application for an administration order is issued, (b) the notice of intention to appoint an administrator is filed at court, or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as the initial administration.

Transaction at an undervalue

Under English insolvency law (pursuant to section 238 of the Insolvency Act), a liquidator or administrator of a company could apply to the court for an order to set aside a security interest (in certain cases) or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the transaction constitutes a gift or is made on terms that provide that the company receives no consideration or if the company receives consideration of significantly less value, in money or in money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the Insolvency Act). A court will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests granted or guarantees although there is protection for a third party that benefits from the transaction and has acted in good faith and for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the Insolvency Act), in which case there is a presumption that the company was unable to pay its debts and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction.

Preference

Under English insolvency law (pursuant to section 239 of the Insolvency Act), a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in section 240 of the Insolvency Act) if the beneficiary of the security interest or the guarantee is not a connected person or two years if the beneficiary is a connected person. In addition, the company must have been "unable to pay its debts" at the time it gave the preference or become "unable to pay its debts" as a result. A company's "inability to pay its debts" in this scenario has the same meaning as in the case of a transaction at an undervalue save that, in the case of a preference, there is no presumption of insolvency if the parties are connected. Case law suggests that a court will not make an order in respect of a preference of a person unless it is satisfied that the company in deciding to give the preference was influenced by a desire to put that person in a better position. Subject to this, if the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party that benefits from the transaction and acted in good faith and for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under English insolvency law, a liquidator or an administrator of a company, or a person who is a "victim" of the relevant transaction (with leave of the court if the company is in liquidation or administration) can apply to the court pursuant to section 423 of the Insolvency Act for an order to set aside a security interest or guarantee granted by that company on the grounds the security interest or guarantee was a transaction defrauding creditors.

A transaction will constitute a transaction defrauding creditors if it is a transaction at an undervalue (as outlined above) and the court is satisfied the substantial purpose of a party to the transaction was to put assets beyond the reach of actual or potential claimants against it or to prejudice the interest of such persons.

If the court determines that the transaction was a transaction defrauding creditors, then it may make such order as it may deem fit to restore the position to what it was prior to the transaction or protect the victims of the transaction (including reducing payments under the guarantee or setting aside the security interest or guarantees). However, such an order: (a) cannot prejudice any interest in property which was acquired from a person other than the debtor in good faith, for value and without notice of the relevant circumstances; and (b) cannot require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction. Any "victim" of the transaction (with the permission of the court if the company is in liquidation or administration) may apply to court under this provision and not just liquidators or administrators. The relevant company does not need to have been unable to pay its debts at the time of the transaction nor in insolvency proceedings for such action to be commenced There is no statutory time limit within which the challenge must be made (although general statutory limitation periods will apply).

Extortionate credit transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English obligor up to three years before the day on which the English obligor entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Grant of floating charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in section 245 of the Insolvency Act). The floating charge, however, will be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a "connected person," the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral arrangement" under the Financial Collateral Arrangements Regulations, the floating charge will not be subject to challenge as described in this paragraph.

Connected persons

If the given transaction at an undervalue or preference has been entered into by the company with a "connected person," then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out more particularly below).

A "connected person" of a company granting a guarantee or security interest for the purposes of transactions at an undervalue and preferences includes (among others):

- a party who is (i) a director of the company; (ii) a shadow director; (iii) an associate of such director or shadow director; or (iv) an associate of the relevant company;
- a party is associated with an individual if they are (i) a relative of the individual; (ii) the individual's husband, wife or civil partner; (iii) a relative of the individual's husband, wife or civil partner; or (iv) the husband, wife or civil partner of a relative of the individual;
- a party is associated with a company if they are employed by that company; and
- a company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same person by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

Post-petition interest

Any interest accruing under or in respect of amounts due under the Guarantee or the security to which an Obligor is a party in respect of any period after the commencement of administration or liquidation proceedings would only be recoverable by the holders of the Notes from any surplus remaining after payment of all other debts proved in the proceedings and accrued and unpaid interest up to the date of the commencement of the proceedings provided that such interest may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries.

Dispositions in winding-up

Under section 127 of the Insolvency Act, any dispositions of a company's property made after a winding-up has commenced is, unless the court orders otherwise, void. The compulsory winding-up of a company is deemed to start when a winding-up petition is presented by a creditor against the company, rather than the date that the court makes the winding-up order (if any). However this will not apply to any property or security interest subject to a disposition or otherwise arising under a financial collateral arrangement under the Financial Collateral Arrangements Regulations and will not prevent a close-out netting provision from taking effect in accordance with its terms.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, any debt of a company payable in a currency other than British pounds sterling must be converted into British pounds sterling at the "official exchange rate" prevailing at the date when the company went into liquidation or administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle market rate in the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that the English Obligors go into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that such obligors went into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled.

Schemes of arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities where such company: (a) is liable to be wound-up under the Insolvency Act; and (b) has "sufficient connection" to the English jurisdiction.

In practice, any foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied by the English courts where, amongst other things, the company's "centre of main interests" is in England, or the company's finance documents are English law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. The law in this area is being closely considered by the English courts and the fact that the second limb has been found to be satisfied in such cases previously does not necessarily mean that this will be satisfied in all such cases as each case will be considered on its particular facts and circumstances.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on a detailed debt compromise or arrangement in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at each of the creditor meeting(s) vote in favour of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made to the scheme, or reject the scheme.

Company Voluntary Arrangements

Pursuant to Part I of the Insolvency Act, a company can request that its unsecured creditors consent to a compromise of their debts. The company may propose whatever compromise they consider appropriate in accordance with the duties of the directors or administrator (as applicable) and, provided that compromise is approved by the requisite majority of creditors at a creditors' meeting, it will bind all unsecured creditors of the company who were entitled to vote or would have been entitled to vote had they had notice of the creditors' meeting.

The company voluntary arrangement proposal must be approved by a majority of creditors comprising both: (a) 75% in value of the company's creditors present and voting at the creditors' meeting called to consider the proposal; and (b) 50% in value of the creditors that are unconnected with the company.

Foreign laws

If, and to the extent that, an asset subject to security under a security document (or the obligor of any debt or other right against any person, which debt or right constitutes all or part of the property or rights subject to that security) is located in any jurisdiction other than England and Wales or is not governed by English law, the validity and priority of that security may be affected by any applicable foreign laws.

Third party rights

Security granted over debts from, or other rights against, third parties (including contracts and insurance policies) may be subject to any rights of those third parties.

Amendments

An English court may interpret restrictively any provision purporting to allow the beneficiary of a guarantee or other suretyship to make a material amendment to the obligations to which the guarantee or suretyship relates without further reference to the guarantor or surety.

Luxembourg

Insolvency Considerations

The Issuer and certain of the Guarantors are incorporated under the laws of Luxembourg, and as such any insolvency proceedings applicable to such a company is in principle governed by Luxembourg law. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of insolvency law in Luxembourg. In the event that a Luxembourg company experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Insolvency Proceedings

The Luxembourg District Court, sitting in commercial matters (the "**Commercial Court**"), should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Issuer and each Guarantor incorporated in Luxembourg (each, a "**Luxembourg Obligor**"), each Luxembourg Obligor having its registered office and central administration (*administration centrale*) and "centre of main interest" (*centre des intérêts principaux*) ("**COMI**"), as defined in the EU Insolvency Regulation, in Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Insolvency Regulation, the place of the registered office of a company shall be presumed to be the center of its main interests in the absence of proof to the contrary. As a result, there is a rebuttable presumption that the COMI of each Luxembourg Obligor is located in Luxembourg and consequently that the Commercial Court would have jurisdiction to open "main insolvency proceedings" (as defined in the EU Insolvency Regulation), such proceedings to be governed by Luxembourg law. However, the localisation of the COMI (including the COMI of a Luxembourg Obligor) is a question of fact, which may change from time to time. Preamble 13 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties."

Accordingly, the following types of proceedings (together, "insolvency proceedings") may be opened against an entity having its registered office or center of principal interests in Luxembourg:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the Luxembourg company itself, by any of its creditors or ex officio by the Commercial Court. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the company (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) cumulatively has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings ex officio (absent a request made by the company or a creditor). Bankruptcy proceedings are primarily designed to realise the assets of the bankrupt entity in order to pay off its debts. One of the main effects of such proceedings is the stay of proceedings: unsecured creditors and creditors with a general priority right would, as of the bankruptcy order, no longer be permitted to take any action based on title to movable and immovable assets, nor any enforcement action against a Luxembourg Obligor's movable or immovable assets. However, secured creditors who are holding Security Interests falling within the scope of the Luxembourg law of August 5, 2005 on financial collateral arrangements, as amended (the "**Luxembourg Collateral Law**"), may enforce their security regardless of the bankruptcy adjudication;

- controlled management proceedings (*gestion contrôlée*) which are governed by a grand-ducal decree of May 24, 1935 (the "**Decree**"), are available to a Luxembourg Obligor, in the event that it no longer has creditworthiness or is experiencing difficulties in meeting all of its commitments. The purpose of controlled management proceedings is to assist a Luxembourg Obligor in reorganising its business or in optimizing the sale of its assets under the supervision of the Commercial Court and of court-appointed commissioners and with the approval of the creditors. The opening of such proceedings may only be requested by the management of a Luxembourg Obligor and not by its creditors. The Commercial Court first examines the request (and the evidence) filed by the applicant to determine whether a controlled management order is justified. If the application is not dismissed, the Commercial Court appoints one of its judges to prepare a report on the financial situation of the applicant's business. The court order does not prevent creditors from commencing or continuing court proceedings against the applicant, but the creditors are, as of that date, not permitted to enforce any court judgments against the applicant. Security interests falling within the scope of the Luxembourg Collateral Law will, however, be enforceable notwithstanding the controlled management proceedings. As of the same judgment, a Luxembourg Obligor may not, without the written approval of the appointed judge, dispose of its assets, grant pledges or mortgages, make commitments or payments, enter into settlement agreements, borrow money or receive funds. Once the report has been finalised, the Commercial Court decides whether the application for controlled management will be granted or rejected. If the application is granted, one or more commissioners will be appointed by the Commercial Court to prepare a reorganisation or liquidation plan. A Luxembourg Obligor may not, without the commissioners' prior approval, and under penalty of nullity of such acts, alienate any of its assets, grant pledges or mortgages, borrow or receive any amounts of money, enter into settlement agreements, or perform any management activity including making any commitments under any agreement, without the formal authorisation of the commissioners. The commissioners may impose measures to preserve either the company's interests or those of the creditors and challenge (voidance actions or claw-back actions) transactions and payments made in violation of the creditor's rights and in violation of the Decree. The reorganisation or liquidation plan must be accepted by a majority (in number and value) of creditors to become binding;

- composition proceedings (*concordat préventif de la faillite*), the obtaining of which is requested by a Luxembourg Obligor only after having received a prior consent from a majority of its creditors holding 75% at least of the claims against a Luxembourg Obligor. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors, subject to the exceptions under the Luxembourg Collateral Law;

- stay on payments (*sursis de paiements*) or putting the company into judicial liquidation (*liquidation judiciaire*); and

- judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity that violates criminal laws or that are in violation of the commercial code or of the laws governing commercial companies. The management of such liquidation proceedings will generally follow the rules of bankruptcy proceedings.

The Issuer's liability in respect of the Notes will, in the event of a liquidation of the Issuer following, in particular, bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the Issuer's debts that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue (*Administration des Contributions Directes*);
- value added tax and other taxes and duties owed to the Luxembourg Customs and Excise (*Administration de l'Enregistrement et des Domaines*);
- social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realised and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.). In particular, pursuant to article 20 of the Luxembourg Collateral Law, all collateral arrangements, in respect of assets over which the Luxembourg security interests have been granted, as well as all enforcement events and valuation and enforcement measures agreed upon by the parties in accordance with this law, are valid and enforceable against third parties, commissioners, receivers, liquidators and other similar persons notwithstanding any insolvency proceedings.

In addition, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EU Insolvency Regulation or the Recast EU Insolvency Regulation (as applicable).

Impact of Insolvency Proceedings on Transactions

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of certain secured creditors to enforce their security interest may also be limited particularly in the event of controlled management proceedings providing expressly that the rights of secured creditors are frozen until a final decision has been taken by the Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganisation order given by the court, subject to the exceptions under the Luxembourg Collateral Law. A reorganisation order in controlled management proceedings requires the prior approval by more than 50% of the creditors representing more than 50% of a Luxembourg Obligor's liabilities in order to take effect. Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings, subject to the exceptions under the Luxembourg Collateral Law.

Hardening Periods and Fraudulent Transfer

Generally, payments made, as well as other transactions (listed in the relevant sections of the Luxembourg Commercial Code) concluded or performed, during the hardening period (*période suspecte*) which is fixed by the Commercial Court and dates back not more than six months from the date on which the Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period, are subject to cancellation by the Commercial Court upon proceedings instituted by the Luxembourg bankruptcy receiver. In particular:

- article 445 of the Luxembourg Commercial Code sets out that specific transactions entered into during the hardening period and an additional period of ten days preceding the hardening period fixed by the Commercial Court are null and void (including the disposals by a Luxembourg Obligor of movable and immovable assets without consideration or with inadequate consideration; payments whether in cash or by way of assignment, sale, set-off or by any other means for non-matured debts; payments that have not been in cash or by way of negotiable and non-negotiable papers for matured debts and the granting of security interests for antecedent debts);
- article 446 of the Luxembourg Commercial Code provides that the bankruptcy receiver may challenge and initiate nullity actions in the following events: (i) payments made for matured debts (*dettes échues*); and (ii) other transactions realised during the hardening period, if the contracting party had knowledge of the cessation of payments; and

- regardless of the hardening period, article 448 of the Luxembourg Commercial Code and article 1167 of the Luxembourg Civil Code (*actio pauliana*) give the court-appointed bankruptcy receiver or the creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy, without limitation of time.

The Luxembourg Collateral Law provides that with the exception of the provisions of the Luxembourg law of 8 January 2013 on over-indebtedness (*surendettement*) (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Commercial Code, the provisions of Book III of the Luxembourg Commercial Code and the national or foreign provisions governing reorganisation measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares or bank accounts or receivables) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of a Luxembourg Obligor (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors. Following a judgment of the European Court of Justice dated November 10, 2016 in Case C 156/15, any assets becoming part of the estate after the commencement of the Insolvency Proceedings may not be considered as being subject to the pledge falling within the scope of the Collateral Law.

Security Interests Considerations

The Notes are secured, among others, by several security rights governed by Luxembourg law, including Luxembourg law pledges over shares and cash accounts. The granting of security rights over movable or immovable, tangible or intangible, assets may be subject to validity and/or enforceability conditions. The breach of any of such conditions may render such security interests invalid or unenforceable. The foreclosure of security interests may be subject to formalities (including judicial or non-judicial consent) and may be time-consuming in the event that the foreclosure takes place under judicial control or in the event of a legal dispute. Courts may condition the enforcement of a security interest and/or guarantee upon the evidence that the creditor has a final and undisputed claim triggering the foreclosure of the security interest and/or guarantee. Enforcement of security interests and/or guarantees may be hindered by conflict of law and/or conflict of jurisdiction issues and may not breach any public policy provision and/or mandatory legal provisions.

According to Luxembourg conflict of law rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets.

As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, bank accounts held with a Luxembourg bank, receivables/claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities held with a depository in Luxembourg, etc.

If there are assets located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The Luxembourg Collateral Law governs the creation, validity, perfection and enforcement of pledges over shares, bank accounts and receivables located or deemed to be located in Luxembourg. Under the Luxembourg Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements. A share pledge agreement must be (i) notified to or acknowledged and accepted by the company which has issued the shares (subject to the security interest) and (ii) registered in the shareholders' register of such company. If future shares are pledged, the perfection of such pledge will require additional registration in the shareholders' register of such company. A pledge over receivables becomes enforceable against the debtor of the receivables and third parties from the moment when the agreement pursuant to which the pledge was created is entered into between the pledgor and the pledgee. However, if the debtor has not been notified of the pledge or if he did not otherwise acquire knowledge of the pledge, he will be validly discharged if he pays the pledgor. In addition, the account bank has to waive any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, the creation and perfection of such pledge will require additional acceptance and waiver by the account bank. Until such registrations, notifications and acceptances occur, the pledge agreements are not effective and perfected against the debtors, the account banks and other third parties.

Article 11 of the Luxembourg Collateral Law sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited to:

- direct appropriation or appropriation by a third party of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets, if applicable;
- sale of the pledged assets (i) in a private transaction at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange or (iii) by way of a public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Law does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, for example, courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Security interests/ arrangements, which are not expressly recognised under Luxembourg law and the powers of any receivers/administrators might not be recognised or enforced by the Luxembourg courts, even over assets located outside of Luxembourg, in particular where a Luxembourg Obligor becomes subject to Luxembourg Insolvency Proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if “main insolvency proceedings” (as defined in the EU Insolvency Regulation or in the Recast EU Insolvency Regulation, as applicable) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the EU Insolvency Regulation or the Recast EU Insolvency Regulation (as applicable) applies, and in accordance with article 5 of the EU Insolvency Regulation or the equivalent provisions of the Recast EU Insolvency Regulation (as applicable).

The perfection of the security interests created pursuant to pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to priority over the proceeds of such sale (subject to preferred rights by operation of law).

Under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors, and most of which are undisclosed preferences (*privilèges occultes*). This includes, in particular, the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the Treasury and certain assimilated parties (namely social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege takes in principle precedence over the privilege of a pledgee in respect of pledged assets.

Continuance of Ongoing Contracts

The bankruptcy receiver decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorisation of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu personae* contracts (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party that are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. The counterparty to that agreement may make a claim for damages in the bankruptcy and such claim will rank *pari passu* with the claims of all of the other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

Limitation on Guarantee and Security Interest

The granting of guarantees/security interests by a Luxembourg company is subject to specific limitations and requirements relating to corporate object and corporate interest. The granting of guarantees/security interests by a company incorporated and existing in Luxembourg must not be prohibited by the corporate object (*objet social*) and/or legal form of that company. In addition, there is also a requirement according to which the granting of security by a company has to be for its "corporate interest."

The Luxembourg law dated August 10, 1915 on commercial companies, as amended (the "**Companies Act 1915**") does not provide for rules governing the ability of a Luxembourg company to guarantee the indebtedness of another entity of the same group. It is generally held that, within a group of companies, the corporate interest of each individual corporate entity should, to a certain extent, be tempered by, and subordinated to, the interest of the group. A reciprocal assistance from one group company to another does not necessarily conflict with the interest of the assisting company. However, this assistance must be temporary, in proportion with the real financial means of the assisting company or have a reciprocal character. A company may give a guarantee provided the giving of the guarantee is covered by the company's corporate object and is in the best interest of the company.

Although no statutory definition of corporate benefit (intérêt social) exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which the company derives a direct or indirect economic or commercial benefit. The provision of a guarantee/security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of cross-stream and upstream guarantees/security interests may be more problematic. Failure to comply with the above mentioned corporate benefit requirement will typically result in liability for the managers of the Luxembourg company concerned. The question whether a guarantee granted in the absence of corporate interest could be held null and void is discussed among legal doctrine. While some authors express the view that an absence of corporate interest could give rise to liability of the directors of the relevant company only, others consider that the consequences could be that the relevant obligations be null and void.

There is a risk that the managers of a Luxembourg company will be held liable if, among other things:

- the guarantee/security interest so provided would materially exceed the (direct or indirect) benefit deriving from the secured obligations for the Luxembourg company; or
- the Luxembourg company derives no personal benefit or obtains no direct or indirect consideration for the guarantee/security interest granted; or
- the commitment of the Luxembourg company exceeds its financial means.

In addition to any criminal and civil liability incurred by the managers of the Luxembourg company, a guarantee provided by a Luxembourg company could itself be held unenforceable, if it is held that it is contrary to public policy (ordre public) (in case of facts consisting a misuse of corporate assets).

The above analysis is slightly different within a group of companies where a group interest (intérêt de groupe) exists. The existence of a group interest could prevent a guarantee provided by a Luxembourg company from falling foul of the above constraints. In order for a group interest to be recognised, the following cumulative criteria must be met and proven:

- the "assisting" company must receive some benefit, or there must be a balance between the respective commitments of all the affiliates;
- the financial assistance must not exceed the assisting company's financial means, in which case it is typical for the guarantee to be limited to an aggregate amount not exceeding the assisting company's own funds (capitaux propres); and
- the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective.

As a result, the guarantees/security interests granted by a Luxembourg company may be subject to certain limitations, which usually take the form of a general limitation language, which is inserted in the relevant finance document(s) and which covers the aggregate obligations and exposure of the relevant Luxembourg assisting company under all finance documents.

Furthermore, under certain circumstances, the directors or managers of the Luxembourg company might incur criminal penalties based on the concept of misappropriation of corporate assets (article 171-1 of the Companies Act 1915). The guarantees granted by a Luxembourg company could themselves be held void or unenforceable if their granting is contrary to Luxembourg public policy (*ordre public*). As a result of the above developments, the up-stream and cross-stream guarantees granted by a Luxembourg company will be subject to certain limitations, which will take the form of general limitation language for Luxembourg guarantors (limiting the guarantee obligations of such Luxembourg company to a certain percentage of, inter alia, its net assets (*capitaux propres*)), which is inserted in the relevant finance document(s), indentures or guarantee agreements and which covers the aggregate obligations and exposure of the relevant Luxembourg company under all finance documents, indentures or guarantee agreements.

Financial Assistance

Any security interests/guarantees granted by entities organised in Luxembourg, which constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Companies Act 1915, or any other similar provisions (to the extent applicable, as at the date of this Offering Circular, to an entity organised under the laws of Luxembourg and having the form of a private limited liability company), might not be enforceable.

Registration in Luxembourg

The registration of the Notes, the Security Documents and the Indenture (and any other document in connection therewith) with the *Administration de l'Enregistrement et des Domaines* in Luxembourg may be required in the case of legal proceedings before Luxembourg courts or in the case that the Notes, the Security Documents and the Indenture (and any other document in connection therewith) are produced before an official Luxembourg authority (*autorité constituée*) as a main document or as an annex to the main document being registered or produced. In such case, either a nominal registration duty or an ad valorem duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered. No ad valorem duty is payable in respect of Security Documents that are subject to the Luxembourg Collateral Law.

The Luxembourg courts or the official Luxembourg authority may require that the Notes, the Security Documents, the Indenture (and any other document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchasers have entered into a purchase agreement dated as of the date of this Offering Circular (the "**Purchase Agreement**"), under the terms and conditions of which the Issuer has agreed to sell to each of the Initial Purchasers and, subject to certain conditions contained therein, such Initial Purchasers have agreed to purchase the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers are obligated to purchase all of the Notes if any of them are purchased. The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and other conditions precedent.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Circular. Depending on market conditions, certain of the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own accounts. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the Purchase Agreement, the Issuer and Guarantors have agreed that:

- during a period of 90 days from the date hereof (if the sale of the Securities by the Issuer and the Guarantors to the Initial Purchasers shall have occurred), the Issuer will not, and will not allow its subsidiaries or Affiliates over which it exercises management or voting control, or any other person acting on its behalf, without the prior written consent of the Representatives, to sell, offer to sell, contract to sell, or otherwise dispose of any other securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Securities or that are convertible or exchangeable into securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Securities; and
- the Issuers and the Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers initially propose to offer the Notes at the offering price that appears on the cover page of this Offering Circular. After the initial offerings, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. The offerings of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

United States

Each purchaser of Notes offered by this Offering Circular, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under "*Notice to Investors*".

The Notes have not been and will not be registered under the U.S. 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 to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*".

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Circular, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

In connection with sales outside the United States (other than sales pursuant to Rule 144A), the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S under the U.S. Securities Act, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act.

United Kingdom

In the Purchase Agreement, each Initial Purchaser has also represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the U.K.; and

(ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the Purchase Agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular, and will, subject to certain provisions in the relevant Purchase Agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

This Offering Circular is directed solely at persons who (i) are outside the U.K. or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (as defined below) (each, a "**Relevant Member State**"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the relevant Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive provided that no such offer of Notes shall require the relevant Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

"**Prospectus Directive**" means Directive 2003/71/EC as amended including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State

General

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Notice to*

Investors". The Issuer will apply to list the Notes on the official list of the Luxembourg Stock Exchange and for the admission for trading on the Euro MTF Market thereof. The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Circular, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Circular or the succeeding business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering of the Notes, Merrill Lynch International (the "Stabilizing Manager") may engage in overallotment, stabilizing transactions and syndicate covering transactions in accordance with Regulation M under the Exchange Act and applicable rules of the U.K. Financial Services Authority. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Manager engages in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Certain of the Initial Purchasers or their respective affiliates have arranged and made loans to the Issuer in the past and received fees in relation to arranging such loans. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of the Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers 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 our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

Certain of the Initial Purchasers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business for which they have received (and expect to continue to receive) customary fees and reimbursement of expenses. Certain of the Initial Purchasers or their respective affiliates were lead arrangers, facility agent and/or lenders under the Existing Senior Facilities Agreement. In addition, certain of the Initial Purchasers or their respective affiliates will act as lead arrangers and/or facility agent under, and all of the Initial Purchasers or their respective affiliates will be lenders under, the New Senior Facilities Agreement. Each has received and may receive customary fees for their services in such capacities.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In addition, in the ordinary course of their business activities, the Initial Purchasers and their 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 Initial Purchasers and their 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 and instruments.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes.

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes are being offered and sold only (i) to investors that the seller reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) in a private sale exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. We use the terms "offshore transaction," and "United States" with the meanings given to them in Regulation S.

Each purchase of the Notes is subject to restrictions on transfer as summarised below. By purchasing the Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(1) The purchaser understands and acknowledges that:

- The Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws, and the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

(2) The purchaser is not an affiliate (as defined in Rule 144A) of the Issuer, that the purchaser is not acting on behalf of the Issuer and that either:

- the purchaser is a qualified institutional buyer (as defined in Rule 144A), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing the Notes for its own account or for the account of another qualified institutional buyer; or
- the purchaser is a non-US person and is purchasing the Notes in an offshore transaction outside the United States pursuant to Regulation S.

(3) The purchaser represents that it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will be deemed to agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to us; (b) under a registration statement that has been declared effective under the Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (d) through offers and sales to non-US persons that occur outside the United States within the meaning of Regulation S; or (e) under any other available exemption from the registration requirements of the U.S. Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

The purchaser of the Notes also acknowledges that:

(1) the above restrictions on resale will apply from the closing date until the date after which such Note, as applicable, may be freely transferred one year (in the case of Notes sold pursuant to Rule 144A) after the later of the closing date and the last date that we were or any of our affiliates was the owner of the Notes, or any predecessor of the Notes, as applicable or 40 days (in the case of Notes sold pursuant to Regulation S) after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes, as applicable, or any predecessor of the Notes, as applicable (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

(2) if a holder of Notes proposes to resell or transfer the Notes under clause (3)(e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee, as applicable, a letter from the purchaser in the form set forth in the Indenture, as applicable, which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;

(3) we and the Trustee, as applicable, reserve the right to require in connection with any offer, sale or other transfer of the Notes under clause (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee, as applicable; and

(4) each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [*IN THE CASE OF RULE 144A NOTES*: REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [*IN THE CASE OF REGULATION S NOTES*: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] AND AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") THAT IS [*IN THE CASE OF RULE 144A NOTES*: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER, THE GUARANTORS AND ANY SUBSIDIARY THEREOF (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(5) The purchaser has received a copy of the Offering Circular relating to the offering of the Notes and acknowledges that (a) neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to it with respect to us or the offering and the sale of the Notes

other than the information contained in this Offering Circular and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase the Notes or Notes.

(6) The purchaser understands that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.

(7) The purchaser: (a) is able to fend for itself in the Transactions contemplated by this Offering Circular; (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

(8) Either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or governmental or church plan subject to Similar Law or entity whose underlying assets are considered to include "plan assets" of any such Plan, account or arrangement or (b) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

(9) The purchaser acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by the purchaser, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

(10) The purchaser agrees that it will give to each person to whom it transfers these Notes (including the Guarantees) notice of any restrictions on the transfer of the Notes (including the Guarantees).

(11) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Company, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes (including the Guarantees, as applicable) or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company, the Guarantors or the Notes (including the Guarantees) in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes (including the Guarantees) will be subject to the selling restrictions set forth under "*Plan of Distribution*".

(12) The purchaser acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

For the purposes of this notice, the Notes include interests or rights in the Notes, as applicable, held in Euroclear or Clearstream, Luxembourg or any other clearing system.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Debevoise & Plimpton LLP as to matters of U.S. Federal and New York State law and English law and by Loyens & Loeff Luxembourg S.à r.l. on matters of Luxembourg law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of U.S. Federal and New York State law and English law and by NautaDutilh Avocats Luxembourg S.à r.l. on matter of Luxembourg law.

STATUTORY AUDITORS

The combined financial statements of B&M European Value Retail 1 S.à r.l. and its subsidiaries as of and for the financial year ended March 29, 2014 have been reported upon by Grant Thornton UK LLP, as stated in their report dated June 12, 2014.

The consolidated financial statements of the Issuer as of and for the financial years 2015 and 2016 have been audited by Grant Thornton Lux Audit S.A., statutory auditors, as stated in their reports dated, June 1, 2015 and June 2, 2016, respectively, which appear herein.

Grant Thornton retired at the conclusion of the AGM on July 29, 2016 and KPMG Luxembourg Société Coopérative were appointed in place of them.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg. The Guarantors are private limited liability companies incorporated under the laws of England and Wales or Luxembourg. The Security Documents relating to the Collateral are governed by the laws of England and Wales or Luxembourg. The Indenture (including the Guarantees), the Notes and the Guarantees are governed by New York law. The Intercreditor Agreement is governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. Federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

England

The following discussion with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to us by our English counsel, Debevoise & Plimpton LLP.

A judgment obtained in the courts of New York in any suit, action or proceeding arising out of or in connection with the Notes would not automatically be recognised or enforceable in England because there is no treaty between the United States and the United Kingdom providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (as opposed to arbitration awards). Such a judgment may, however, be enforced in England by way of a separate action initiated before a court of competent jurisdiction in England for the sum payable on the judgment and, subject to what is described below, the English court would not generally re-examine the merits and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defence to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had, at the time when proceedings were served, jurisdiction over the original proceedings according to English rules on private international law;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money; and
- the U.S. judgment not being for a sum payable in respect of taxes, or other changes of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that an English court considers to relate to penal, revenue or other public law.

An English court may refuse to enforce such a judgment if the judgment debtor satisfied the court that:

- the U.S. judgment was obtained by fraud;
- the U.S. judgment contravenes English public policy;
- the U.S. judgment was obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a U.S. court (to whose jurisdiction the judgment debtor did not submit);
- the U.S. judgment was obtained in breach of English principles of natural or substantial justice;
- the U.S. judgment is (i) a judgment on a matter previously determined by an English court; (ii) another court whose judgment is entitled to recognition in England; or (iii) a judgment which conflicts with an earlier judgment of such court;

- the U.S. judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act; and
- the English enforcement proceedings were not instituted within the relevant limitation period.

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from U.S. federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognised or enforceable in England. In addition, we cannot assure you whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

Luxembourg

We have been advised by our Luxembourg counsel that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, an enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment rendered in civil or commercial matters by the Luxembourg District Court (*Tribunal d'Arrondissement*) subject to compliance with the relevant provisions of the New Luxembourg Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case law, being:

- the U.S. court awarding the judgment has personal and subject matter jurisdiction to adjudicate the respective matter according to its applicable laws and Luxembourg private international law rules on conflict of jurisdiction and the choice of venue was proper;
- the judgment rendered by the U.S. court is final and enforceable (*exécutoire*) in the U.S.;
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules (based on case law and legal doctrine, it is not certain that this condition would still be required for an exequatur to be granted by a Luxembourg court);
- the judgment must have been granted in compliance with the rights of the defendant to appear, and if the defendant appeared, to present its case;
- the U.S. court has acted in accordance with its own procedural laws; and
- the considerations of the foreign order, as well as the judgment, do not contravene international public policy as understood under the laws of Luxembourg or have been given proceedings of a penal, criminal or tax nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably (i) if the choice of such foreign law was not made in good faith (bona fide), (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg's international public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of a foreign judgment granting punitive damages. In practice, Luxembourg courts presently tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

Subject to the foregoing, purchasers of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Luxembourg. We cannot, however, assure you that attempts to enforce judgments in Luxembourg will be successful.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchaser will be furnished with a copy of this Offering Circular and, to the extent provided to such Initial Purchaser by the Issuer, any related amendment or supplement to this Offering Circular. Each person receiving this Offering Circular and any related amendments or supplements to this Offering Circular acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on any Initial Purchaser or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decisions; and

(3) except as provided pursuant to (1) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein, and, if given or made, such information or representation should not be relied upon as having been authorised by the Company or any Initial Purchaser.

So long as the Notes are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to us at: 9, allée Scheffer L-2520 Luxembourg.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*".

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies of the Issuer's articles of association, the Indenture, as applicable, and our most recent consolidated financial statements published by us may be inspected and obtained at the office of the Listing Agent in Luxembourg. See "*Listing and General Information*".

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market in accordance with the rules and regulations of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the articles of association and/or bylaws of the Issuer and the Guarantors (the Issuer's articles of association may also be inspected at the Luxembourg Register of Commerce and Companies during normal business hours);
- the Guarantees and Security Documents;
- our most recent audited consolidated financial statements, and any interim financial statements published by us on a quarterly basis;
- the Indenture (which includes the form of the Notes), as applicable; and
- the Purchase Agreement relating to the Notes.

It is expected that the approval in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF Market will be granted by the Luxembourg Stock Exchange after the issuance of the Notes, respectively. Transactions will normally be effected for settlements in Sterling and for delivery on the third business day after the day of the transaction.

We have appointed Deutsche Bank AG, London Branch as paying agent and Deutsche Bank Luxembourg, S.A. as transfer agent to make payments on, when applicable, and transfers of the Notes for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and Deutsche Bank Luxembourg, S.A. as listing agent. We reserve the right to change this appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Notes will be freely transferable and negotiable.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream.

	ISIN	Common Code
Regulation S Global Notes	XS1557228357	155722835
Rule 144A Global Notes	XS1557228944	155722894

Legal Information

The Issuer

The Issuer, B&M European Value Retail S.A., is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg. On the date of this Offering Circular, the business address of the Issuer is 9, allée Scheffer L-2520 Luxembourg. The Issuer is registered with the Luxembourg Register of Commerce and Companies under number B 187275.

The offering of the Notes by the Issuer was authorised by the board of directors of the Issuer on January 19, 2017. The Notes were issued at a price of 4.125% and were issued with a yield to maturity of 4.125%.The Issuer accepts responsibility for the information contained in this Offering Circular.

Guarantors

As of September 24, 2016, the Guarantors and the Issuer would have represented 92.1% of the total assets of the Group on a consolidated basis. For the financial six months 2017, the Guarantors and the Issuer were responsible for 91.2% of the Group's Adjusted EBITDA on the same consolidated basis.

The following is a description of the Guarantors:

B&M European Value Retail 1 S.à r.l. is a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number R.C.S. B 173.461 with its registered office at 9, allée Scheffer L-2520 Luxembourg

B&M European Value Retail 2 S.à r.l. a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number R.C.S. B 171.437 with its registered office at 9, allée Scheffer L-2520 Luxembourg

B&M European Value Retail Holdco 1 Ltd is incorporated in England and Wales with company number 08338308 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

B&M European Value Retail Holdco 2 Ltd is incorporated in England and Wales with company number 08338614 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

B&M European Value Retail Holdco 3 Ltd is incorporated in England and Wales with company number 08309890 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

B&M European Value Retail Holdco 4 Ltd is incorporated in England and Wales with company number 08309974 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

B&M Retail Limited is incorporated in England and Wales with company number 01357507 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

EV Retail Limited is incorporated in England and Wales with company number 03244928 with its registered office at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool L24 8RJ

Significant Change

Except as disclosed in this Offering Circular:

- there has been no material adverse change in our financial position as set forth in our audited consolidated financial statements as of and for the financial year 2016; and
- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer accepts responsibility for the information contained in this Offering Circular.

INDEX TO FINANCIAL INFORMATION

The Interim Unaudited Condensed Financial Statements of B&M European Value Retail S.A. and its subsidiaries as of and for the financial six months ended September 24, 2016, the Audited Consolidated Financial Statements of B&M European Value Retail S.A. and its subsidiaries as of and for the financial years ended March 26, 2016 and March 28, 2015, and the Combined Financial Information of B&M European Value Retail 1 S.à r.l. and its subsidiaries as of and for the three financial years ending March 29, 2014 are set forth below.

Interim Unaudited Condensed Financial Statements of B&M European Value Retail S.A as of and for the six months ended September 24, 2016

Audited Consolidated Financial Statements of B&M European Value Retail S.A. and its subsidiaries as of and for the year ended March 26, 2016

Audited Consolidated Financial Statements of B&M European Value Retail S.A. and its subsidiaries as of and for the year ended March 28, 2015

Combined Financial Information of B&M European Value Retail 1 S.à r.l. and its subsidiaries as of and for the three years ended March 29, 2014

Report of the Réviseur d'Entreprises agréé
on the review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 24 September 2016, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 24 September 2016 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Other matter

The condensed consolidated interim financial information of B&M European Value Retail S.A. as at 26 September 2015, which is used as comparative information in the condensed consolidated interim financial information of B&M European Value Retail S.A. as at 24 September, 2016, was reviewed by the predecessor auditor who expressed a clean review conclusion on 17 November, 2015.

Luxembourg, November 15, 2016

KPMG Luxembourg Société coopérative
Cabinet de révision agréé

Thierry Ravasio

Consolidated statement of Comprehensive Income

	Note	**26 weeks ended 24 September 2016 £'000**	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Revenue	2	**1,105,856**	930,319	2,035,285
Cost of sales		**(722,494)**	(609,746)	(1,332,263)
Gross profit		**383,362**	320,573	703,022
Administrative expenses		**(299,893)**	(242,724)	(528,530)
Operating profit		**83,469**	77,849	174,492
Share of profits of investments in associates		**—**	—	1,166
Profit on ordinary activities before interest and tax		**83,469**	77,849	175,658
Finance costs		**(9,953)**	(11,342)	(21,573)
Finance income		**174**	227	460
Profit on ordinary activities before tax		**73,690**	66,734	154,545
Income tax expense		**(15,029)**	(13,948)	(28,745)
Profit for the period		**58,661**	52,786	125,800
Attributable to non-controlling interests		**817**	823	1,264
Attributable to owners of the parent		**57,844**	51,963	124,536
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiary and associate accounts		**6,923**	981	5,505
Fair value movements recorded in the hedging reserve		**11,626**	—	—
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain on the defined benefit pension scheme		**—**	—	5
Tax effect of other comprehensive income		**(2,325)**	—	13
Total comprehensive income for the period		**74,885**	53,767	131,323
Attributable to non-controlling interests		**817**	823	1,265
Attributable to owners of the parent		**74,068**	52,944	130,058
Earnings per share				
Basic earnings attributable to ordinary equity holders (pence)	5	**5.8**	5.2	12.5
Diluted earnings attributable to ordinary equity holders (pence)	5	**5.8**	5.2	12.4

All operations are classified as continuing. The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of Financial Position

	Note	**24 September 2016 £'000**	26 September 2015* £'000	26 March 2016 £'000
Assets				
Non-current				
Goodwill	7	**841,712**	835,637	837,450
Intangible assets	7	**103,398**	100,524	101,174
Property, plant and equipment	8	**153,010**	123,887	138,050
Investments accounted for using the equity method		**3,995**	3,822	3,995
Other receivables		**2,565**	—	2,771
Deferred tax asset		**115**	194	473
		1,104,795	1,064,064	1,083,913
Current assets				
Cash and cash equivalents		**14,306**	32,819	91,148
Inventories		**370,933**	383,400	356,312
Trade and other receivables		**45,315**	32,642	28,761
Other current financial assets		**13,885**	6,527	4,769
Income tax receivable		**—**	160	—
		444,439	455,548	480,990
Total assets		**1,549,234**	1,519,612	1,564,903
Equity				
Share capital	9	**(100,000)**	(100,000)	(100,000)
Share premium		**(2,472,482)**	(2,577,668)	(2,577,668)
Merger reserve		**1,979,131**	1,979,131	1,979,131
Retained earnings		**(137,693)**	(59,187)	(115,898)
Legal reserve		**(10,000)**	(614)	(614)
Hedging reserve		**(9,301)**	—	—
Put/call option reserve		**13,855**	13,855	13,855
Foreign exchange reserve		**(8,196)**	3,251	(1,273)
Non-controlling interest		**(12,700)**	(11,478)	(11,883)
		(757,386)	(752,710)	(814,350)
Non-current liabilities				
Interest-bearing loans and borrowings	10	**(435,834)**	(434,450)	(435,142)
Finance lease liabilities		**(6,976)**	(4,507)	(4,252)
Other financial liabilities		**(18,405)**	(14,924)	(16,041)
Other liabilities		**(70,397)**	(56,285)	(66,544)
Deferred tax liabilities		**(20,979)**	(22,280)	(20,119)
Provisions		**(876)**	(1,303)	(2,047)
		(553,467)	(533,749)	(544,145)
Current liabilities				
Interest-bearing loans and borrowings	10	**(25,000)**	—	—
Trade and other payables		**(192,690)**	(214,126)	(189,743)
Finance lease liabilities		**(957)**	(961)	(1,119)
Other financial liabilities		**—**	(411)	(487)
Income tax payable		**(14,365)**	(11,747)	(10,290)
Provisions		**(5,369)**	(5,908)	(4,769)
		(238,381)	(233,153)	(206,408)
Total liabilities		**(791,848)**	(766,902)	(750,553)
Total equity and liabilities		**(1,549,234)**	(1,519,612)	(1,564,903)

* Restated see note 1

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 14 November 2016 and signed on their behalf by:

S. Arora, Chief Executive Officer.

Consolidated statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Hedging reserve £'000	Legal Reserve £'000	Merger reserve £'000	Foreign exch. reserve £'000	Put/call option reserve £'000	Non-control. interest £'000	Total Share-holders' equity £'000
Balance at 28 March 2015	100,000	2,600,000	10,392	—	—	(1,979,131)	(4,232)	(13,855)	10,655	723,829
Allocation to legal reserve	—	—	(614)	—	614	—	—	—	—	—
Dividend payment to owners	—	(22,332)	(2,668)	—	—	—	—	—	—	(25,000)
Effect of share options	—	—	114	—	—	—	—	—	—	114
Total for transactions with owners	—	(22,332)	(2,554)	—	—	—	—	—	—	(24,886)
Profit for the period	—	—	51,963	—	—	—	—	—	823	52,786
Other comprehensive income										
Exchange differences on retranslation of subsidiaries and associates	—	—	—	—	—	—	981	—	—	981
Total comprehensive loss for the period	—	—	51,963	—	—	—	981	—	823	53,767
Balance at 26 September 2015	100,000	2,577,668	59,187	—	614	(1,979,131)	(3,251)	(13,855)	11,478	752,710
Dividend payment to owners	—	—	(16,000)	—	—	—	—	—	—	(16,000)
Dividend payment to non-controlling interest	—	—	—	—	—	—	—	—	(37)	(37)
Effect of share options	—	—	121	—	—	—	—	—	—	121
Total for transactions with owners	—	—	(15,879)	—	—	—	—	—	(37)	(15,916)
Profit for the period	—	—	72,573	—	—	—	—	—	441	73,014
Other comprehensive income										
Exchange differences on retranslation of subsidiaries and associates	—	—	—	—	—	—	4,524	—	—	4,524
Other items and tax effect	—	—	17	—	—	—	—	—	1	18
Total comprehensive income for the period	—	—	72,590	—	—	—	4,524	—	442	77,556
Balance at 26 March 2016	100,000	2,577,668	115,898	—	614	(1,979,131)	1,273	(13,855)	11,883	814,350
Allocation to legal reserve	**—**	**(6,776)**	**(2,610)**	**—**	**9,386**	**—**	**—**	**—**	**—**	**—**
Dividend payments to owners	**—**	**(98,410)**	**(33,590)**	**—**	**—**	**—**	**—**	**—**	**—**	**(132,000)**
Effect of share options	**—**	**—**	**151**	**—**	**—**	**—**	**—**	**—**	**—**	**151**
Total for transactions with owners	**—**	**(98,410)**	**(33,439)**	**—**	**—**	**—**	**—**	**—**	**—**	**(131,849)**
Profit for the period	**—**	**—**	**57,844**	**—**	**—**	**—**	**—**	**—**	**817**	**58,661**
Other comprehensive income										
Exchange differences on retranslation of subsidiaries and associates	**—**	**—**	**—**	**—**	**—**	**—**	**6,923**	**—**	**—**	**6,923**
Other items and tax effect	**—**	**—**	**—**	**9,301**	**—**	**—**	**—**	**—**	**—**	**9,301**
Total comprehensive income for the period	**—**	**—**	**57,844**	**9,301**	**—**	**—**	**6,923**	**—**	**817**	**74,885**
Balance at 24 September 2016	**100,000**	**2,472,482**	**137,693**	**9,301**	**10,000**	**(1,979,131)**	**8,196**	**(13,855)**	**12,700**	**757,836**

Consolidated statement of Cash Flows

	Note	**26 weeks ended 24 September 2016 £'000**	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Cash flows from operating activities				
Cash generated from operations	11	**77,674**	44,126	170,934
Fees associated with the IPO and associated restructuring		**—**	—	(777)
Income tax paid		**(12,704)**	(8,929)	(27,551)
Net cash flows from operating activities		**64,970**	35,197	142,606
Cash flows from investing activities				
Purchase of property, plant and equipment		**(23,007)**	(31,055)	(54,912)
Purchase of intangible assets		**(2,036)**	(1,145)	(1,801)
Acquisition of German business net of cash received		**(2,307)**	—	—
Proceeds from the sale of property, plant and equipment		**1,514**	94	538
Interest received		**112**	107	183
Dividends received from associates		**—**	—	1,295
Net cash flows from investing activities		**(25,724)**	(31,999)	(54,697)
Cash flows from financing activities				
Net receipt of bank loans		**25,000**	—	—
Interest paid		**(8,853)**	(9,741)	(19,662)
Dividends paid to non-controlling interest		**—**	—	(37)
Dividends paid to owners of the parent		**(132,000)**	(25,000)	(41,000)
Repayment of finance lease		**(235)**	(581)	(1,005)
Net cash flows from financing activities		**(116,088)**	(35,322)	(61,704)
Net (decrease)/increase in cash and cash equivalents		**(76,842)**	(32,124)	26,205
Cash and cash equivalents at the beginning of the period		**91,148**	64,943	64,943
Cash and cash equivalents at the end of the period		**14,306**	32,819	91,148
Cash and cash equivalents comprise:				
Cash at bank and in hand		**14,306**	32,819	91,148
		14,306	32,819	91,148

Notes to the financial information

1. General Information and Basis of Preparation

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's last set of consolidated accounts released by the ultimate controlling party, B&M European Value Retail S.A., a company listed on the London Stock Exchange and incorporated in Luxembourg.

The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (DTR) and with International Accounting Standard (IAS) 34 – "Interim Financial Reporting" as endorsed by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany.

The principal accounting policies have remained unchanged from the prior financial information for B&M European Value Retail S.A. for the period to 26 March 2016, except that since March 2016, the company has adopted a policy of applying hedge accounting for qualifying foreign exchange derivatives, and therefore a hedging reserve has been recognised for the first time. The full new financial instrument policy wording is included below.

The financial statements for B&M European Value Retail S.A. for the period to 26 March 2016 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified. Since that date the Group Auditors have resigned and have been replaced by KPMG Luxembourg Société coopérative as ratified by the Group's AGM in July 2016.

The financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

This consolidated financial information does not constitute statutory financial statements.

Restatements

At 26 March 2016, the Group carried out a detailed review of the terms and conditions under which imported goods were shipped, ultimately resulting in recognising these goods at the point of shipment instead of at the UK port, as previously concluded.

As such the comparative period-end balances were restated to reflect the changes, and as such it has also been necessary to restate the September 2015 balances presented in this half year report. These changes have no impact on the statements of comprehensive income or on net equity in any of the periods affected. The restatements are simply reclassifications within working capital.

The reclassifications result in:

- Decreases in deposits on account with suppliers of £33.7m as at September 2015 (£29.7m at March 2015), including those held by related parties (£18.4m, £15.9m respectively);
- Increases in trade creditors of £46.8m in September 2015 and £17.5m at March 2015;
- Increases in inventory of £80.5m in September 2015 and £47.2m in March 2015.

Further information is contained in the annual report released by the Group parent, B&M European Value Retail S.A. for the period to 26 March 2016.

Basis of Consolidation

This Group financial information consolidates the financial information of the company and its subsidiary undertakings together with the Group's share of the net assets and results of associated undertakings for the period from 27 March 2016 to 24 September 2016. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

Viability and going concern statements have been made in the Principal risks and uncertainties section of the annual report for the period to 26 March 2016.

Since this date there has been a period of volatility with regard to exchange rates following the referendum on the United Kingdom's membership of the European Union.

With respect to this the directors have reviewed the assumptions and results of the viability testing carried out, and have judged that the events do not have a significant impact on the statements previously made.

On this basis, the directors have determined that it is appropriate to continue to use the going concern basis for production of this financial report.

Financial instruments

The Group has altered their policy on financial instruments since the year end, with the intention of applying hedge accounting to qualifying derivatives. The new policy is as follows, and this has been in place since the start of the financial year.

The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk.

Derivative financial instruments are recognised at fair value. The fair value is derived using an internal model and supported by valuations by third party financial institutions.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement. Effectiveness of the derivatives subject to hedge accounting is assessed at inception of the derivative, when the derivative matures and at each reporting period end date between.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Critical judgments and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, have been disclosed in the company's annual report.

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management to be an associate rather than a subsidiary or a joint venture. Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, B&M Group does not have voting rights or substantive rights. Therefore the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated financial statements.

Put/call options on Jawoll non-controlling interest

The purchase agreement for Jawoll in April 2014 included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contain a variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options.

A financial liability has been recognised carried at amortised cost to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and interpretations applied and not yet applied by the Group

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have been adopted for the first time by the Group in the period with no significant impact on its consolidated results or financial position:

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1 'Disclosure Initiative'

- Amendments to IAS 16 and IAS 38 ‘Clarification of acceptable methods of depreciation and amortisation’
- Amendments to IAS 27 ‘Equity method in separate financial statements’

IFRS 9 ‘Financial Instruments’ will be applicable after 1 January 2018. This standard will simplify the classification of financial assets for measurement purposes, but it is not anticipated to have a significant impact on financial statements.

IFRS 15 ‘Revenue from contracts with customers’ will be applicable after 1 January 2018. This standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements, but is not expected to have a significant impact on the financial statements.

IFRS 16 Leases is expected to be applicable after 1 January 2019. If endorsed, this standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group is currently considering the implications of IFRS 16 on the Group’s consolidated results and financial position.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

2. Segmental information

IFRS 8 (“Operating segments”) requires the Group’s segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

For management purposes, the Group is organised into two reportable segments, being the UK retail segment and the German retail segment.

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

The average euro rate for translation purposes was €1.2262 during the period, with the period end rate being €1.1552 (March 2016: €1.3677/£ and €1.2670; September 2015: €1.3888/£ and €1.3486/£ respectively)

26 week period to 24 September 2016	UK Retail £’000	Germany Retail £’000	Corporate £’000	Total £’000
Revenue	**1,016,998**	**88,858**	**—**	**1,105,856**
Gross profit	**350,752**	**32,610**	**—**	**383,362**
EBITDA	**89,755**	**7,623**	**(1,646)**	**95,732**
Interest received	**99**	**13**	**62**	**174**
Interest expense	**—**	**(129)**	**(9,824)**	**(9,953)**
Income tax expense	**(15,853)**	**(1,750)**	**2,574**	**(15,029)**
Segment profit/(loss)	**63,414**	**4,083**	**(8,836)**	**58,661**
Total assets	**1,408,479**	**122,616**	**18,139**	**1,549,234**
Total liabilities	**(252,604)**	**(24,466)**	**(514,778)**	**(791,848)**
Other disclosures:				
Capital expenditure (including intangible)	**(21,021)**	**(4,022)**	**—**	**(25,043)**
Depreciation and amortisation	**(10,587)**	**(1,674)**	**(2)**	**(12,263)**
Share of profit of associates	**—**	**—**	**—**	**—**
Investment in associates accounted for by the equity method	**—**	**—**	**3,995**	**3,995**

26 week period to 26 September 2015	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	861,731	68,588	—	930,319
Gross profit	295,492	25,081	—	320,573
EBITDA	75,038	7,272	5,004	87,314
Interest received	107	—	120	227
Interest expense	(8)	(73)	(11,261)	(11,342)
Income tax expense	(13,399)	(1,764)	1,215	(13,948)
Segment profit/(loss)	53,597	3,545	(4,356)	52,786
Total assets	1,414,328*	94,373	10,911	1,519,612*
Total liabilities	(266,407)*	(15,415)	(485,080)	(766,902)*
Other disclosures:				
Capital expenditure (including intangible)	(30,271)	(1,914)	(15)	(32,200)
Depreciation and amortisation	(8,141)	(1,321)	(3)	(9,465)
Share of profit of associates	—	—	—	—
Investment in associates accounted for by the equity method	—	—	3,822	3,822

* These figures have been restated, as explained more fully in note 1.

52 week period to 26 March 2016	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,902,557	132,728	—	2,035,285
Gross profit	652,775	50,247	—	703,022
EBITDA	182,035	11,588	2,461	196,084
Interest received	170	13	277	460
Interest expense	(51)	(162)	(21,360)	(21,573)
Income tax expense	(32,877)	(2,636)	6,768	(28,745)
Segment profit/(loss)	131,509	6,150	(11,859)	125,800
Total assets	1,450,936	104,636	9,331	1,564,903
Total liabilities	(247,490)	(19,577)	(483,486)	(750,553)
Other disclosures:				
Capital expenditure (including intangible)	(51,760)	(4,935)	(18)	(56,713)
Depreciation and amortisation	(17,768)	(2,653)	(5)	(20,426)
Share of profit of associates	—	—	1,166	1,166
Investment in associates accounted for by the equity method	—	—	3,995	3,995

3. Reconciliation of EBITDA from the statement of comprehensive income

EBITDA and adjusted EBITDA are non-IFRS measures and therefore we provide a reconciliation to the statement of comprehensive income below.

The adjusting items that are used in the calculation of adjusted EBITDA have been specified in greater detail (as those items adjusting administrative costs) in note 4.

Period to	**26 weeks ended 24 September 2016 £'000**	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Profit for the period	**58,661**	52,786	125,800
Add back			
Tax expense	**15,029**	13,948	28,745
Finance costs	**9,953**	11,342	21,573
Finance income	**(174)**	(227)	(460)
Depreciation & amortisation	**12,263**	9,465	20,426
EBITDA	**95,732**	87,314	196,084
Adjusting items (see note 4)	**3,501**	(742)	6,387
Adjusted EBITDA	**99,233**	86,572	202,471

Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

4. Adjusted profit and loss statement

Period to	**26 weeks ended 24 September 2016 £'000**	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Revenue	**1,105,856**	930,319	2,035,285
Cost of sales	**(722,494)**	(609,746)	(1,332,263)
Gross profit	**383,362**	320,573	703,022
Administrative expenses	**(296,392)**	(243,466)	(522,143)
Add back depreciation and amortisation	**12,263**	9,465	20,426
Share of profits of investments in associates	**—**	—	1,166
Adjusted EBITDA	**99,233**	86,572	202,471
Depreciation and amortisation	**(12,263)**	(9,465)	(20,426)
Adjusted profit before interest and tax	**86,970**	77,107	182,045
Finance costs	**(9,189)**	(10,773)	(20,850)
Finance income	**111**	107	183
Adjusted profit before tax	**77,892**	66,441	161,378
Income tax expense	**(15,827)**	(13,794)	(29,884)
Adjusted profit and total comprehensive income	**62,065**	52,647	131,494
Attributable to non-controlling interests	**972**	860	1,364
Attributable to owners of the parent	**61,093**	51,787	130,130

The following table shows the detailed listing of adjusting items:

Period to	**26 weeks ended 24 September 2016 £'000**	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Adjustments to administrative expenses			
Fees related to the IPO	**—**	—	(770)
Fees associated with the acquisition of Knüller	**(452)**	—	—
New store pre-opening costs	**(3,250)**	(4,497)	(7,573)
Foreign exchange movements on intercompany balances	**55**	(83)	(198)
One off items related to the Group's property estate	**924**	(132)	(1,322)
Fair value adjustments to foreign exchange and fuel derivatives	**(1,164)**	5,568	3,577
Other items which management considered one off in nature	**386**	(114)	(101)
Total adjustments to administrative expenses	**(3,501)**	742	(6,387)
Adjustments to finance costs and income			
Fair value adjustments on interest swap derivatives	**63**	120	277
Unwinding of the option held over the minority interest of Jawoll	**(764)**	(569)	(723)
Total adjustments to finance costs and income	**(701)**	(449)	(446)
Adjustments to income tax			
Adjustments relating to items adjusting administrative costs	**811**	(130)	1,194
Adjustments relating to items adjusting finance costs and income	**(13)**	(24)	(55)
Total adjustments to income tax	**798**	(154)	1,139
Other comprehensive income			
Differences relating to retranslation of Group entities	**6,923**	981	5,505
Net movement of derivatives through the hedging reserve	**11,626**	—	—
Actuarial change in the defined benefit pension liability	**—**	—	5
Tax effect of other comprehensive income	**(2,325)**	—	13
Total adjustments to other comprehensive income	**16,224**	981	5,523

Adjusting items are exceptional and non-trading items considered by the directors to not be incurred in the usual underlying running of the trade of the Group. The directors consider the adjusted figures to be a more accurate reflection of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance, as well as being consistent with how business performance is monitored internally.

Adjusting items include expenses relating to new acquisitions, special projects and restructuring expenses (such as IPO, refinancing, maintaining ownership structures), pre-opening new store costs, provisions for onerous leases, regulatory investigations or fines, dilapidation provisions, compulsory purchase order income, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, other comprehensive income items, unwinding interest on items not directly related to the trade of the business, impairment on non-financial assets, profit/(loss) on fixed assets disposal and the estimated tax effect of these items.

5. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated on the same basis except using the adjusted profit or loss attributable to the equity holders of the parent.

There are no dilutive potential ordinary shares at the period end. There are share option schemes in place which have had a dilutive effect on the comparative periods, and whilst the majority of these are still outstanding at the period end, they are no longer considered to be dilutive.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Period to	**24 September 2016 £'000**	**26 September 2015 £'000**	**26 March 2016 £'000**
Profit for the period attributable to ordinary equity holders of the Group	**57,844**	51,963	124,536
Adjusted profit for the period attributable to ordinary equity holders of the Group	**61,093**	51,787	130,130
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic loss per share	**1,000,000**	1,000,000	1,000,000
Effect of dilution:			
Employee share options	**—**	479	475
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,000**	1,000,479	1,000,475
	Pence	Pence	Pence
Basic earnings per share	**5.8**	5.2	12.5
Diluted earnings per share	**5.8**	5.2	12.4
Adjusted basic earnings per share	**6.1**	5.2	13.0
Adjusted diluted earnings per share	**6.1**	5.2	13.0

6. Taxation

The taxation charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 20% (UK) and 30% (Germany) and then adjusted for allowances and non-deductibles in line with the prior year.

7. Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 28 March 2015	835,258	1,372	98,053	1,263	935,946
Additions	—	1,145	—	—	1,145
Effect of retranslation	379	4	59	17	459
At 26 September 2015	835,637	2,521	98,112	1,280	937,550
Additions	—	656	—	—	656
Disposals	—	(76)	—	—	(76)
Effect of retranslation	1,813	22	284	83	2,202
At 26 March 2016	**837,450**	**3,123**	**98,396**	**1,363**	**940,332**
Additions	**—**	**836**	**1,200**	**—**	**2,036**
Additions due to Knüller acquisition	**1,284**	**—**	**—**	**—**	**1,284**
Effect of retranslation	**2,978**	**38**	**454**	**132**	**3,602**
At 24 September 2016	**841,712**	**3,997**	**100,050**	**1,495**	**947,254**
Accumulated amortisation / impairment					
At 28 March 2015	—	586	—	407	993
Charge for the period	—	211	—	171	382
Effect of retranslation	—	3	—	11	14
At 26 September 2015	—	800	—	589	1,389
Charge for the period	—	205	—	113	318
Disposals	—	(54)	—	—	(54)
Effect of retranslation	—	12	—	43	55
At 28 March 2016	**—**	**963**	**—**	**745**	**1,708**
Charge for the period	**—**	**225**	**—**	**109**	**334**
Effect of retranslation	**—**	**23**	**—**	**79**	**102**
At 24 September 2016	**—**	**1,211**	**—**	**933**	**2,144**
Net book value at 24 September 2016	**841,712**	**2,786**	**100,050**	**562**	**945,110**
Net book value at 26 March 2016	837,450	2,160	98,396	618	938,624
Net book value at 26 September 2015	835,637	1,721	98,112	691	936,161

An impairment review was carried out over the Goodwill and Brand assets at 26 March 2016. Details of these reviews are included in the Group statutory accounts. A full review will also take place at the next year end date of 25 March 2017.

Due to the nature of the business acquired, management consider it appropriate not to recognise any intangible assets other than goodwill.

8. Property, plant and equipment

	Land and buildings £'000	Motor Vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
28 March 2015	27,214	3,223	95,445	125,882
Additions	3,367	237	27,451	31,055
Disposals	—	(329)	(51)	(380)
Effect of retranslation	219	5	100	324
26 September 2015	30,800	3,136	122,945	156,881
Additions	3,126	892	19,839	23,857
Disposals	(270)	(526)	(275)	(1,071)
Effect of retranslation	1,094	23	473	1,590
26 March 2016	**34,750**	**3,525**	**142,982**	**181,257**
Additions	**1,968**	**432**	**20,607**	**23,007**
Additions due to Knüller acquisition	**—**	**—**	**41**	**41**
Remeasurement of finance leases	**2,468**	**—**	**—**	**2,468**
Disposals	**(839)**	**(484)**	**(70)**	**(1,393)**
Effect of retranslation	**1,948**	**39**	**935**	**2,922**
24 September 2016	**40,295**	**3,512**	**164,495**	**208,302**
Accumulated depreciation				
At 28 March 2015	4,932	1,377	17,750	24,059
Charge for the period	1,636	358	7,089	9,083
Disposals	—	(170)	(35)	(205)
Effect of retranslation	28	1	28	57
At 26 September 2015	6,596	1,566	24,832	32,994
Charge for the period	1,799	374	8,470	10,643
Disposals	—	(395)	(281)	(676)
Effect of retranslation	128	5	113	246
At 26 March 2016	**8,523**	**1,550**	**33,134**	**43,207**
Charge for the period	**1,891**	**359**	**9,679**	**11,929**
Disposals	**(18)**	**(268)**	**(49)**	**(335)**
Effect of retranslation	**247**	**9**	**235**	**491**
24 September 2016	**10,643**	**1,650**	**42,999**	**55,292**
Net book value at 24 September 2016	**29,652**	**1,862**	**121,496**	**153,010**
Net book value at 26 March 2016	26,227	1,975	109,848	138,050
Net book value at 26 September 2015	24,204	1,570	98,113	123,887

9. Share capital

	24 September 2016 £'000	26 September 2015 £'000	26 March 2016 £'000
Allotted, called up and fully paid			
B&M European Value Retail S.A.			
1,000,000,000 ordinary shares of 10p each	**100,000**	100,000	100,000

Ordinary Shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,972,222,222 ordinary shares.

10. Financial liabilities – borrowings

	24 September 2016 £'000	26 September 2015 £'000	26 March 2016 £'000
Current			
Term facility bank loans	**—**	—	—
Revolving facility bank loan	**25,000**	—	—
	25,000	—	—
Non-current			
Term facility bank loans	**435,834**	434,450	435,142

All borrowings are held in Sterling. The term facility bank loans are held at amortised cost and were initially capitalised in June 2014 with £7.3m of fees attributed to them.

The maturities of the above loan facilities are as follows:

	Interest Rate %	Maturity	**24 September 2016 £'000**	26 September 2015 £'000	26 March 2016 £;000
Current					
Revolving Facility loan	2.75% + LIBOR	Oct-2016	**25,000**	—	—
			25,000	—	—
Non-Current					
UK Holdco term loan A	2.75% + LIBOR	Jun-2019	**300,000**	300,000	300,000
UK Holdco term loan B	3.25% + LIBOR	Jun-2020	**140,000**	140,000	140,000
			440,000	440,000	440,000

11. Reconciliation of loss before tax to cash generated from operations

	26 weeks ended 24 September 2016 £'000	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Profit before tax	**73,690**	66,734	154,545
Adjustments for:			
Interest expense	**9,779**	11,115	21,113
Depreciation	**11,929**	9,083	19,726
Amortisation of intangible assets	**334**	382	700
Transaction fees through administrative expenses	**—**	—	770
(Profit) / loss on disposal of property, plant and equipment	**(456)**	82	52
(Profit) / loss on remeasurement of finance leases	**(308)**	—	—
Charge on share options	**151**	114	235
Change in inventories	**(9,735)**	(96,810)*	(67,184)
Change in trade and other receivables	**(16,143)**	2,518*	7,855
Change in trade and other payables	**6,539**	56,419*	37,153
Change in provisions	**(587)**	(51)	312
Share of profit from associates	**—**	—	(1,166)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**396**	109	400
Unrealised (profit)/loss resulting from fair value of financial derivatives	**2,085**	(5,569)	(3,577)
Cash generated from operations	**77,674**	44,126	170,934

* These figures have been restated, as explained more fully in note 1.

12. Financial instruments

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below.

As at	**24 September 2016 £'000**	26 September 2015 £'000	26 March 2016 £'000
Financial Assets			
Fair value through profit and loss			
Fuel price swap	**180**	127	—
Forward foreign exchange contracts	**13,705**	6,400	4,769
Loans and receivables			
Cash and cash equivalents	**14,306**	32,819	91,148
Trade receivables	**19,925**	8,792*	7,775
Other receivables	**271**	1,821	344
Financial Liabilities			
Fair value through profit and loss			
Forward foreign exchange contracts	**—**	—	307
Fuel price swap	**—**	137	63
Interest rate swap	**—**	274	117
Put/call options over the non-controlling interest of Jawoll	**18,405**	14,924	16,041
Amortised cost			
Interest-bearing loans and borrowings	**435,834**	434,450	435,142
Trade payables	**138,420**	180,819*	141,577
Other payables	**1,901**	2,357	7,813

* These figures have been restated, as explained more fully in note 1.

Financial Instruments at fair value through profit and loss

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity in April 2014. The valuation here reflects the final estimated valuation unwound to the period end date, and exchanged at the period end foreign exchange rate, as the options are priced in Euros. The options mature in 2019 and the carrying value has been discounted to present value.

The other financial assets and liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts, interest rate swaps and fuel swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
24 September 2016				
Foreign exchange contracts	**13,705**	**—**	**13,705**	**—**
Fuel swap contract	**180**	**—**	**180**	**—**
Put/call options on Jawoll non-controlling interest	**(18,405)**	**—**	**—**	**(18,405)**
26 September 2015				
Foreign exchange contracts	6,400	—	6,400	—
Interest rate swaps	(274)	—	(274)	—
Fuel swap contract (asset)	127	—	127	—
Fuel swap contract (liability)	(137)	—	(137)	—
Put/call options on Jawoll non-controlling interest	(14,924)	—	—	(14,924)
26 March 2016				
Foreign exchange contracts	4,462	—	4,462	—
Interest rate swaps	(117)	—	(117)	—
Fuel swap contract	(63)	—	(63)	—
Put/call options on Jawoll non-controlling interest	(16,041)	—	—	(16,041)

The put/call option was valued with reference to the Sale and Purchase Agreement underpinning the acquisition, and the key variable in determining the fair value of the option, the forecast EBITDA of Jawoll (which is subsequently discounted to present value) as prepared by management.

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

13. Related party transactions

There have been no changes in the related-party transactions described in the last annual report of B&M European Value Retail S.A. that have had a material effect on the financial position or performance of the Group in the six months ended 24 September 2016.

The Group has entered into material related party transactions over the current 26-week period with the following party, Multi-lines International Company Ltd (Multi-lines), a supplier, which is an associate of the Group.

	26 weeks ended 24 September 2016 £'000	26 weeks ended 26 September 2015 £'000	52 weeks ended 26 March 2016 £'000
Purchases from associates			
Multi-lines	**38,649**	33,914*	98,105

The following table sets out the total amount of trading balances with Multi-lines outstanding at the period end. The net debtor balance represents a deposit on account.

	24 September 2016 £'000	26 September 2015 £'000	28 March 2016 £'000
Trade receivables from associates			
Multi-lines	**5,846**	9,675*	546

* These figures have been restated, as explained more fully in note 1.

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

14. Post balance sheet events

An interim dividend of 1.9 pence per share (£19,000,000) has been proposed.

There have been no other material events between the balance sheet date and the date of issue of these accounts.

15. Directors

The directors that served throughout the period were:

Name
Sir T Leahy (Chairman)
S Arora (CEO)
P McDonald (CFO)
T Hübner
R McMillan
K Guion
H Brouwer
D Novak

Statement of Directors' Responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

(a) an indication of important events that have occurred during the first 26 weeks and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and

(b) material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report of B&M European Value Retail S.A.

By order of the Board

Simon Arora
Chief Executive
15 November 2016

Paul McDonald
Chief Financial Officer
15 November 2016

To the Shareholders of
B&M European Value Retail S.A.
16, Avenue Pasteur
L-2310 LUXEMBOURG

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 26 March 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of B&M European Value Retail S.A. as of 26 March 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The accompanying Corporate Governance Statement on pages 34 to 38, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 2 June 2016

Hugues WANGEN
Réviseur d'entreprises agréé
Grant Thornton Lux Audit S.A.

Consolidated statement of Comprehensive Income

Period ended	Note	**52 weeks ended 26 March 2016 £'000**	52 weeks ended 28 March 2015 £'000
Revenue		**2,035,285**	1,646,824
Cost of sales		**(1,332,263)**	(1,076,916)
Gross profit	2	**703,022**	569,908
Administrative expenses		**(528,530)**	(437,049)
Operating profit		**174,492**	132,859
Share of profits of investments in associates	11	**1,166**	1,632
Profit on ordinary activities before interest and tax		**175,658**	134,491
Finance costs	6	**(21,573)**	(72,875)
Finance income	6	**460**	99
Profit on ordinary activities before tax		**154,545**	61,715
Income tax expense	9	**(28,142)**	(21,852)
Other tax expense	9	**(603)**	—
Profit for the period	3	**125,800**	39,863
Attributable to non-controlling interests		**1,264**	1,223
Attributable to owners of the parent		**124,536**	38,640
Other comprehensive income for the period			
Items which may be reclassified to profit and loss :			
Exchange differences on retranslation of subsidiary and associate accounts		**5,505**	(4,236)
Actuarial gain/(loss) on the defined benefit pension scheme		**5**	(35)
Tax effect of other comprehensive income	9	**13**	11
Total comprehensive income for the period		**131,323**	35,603
Attributable to non-controlling interests	27	**1,265**	1,218
Attributable to owners of the parent		**130,058**	34,385
Earnings per share			
Basic earnings per share attributable to ordinary equity holders (pence)	10	**12.5**	3.9
Diluted earnings per share attributable to ordinary equity holders (pence)	10	**12.4**	3.9

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Consolidated statement of Financial Position

As at	Note	**26 March 2016 £'000**	28 March 2015 £'000
Assets			
Non-current			
Goodwill	12	**837,450**	835,258
Intangible assets	12	**101,174**	99,695
Property, plant and equipment	13	**138,050**	101,823
Investments in associates	11	**3,995**	3,822
Other receivables	15	**2,771**	—
Deferred tax asset	9	**473**	354
		1,083,913	1,040,952
Current assets			
Cash and cash equivalents	16	**91,148**	64,943
Inventories	14	**356,312**	286,136
Trade and other receivables	15	**28,761**	35,167
Other current financial assets	18	**4,769**	1,145
		480,990	387,391
Total assets		**1,564,903**	1,428,343
Equity			
Share capital	21	**(100,000)**	(100,000)
Share premium		**(2,577,668)**	(2,600,000)
Merger reserve		**1,979,131**	1,979,131
Retained earnings		**(115,898)**	(10,392)
Luxembourg legal reserve		**(614)**	—
Put/call option reserve		**13,855**	13,855
Foreign exchange reserve		**(1,273)**	4,232
Non-controlling interest		**(11,883)**	(10,655)
		(814,350)	(723,829)
Non-current liabilities			
Interest bearing loans and borrowings	19	**(435,142)**	(433,758)
Finance lease liabilities	23	**(4,252)**	(4,918)
Other financial liabilities	18	**(16,041)**	(14,219)
Other liabilities	17	**(66,544)**	(52,381)
Deferred tax liabilities	9	**(20,119)**	(21,199)
Provisions	20	**(2,047)**	(1,430)
		(544,145)	(527,905)
Current liabilities			
Trade and other payables	17	**(189,743)**	(161,131)
Finance lease liabilities	23	**(1,119)**	(1,066)
Other financial liabilities	18	**(487)**	(642)
Income tax payable		**(10,290)**	(7,940)
Provisions	20	**(4,769)**	(5,830)
		(206,408)	(176,609)
Total liabilities		**(750,553)**	(704,514)
Total equity and liabilities		**(1,564,903)**	(1,428,343)

As explained more fully in the basis of preparation within note 1 and notes 14,15,17 and 26, goods in transit from overseas suppliers are now reflected in the statement of financial position as from 29 March 2014. The comparative figures in the statements of financial position as at 28 March 2015 have, accordingly, been restated. These restatements have no impact whatsoever on the statements of comprehensive income, nor on net equity in the current financial year or in prior years.

The accompanying accounting policies and notes form an integral part of these consolidated financial statements. This statement of financial position was approved by the Board of Directors and authorised for issue on 25 May 2016 and signed on their behalf by:

Simon Arora, Chief Executive Officer.

Consolidated statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Legal reserve £'000	Merger reserve £'000	Foreign exchange reserve £'000	Put/call option reserve £'000	Non-controlling interest £'000	Total shareholders' equity £'000
Balance at 29 March 2014	97,222	2,527,778	(19,415)	—	(2,625,000)	4	—	—	(19,411)
Reserve balances recognised on acquisition	—	—	—	—	—	—	(13,855)	9,515	(4,340)
Effect of Group reconstruction	—	—	—	—	645,869	—	—	—	645,869
Effect of raising equity during IPO exercise	2,778	72,222	—	—	—	—	—	—	75,000
Dividends to owners	—	—	(9,000)	—	—	—	—	—	(9,000)
Dividends to non-controlling interest	—	—	—	—	—	—	—	(78)	(78)
Effect of share options	—	—	186	—	—	—	—	—	186
Total for transactions with owners	2,778	72,222	(8,814)	—	645,869	—	—	(78)	711,977
Profit for the period	—	—	38,640	—	—	—	—	1,223	39,863
Other comprehensive income:									
Exchange differences on retranslation of subsidiaries and associates	—	—	—	—	—	(4,236)	—	—	(4,236)
Other items and tax effect	—	—	(19)	—	—	—	—	(5)	(24)
Total comprehensive income for the period	—	—	38,621	—	—	(4,236)	—	1,218	35,603
Balance at 28 March 2015	100,000	2,600,000	10,392	—	(1,979,131)	(4,232)	(13,855)	10,655	723,829
Allocation to legal reserve	**—**	**—**	**(614)**	**614**	**—**	**—**	**—**	**—**	**—**
Dividends to owners	**—**	**(22,332)**	**(18,668)**	**—**	**—**	**—**	**—**	**—**	**(41,000)**
Dividends to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(37)**	**(37)**
Effect of share options	**—**	**—**	**235**	**—**	**—**	**—**	**—**	**—**	**235**
Total for transactions with owners	**—**	**(22,332)**	**(18,433)**	**—**	**—**	**—**	**—**	**(37)**	**(40,802)**
Profit for the period	**—**	**—**	**124,536**	**—**	**—**	**—**	**—**	**1,264**	**125,800**
Other comprehensive income:									
Exchange differences on retranslation of subsidiaries and associates	**—**	**—**	**—**	**—**	**—**	**5,505**	**—**	**—**	**5,505**
Other items and tax effect	**—**	**—**	**17**	**—**	**—**	**—**	**—**	**1**	**18**
Total comprehensive income for the period	**—**	**—**	**124,553**	**—**	**—**	**5,505**	**—**	**1,265**	**131,323**
Balance at 26 March 2016	**100,000**	**2,577,668**	**115,898**	**614**	**(1,979,131)**	**1,273**	**(13,855)**	**11,883**	**814,350**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Consolidated statement of Cash Flows

Period ended	Note	**52 weeks ended 26 March 2016 £'000**	52 weeks ended 28 March 2015 £'000
Cash flows from operating activities			
Cash generated from operations	22	**170,934**	152,880
Fees associated with acquisitions and refinancing		**—**	(8,160)
Fees associated with the IPO and associated restructuring	4	**(770)**	(19,709)
Luxembourg Net Wealth Tax paid		**(7)**	—
Income tax paid		**(27,551)**	(13,726)
Net cash flows from operating activities		**142,606**	111,285
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(54,912)**	(35,667)
Purchase of intangible assets	12	**(1,801)**	(248)
Acquisition of subsidiaries net of cash received		**—**	(54,356)
Settlement of PLTA liability on the acquired balance sheet		**—**	(5,465)
Proceeds from sale of property, plant and equipment		**538**	2,735
Interest received		**183**	99
Dividends received from associates		**1,295**	—
Net cash flows from investing activities		**(54,697)**	(92,902)
Cash flows from financing activities			
Net (payment) / receipt of bank loans		**—**	(17,625)
Receipt from share issue		**—**	75,000
Interest paid		**(19,662)**	(25,534)
Dividends paid to non-controlling interest		**(37)**	(78)
Dividends paid to owners of the parent		**(41,000)**	(9,000)
Repayment of finance lease		**(1,005)**	(1,057)
Net cash flows from financing activities		**(61,704)**	21,706
Net increase in cash and cash equivalents		**26,205**	40,089
Cash and cash equivalents at the beginning of the period		**64,943**	24,854
Cash and cash equivalents at the end of the period		**91,148**	64,943
Cash and cash equivalents comprise:			
Cash at bank and in hand	16	**91,148**	64,943
		91,148	64,943

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany. The Group has been listed on the London Stock Exchange since June 2014.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the consolidated financial statements.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The consolidated financial statements cover the 52 week period from 29 March 2015 to 26 March 2016. This is a different period to the parent company stand alone accounts (from 1 April 2015 to 31 March 2016).

This exception is permitted under article 330 (2) of the Luxembourg company law of 10th August 1915 as amended as the management believe that;

- the consolidated financial statements are more informative when they cover the same period of account as used by the main operating entity, B&M Retail Ltd; and
- that it would be unduly onerous to rephrase the year end in this subsidiary to match that of the parent company.

We finally note that the year end for B&M Retail Ltd, in any year, will not be more than six days prior to the parent company year end.

B&M European Value Retail S.A. is the head of the Group and there is no consolidation that takes place above the level of this company.

The principal accounting policies of the Group are set out below.

Restatements

At 26 March 2016, the level of imported goods in transit was £58.2m. Following a detailed review of the terms and conditions under which these goods were shipped they have been recognised within inventory at the period end reflecting that the risks and rewards of ownership are transferred to the Group at the point of shipment and not at the UK port as previously concluded.

The level of imported goods in transit has increased significantly in recent years and as a consequence of recognising these in inventory at the year end, it has been necessary to revise the recognition of imported goods in transit in previous periods also. These changes have no impact on the statements of comprehensive income or on net equity in the current period or in any of the earlier periods affected. The restatements are simply reclassifications within working capital.

In accordance with IAS 8, the 2015 statement of financial position has been restated to reclassify payments on account with suppliers to inventories and to increase trade creditors and inventories to recognise the respective period end positions.

The reclassifications result in:

- Decreases in deposits on account with suppliers of £29.7m in 2015 and £24.6m in 2014, including those held by related parties (£15.9m, £10.8m respectively);
- Increases in trade creditors of £17.5m in 2015 and £8.5m in 2014;
- Increases in inventory of £47.2m in 2015 and £33.1m in 2014.

Further information is contained in the relevant notes on inventory (14), receivables (15), payables (17) and related parties (26).

Reconstruction, refinancing and listing of the Group

On 19 May 2014, B&M European Value Retail S.A. (the "Company") was incorporated. On 17 June 2014 the Company acquired the entire issued share capital of B&M European Value Retail 1 S.à r.l. Group (the "Business") via a share for share exchange with the shareholders of the Business. Following the share for share exchange, the Company became the ultimate legal parent of the Group.

The share for share transaction is deemed outside the scope of IFRS 3 (revised 2008) and as such is not considered a business combination as prior to the transaction the Company was not considered a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3 B7-B12 due to the Company being essentially a shell company that had no processes or capability for outputs (IFRS 3 B7).

The share for share transaction has been accounted for as a group reconstruction (following the principles of merger accounting). As such comparative information has been presented on a pro-forma basis as though the Group had been in existence throughout the current and prior periods.

Accordingly;

- The assets and liabilities of the Business and its subsidiaries are recognised in the financial information at the pre-combination carrying amounts, without restatement to fair value.
- The retained losses and other equity balances recognised in the financial information reflect the retained losses and other equity balances of the business recorded before the share for share exchange.
- The equity structure, however, reflects the equity structure of the Company, including those balances which arose due to the equity instruments issued under the share for share exchange.
- The resulting difference has been recognised as a component of equity, being the merger accounting reserve.
- Because, immediately prior to the reconstruction, the equity balances in the Business were held as debt, this debt has remained within the restated balance sheet as a liability and has been reclassed upon redemption which occurred as part of the share for share exchange. The net effect of this is a decrease in the Merger reserve on the date of the reconstruction.

Immediately after the reconstruction, on the same date, the Group listed on the London Stock Exchange via an IPO which valued the company at £2.7bn and raised £75.0m cash less £19.7m of fees (which were expensed to profit and loss in the period) for the Group itself.

As part of this process a refinancing also took place, with terms agreed on new banking facilities until June 2019 and June 2020. The refinancing incurred £7.3m of fees, which are being amortised over the length of the term. £28.8m of previously unamortised fees, relating to the refinancing that took place in March 2013, were written off to profit and loss.

Overall the key steps in the processes were:

1. B&M European Value Retail S.A. was incorporated with 972.2 million ordinary shares of 10p each.
2. These were exchanged for the preferred equity certificates, preference shares and ordinary share capital of B&M European Value Retail 1 S.à r.l – the previous Group parent.
3. The Group reconstruction resulted in the group's share capital, preferred equity certificates of £556.1m, with accrued interest of £87.8m, and preference share balances being replaced by the £97.2m share capital, and £2,527.8m of share premium – being the technical valuation of the contribution in kind made by the prior owners via their instruments held in B&M EVR 1 S.à r.l.
4. This resulted in the recognition of a merger reserve of £1,979.1m.
5. No cash was exchanged as part of the above steps.
6. A further 27.8million ordinary shares of 10p each were released as part of the IPO. These were sold at £2.70 each, leading to the receipt of £75million and the recognition of £72.2m of share premium.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the Group's share of the net assets and results of associated undertakings for the period from 29 March 2015 to 26 March 2016. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and,
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

Viability and going concern statements have been made in the Principle risks and uncertainties section of this annual report. On the basis of these, the directors have determined that it is appropriate to continue to use the going concern basis for production of these consolidated financial statements.

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Other administrative expenses

Administrative expenses contain all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income.

Elements which are unusual and significant may be separated onto a separate line item.

Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units (CGUs) that are expected to benefit from the combination.

Goodwill is tested for impairment at each year end and at any time where there is any indication that goodwill may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The board is responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Brands

Brands acquired as part of a business combination are initially recognised at fair value and subsequently reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly, and charged to administration expenses.

Brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the company which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired - 4 years

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows.

Depreciation

Depreciation is provided on all other items of property, plant and equipment and the effect is to write off the carrying value of items by equal instalments over their expected useful economic lives. It is applied at the following rates.

Leasehold buildings	-	Life of lease
Freehold buildings	-	2-4% straight line
Plant, fixtures and equipment	-	10% - 25% straight line
Fixtures, fittings and vehicles	-	20% - 25% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Investments in associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. However any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the consolidated financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant impairment to the like for like sales of established stores, sustained negative publicity or a drop off in visits to our website and social media accounts.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement, except for impairment of goodwill which is not reversed.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Onerous leases

The Group carries a property provision which is recognised on specific sites within the Group's leasehold property portfolio where an exit can be reasonably expected to occur, and a lease is considered onerous.

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

The amount held covers any costs expected to accrue before the end of the contract, netted against any income, as well as a portion related to any dilapidation expense which may arise.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Share options

The Group operates share option schemes, with the first such scheme commencing in August 2014.

The schemes have been accounted for under the provisions of IFRS 2, and accordingly have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through profit and loss in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial assets

Initial recognition and measurement

The classification of financial instruments is determined at initial recognition. The Group has the following types of financial assets: Trade and other receivables and cash which are classified within the IAS 39 definition of loans and receivables and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The Group does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in profit and loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Other financial liabilities

After initial recognition, interest bearing loans and borrowings, trade and other payables and other liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014;
- "Retained earnings reserve" represents retained profits;
- "Put/call option reserve" representing the initial valuation of the put/call option held by the Group over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll);
- "Foreign exchange reserve'' represents the cumulative differences arising in retranslation of the subsidiaries results;
- "Non-controlling interest" representing the portion of the equity which belongs to the non-controlling interest in the Group's subsidiaries.

Foreign currency translation

These consolidated financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling;

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)

- EV Retail Ltd
- B&M Retail Ltd
- Meltore Ltd
- Opus Homewares Ltd

The following Group companies have a functional currency of the Euro;

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- B&M European Value Retail Germany GmbH (Germany Holdco)
- J.A. Woll Handels GmbH (Jawoll)
- Jawoll Vertriebs GmbH
- BestFlora GmbH.

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts in line with IAS 21 *Effects of Changes in Foreign Exchange Rates*. The assets and liabilities are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 12.

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management to be an associate rather than a subsidiary or a joint venture. Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned,

- Multi-lines have their own independent management who operate without direct oversight of B&M Group management on a day to day basis.
- B&M Group does not have the right to appoint directors nor do we have a casting vote.

Therefore the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated financial statements.

Put/call options on Jawoll non-controlling interest

The purchase agreement for Jawoll included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contain a variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options.

A financial liability has been recognised carried at amortised cost to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and Interpretations applied and not yet applied by the Group

New and amended standards and interpretations adopted by the Group

IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The adoption of IFRIC 21 does not have a significant impact for the Group.

Annual improvements 2011–2013. The amendments include changes from the 2011–13 cycle of the annual improvements project that affects four standards: IFRS 1, "First time adoption", IFRS 3 "Business combination", IFRS 13, "Fair value measurement" and IAS 40, "Investment property". The application of these amendments had no significant impact for the Group.

Annual improvements 2010 – 2012. These amendments include changes from the 2010–12 cycle of the annual improvements project, that affect several standards: IFRS 2, "Share-based payment", IFRS 3, "Business Combinations", IFRS 8, "Operating segments", IFRS 13, "Fair value measurement", IAS 16, "Property, plant and equipment", IAS 38, "Intangible assets", IAS 37, "Provisions, contingent liabilities and contingent assets", and IAS 39, "Financial instruments – Recognition and measurement". The application of these amendments had no significant impact for the Group.

IAS 19 revised, “Defined Benefit Plans: Employee Contributions” – effective for annual periods beginning on or after 1 July 2014. The application of this amendment had no significant impact for the Group.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been published but are not effective for the Group’s accounting period beginning on 29 March 2015. All these standards and amendments have not yet been endorsed by the European Union.

“Disclosure Initiative (Amendments to IAS 1)” – applicable for reporting periods beginning on or after 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements;

Amendments to IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets” on depreciation and amortisation – effective from 1 January 2016. IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, past the headline is a rebuttable presumption, and revenue-based amortisation is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;

Amendment to IAS 27, “Separate financial statements”, on equity method on separate financial statements – applicable for reporting periods beginning on or after 1 January 2016;

Amendment to IFRS 10, “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities” and IAS 28, “Associates and joint ventures” on sale or contribution of assets and on investment entities applying the consolidation exception – applicable for reporting periods beginning on or after 1 January 2016;

Amendment to IFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation – applicable for reporting periods beginning on or after 1 January 2016;

Annual improvements 2012–2014 – applicable for reporting periods beginning on or after 1 January 2016;

IFRS 9, “Financial instruments” – applicable for reporting periods beginning on or after 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today and redefine the guidance regarding the hedge accounting;

IFRS 14, “Regulatory deferral accounts” – applicable for reporting periods beginning on or after 1 January 2016;

IFRS 15, “Revenue from contracts with customers” applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. The new Standard goes beyond just “commercial effect”, “fair value” and “risk and rewards” and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2018.

IFRS 16 “Leases” provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1st, 2019, subject to EU adoption. The Group is yet to assess the impact of IFRS 16.

2. Segmental information

IFRS 8 (“Operating segments”) requires the Group’s segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

For management purposes, the Group is organised into two reportable segments, being the UK retail segment and the German retail segment (since acquisition of Jawoll on 30 April 2014).

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

The average euro rate for translation purposes was €1.3677/£ during the year, with the year end rate being €1.2670/£ (2015: €1.2741/£ and €1.3670/£, respectively).

52 week period to 26 March 2016	**UK Retail £'000**	**Germany Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,902,557**	**132,728**	**—**	**2,035,285**
Gross profit	**652,775**	**50,247**	**—**	**703,022**
EBITDA	**182,035**	**11,588**	**2,461**	**196,084**
Interest received	**170**	**13**	**277**	**460**
Interest expense	**(51)**	**(162)**	**(21,360)**	**(21,573)**
Income tax expense	**(32,877)**	**(2,636)**	**6,768**	**(28,745)**
Segment profit/(loss)	**131,509**	**6,150**	**(11,859)**	**125,800**
Total assets	**1,450,936**	**104,636**	**9,331**	**1,564,903**
Total liabilities	**(247,490)**	**(19,577)**	**(483,486)**	**(750,553)**
Other disclosures:				
Capital expenditure (including intangible)	**(51,760)**	**(4,935)**	**(18)**	**(56,713)**
Depreciation and amortisation	**(17,768)**	**(2,653)**	**(5)**	**(20,426)**
Share of profit of associates	**—**	**—**	**1,166**	**1,166**
Investment in associates accounted for by the equity method	**—**	**—**	**3,995**	**3,995**

52 week period to 28 March 2015	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,526,181	120,643	—	1,646,824
Gross profit	525,497	44,411	—	569,908
EBITDA	163,166	10,659	(23,660)	150,165
Interest received	80	19	—	99
Interest expense	(112)	(181)	(72,582)	(72,875)
Income tax expense	(31,558)	(2,305)	12,011	(21,852)
Segment profit/(loss)	118,717	5,379	(84,233)	39,863
Total assets	1,329,816	92,981	5,546	1,428,343
Total liabilities	(205,201)	(19,763)	(479,550)	(704,514)
Other disclosures:				
Capital expenditure (including intangible)	(34,246)	(1,669)	—	(35,915)
Depreciation and amortisation	(12,859)	(2,813)	(2)	(15,674)
Share of profit of associates	—	—	1,632	1,632
Investment in associates accounted for by the equity method	—	—	3,822	3,822

3. Adjusted profit and loss statement

Period ended	**52 weeks ended 26 March 2016 £'000**	**Adjusting items (Note 4) £'000**	**Adjusted 52 weeks ended 26 March 2016 £'000**	52 weeks ended 28 March 2015 £'000	Adjusting items (Note 4) £'000	Adjusted 52 weeks ended 28 March 2015 £'000
Revenue	**2,035,285**	**—**	**2,035,285**	1,646,824	—	1,646,824
Cost of sales	**(1,332,263)**	**—**	**(1,332,263)**	(1,076,916)	—	(1,076,916)
Gross profit	**703,022**	**—**	**703,022**	569,908	—	569,908
Administrative expenses	**(528,530)**	**(6,387)**	**(522,143)**	(437,049)	(24,103)	(412,946)
Add back depreciation & amortisation	**20,426**	**—**	**20,426**	15,674	—	15,674
Share of profits of investments in associates	**1,166**	**—**	**1,166**	1,632	—	1,632
EBITDA	**196,084**	**(6,387)**	**202,471**	150,165	(24,103)	174,268
Depreciation & amortisation	**(20,426)**	**—**	**(20,426)**	(15,674)	—	(15,674)
Profit on ordinary activities before interest and tax	**175,658**	**(6,387)**	**182,045**	134,491	(24,103)	158,594
Finance costs	**(21,573)**	**(723)**	**(20,850)**	(72,875)	(49,173)	(23,702)
Finance income	**460**	**277**	**183**	99	—	99
Profit/(loss) on ordinary activities before tax	**154,545**	**(6,833)**	**161,378**	61,715	(73,276)	134,991
Income tax expense	**(28,142)**	**1,139**	**(29,281)**	(21,852)	9,064	(30,916)
Other tax expense	**(603)**	**—**	**(603)**			
Profit/(loss) for the period	**125,800**	**(5,694)**	**131,494**	39,863	(64,212)	104,075
Attributable to non-controlling interests	**1,264**	**(100)**	**1,364**	1,223	(18)	1,241
Attributable to owners of the parent	**124,536**	**(5,594)**	**130,130**	38,640	(64,194)	102,834
Other comprehensive income for the period						
Items which may be reclassified to profit and loss :						
Exchange differences on retranslation of subsidiary and associate accounts	**5,505**	**5,505**	**—**	(4,236)	(4,236)	—
Actuarial gain/(loss) on the defined benefit pension scheme	**5**	**5**	**—**	(35)	(35)	—
Tax effect of other comprehensive income	**13**	**13**	**—**	11	11	—
Total comprehensive income/(loss) for the period	**131,323**	**(171)**	**131,494**	35,603	(68,472)	104,075
Attributable to non-controlling interests	**1,265**	**(99)**	**1,364**	1,218	(23)	1,241
Attributable to owners of the parent	**130,058**	**(72)**	**130,130**	34,385	(68,449)	102,834
Earnings/(loss) per share						
Basic earnings/(loss) per share attributable to ordinary equity holders (pence)	**12.5**	**(0.5)**	**13.0**	3.9	(6.4)	10.3
Diluted earnings/(loss) per share attributable to ordinary equity holders (pence)	**12.4**	**(0.6)**	**13.0**	3.9	(6.4)	10.3

4. Adjusting Items

Period ended	**52 weeks ended 26 March 2016 £'000**	52 weeks ended 28 March 2015 £'000
Administrative expenses		
Fees related to the IPO	**(770)**	(19,709)
Fees related to the acquisition of the German entities	**—**	(827)
Fair value adjustments to foreign exchange and fuel derivatives	**3,577**	2,270
Professional fees associated with the prior financing structure	**—**	(970)
New store pre-opening costs	**(7,573)**	(5,272)
Foreign exchange movements on intercompany balances	**(198)**	(2,840)
Property provision and compulsory purchase order income	**(1,322)**	3,148
Other items which management considered one off in nature	**(101)**	97
	(6,387)	(24,103)
Finance costs and income		
Interest on loans from owners	**—**	(16,170)
One off costs incurred on raising debt finance	**—**	(28,815)
Fair value adjustments on interest swap derivatives	**277**	(2,214)
Unwinding of the call/put option held over the minority interest of Jawoll	**(723)**	(1,974)
	(446)	(49,173)
Income tax expense		
Tax adjustment relating to items adjusting administrative costs	**1,194**	557
Tax adjustment relating to items adjusting finance costs	**(55)**	8,507
	1,139	9,064
Other comprehensive income		
Exchange differences relating to retranslation of Group entities	**5,505**	(4,236)
Actuarial change in the defined benefit pension liability	**5**	(35)
Tax effect of other comprehensive income	**13**	11
	5,523	(4,260)

Adjusting items are exceptional and non-trading items considered by the directors to not be incurred in the usual underlying running of the trade of the Group. The directors consider the adjusted figures to be a more accurate reflection of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance, as well as being consistent with how business performance is monitored internally.

Adjusting items include expenses relating to new acquisitions, special projects and restructuring expenses (such as IPO, refinancing, maintaining ownership structures), pre-opening new store costs, provisions for onerous leases, regulatory investigations or fines, dilapidation provisions, compulsory purchase order income, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, other comprehensive income items, unwinding interest on items not directly related to the trade of the business, impairment on non-financial assets, profit/(loss) on fixed assets disposal and the estimated tax effect of these items.

Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

5. Operating profit

The following items have been charged in arriving at operating profit:

Period ended	**52 weeks ended 26 March 2016 £'000**	52 weeks ended 28 March 2015 £'000
Auditor's remuneration	**367**	348
Payments to auditors in respect of non-audit services:		
Taxation advisory services	**—**	48
Other assurance services	**9**	477
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**1,349,161**	1,079,873
Depreciation of property, plant and equipment:		
Owned assets	**18,946**	14,096
Leased assets	**780**	751
Amortisation (included within administration costs)	**700**	827
Operating lease rentals	**104,621**	74,376
(Profit)/loss on sale of property, plant and equipment	**52**	(70)
(Gain)/loss on exchange	**(70)**	2,844

6. Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the statement of comprehensive income line for each reporting period presented:

Period ended	**52 weeks to 26 March 2016 £'000**	52 weeks to 28 March 2015 £'000
Interest on debt and borrowings	**(19,325)**	(21,694)
Ongoing amortised finance fees	**(1,384)**	(1,844)
Finance charges payable under finance leases and hire purchase contracts	**(141)**	(164)
Total adjusted interest expense	**(20,850)**	(23,702)
Interest on loans from owners	**—**	(16,170)
One-off costs incurred on raising debt finance	**—**	(28,815)
Loss on financial instruments at fair value through profit or loss	**—**	(2,214)
Unwinding of the call/put option held over the minority interest of Jawoll	**(723)**	(1,974)
Total finance costs	**(21,573)**	(72,875)

Period ended	**52 weeks to 26 March 2016 £'000**	52 weeks to 28 March 2015 £'000
Interest income on loans and bank accounts	**183**	99
Gain on financial instruments at fair value through profit or loss	**277**	—
Total finance income	**460**	99

7. Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	**52 weeks to 26 March 2016 £'000**	52 weeks to 28 March 2015 £'000
Wages and salaries	**229,229**	186,079
Social security costs	**10,126**	10,914
Pensions – defined contribution plans	**834**	664
	240,189	197,657

There are £70k of defined contribution pension liabilities held by the Group at the period end (2015 : £47k).

The Group has one employee who is a member of a defined benefit scheme (2015: one employee). The liability held on the balance sheet at the year end was £258k (2015: £276k).

The scheme is considered immaterial to the Group and the effect of the year end actuarial valuation can be seen within other comprehensive income.

The average monthly number of persons employed by the Group during the period was:

Period ended	**52 weeks to 26 March 2016**	52 weeks to 28 March 2015
Sales staff	**22,359**	18,910
Administration	**570**	552
	22,929	19,462

8. Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	**52 weeks to 26 March 2016 £'000**	52 weeks to 28 March 2015 £'000
Directors' remuneration		
Short term employee benefits	**1,175**	833
Benefits accrued under the share option scheme	**80**	22
	1,255	855
Key management expense (includes Directors' remuneration)		
Short term employee benefits	**2,627**	2,122
Benefits accrued under the share option scheme	**80**	22
	2,707	2,144
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**576**	376
Benefits accrued under the share option scheme	**—**	22
	576	398

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the Group companies.

9. Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 20% (2015 : 21%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	**52 weeks to 26 March 2016 £'000**	52 weeks to 28 March 2015 £'000
Current tax expense	**29,327**	20,667
Deferred tax (credit)/charge	**(1,185)**	1,185
Total tax expense	**28,142**	21,852
Result for the year before tax	**154,545**	61,715
Expected tax charge at the standard tax rate	**30,909**	12,960
Effect of :		
Expenses not deductible for tax purposes	**1,812**	8,179
Income not taxable	**(1,076)**	(362)
Foreign operation taxed at local rate	**280**	964
Changes in the rate of corporation tax	**(1,963)**	(33)
Adjustment in respect of prior years	**(1,827)**	128
Other	**7**	16
Actual tax expense	**28,142**	21,852

Deferred taxation

	Statement of financial position		Statement of comprehensive income	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Accelerated tax depreciation	**(552)**	(621)	**69**	(1,127)
Relating to intangible brand asset	**(18,275)**	(19,813)	**1,538**	—
Fair valuing of assets and liabilities (asset)	**351**	134	**217**	79
Fair valuing of assets and liabilities (liability)	**(880)**	(164)	**(716)**	(164)
Movement in provision	**82**	104	**(22)**	9
Relating to share options	**40**	37	**(11)**	37
Other temporary differences (asset)	**—**	79	**(79)**	(19)
Other temporary differences (liability)	**(9)**	(309)	**300**	—
Held over gains on fixed assets	**(403)**	(292)	**(111)**	—
Net deferred tax liability	**(19,646)**	(20,845)	**—**	—
Total deferred tax asset	**473**	354	**—**	—
Total deferred tax liability	**(20,119)**	(21,199)	**—**	—
Total deferred tax expense	**—**	—	**1,185**	(1,185)

There was a tax effect of £1k loss and £14k gain in other comprehensive income relating to the movement in the defined benefit pension (2015: £11k gain) and the expense recorded on share options (2015: £nil), respectively.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The other tax expense amounting to £603k (2015: £nil) comprises Luxembourg Net Wealth Tax payable by the Group's Luxembourg entities.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit or loss for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

As the Group undertook a Group reconstruction in June 2014, the number of shares in the prior period has been adjusted to match the post-restructuring position such that the figures remain comparable.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated on the same basis except using the adjusted profit or loss attributable to the equity holders of the parent.

There are share option schemes in place which has a dilutive effect on both periods presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Period ended	**26 March 2016 £'000**	28 March 2015 £'000
Profit for the period attributable to ordinary equity holders of the Group	**124,536**	38,640
Adjusted profit for the period attributable to ordinary equity holders of the Group	**130,130**	102,834
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**1,000,000**	1,000,000
Effect of dilution:		
Employee share options	**475**	521
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,475**	1,000,521
	Pence	Pence
Basic earnings per share	**12.5**	3.9
Diluted earnings per share	**12.4**	3.9
Adjusted basic earnings per share	**13.0**	10.3
Adjusted diluted earnings per share	**13.0**	10.3

11. Investments in associates

Period ended	**26 March 2016 £'000**	28 March 2015 £'000
Cost and net book value		
Carrying value at the start of the period	**3,822**	2,093
Dividends received	**(1,295)**	—
Share of profits in associates	**1,166**	1,632
Effect of foreign exchange on translation	**302**	97
Carrying value at the end of the period	**3,995**	3,822

The Group has a 50% interest in Multi-lines International Company Ltd, a company incorporated in Hong Kong. The principal activity of the company is purchase and sale of goods. The Group also holds 40% of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales.

Neither entity has discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Period ended	**26 March 2016 £'000**	28 March 2015 £'000
Multi-lines		
Non-current assets	**1,118**	1,000
Current assets	**24,621**	21,176
Non-current liabilities	**—**	—
Current liabilities	**(18,603)**	(14,296)
Net assets	**7,136**	7,880
Revenue	**88,568**	71,341
Profit	**1,888**	2,435
Home Focus Group		
Non-current assets	**290**	292
Current assets	**4,980**	4,040
Non-current liabilities	**—**	—
Current liabilities	**(3,322)**	(2,542)
Net assets	**1,948**	1,790
Revenue	**12,680**	13,677
Profit	**15**	132

The movement in the valuation of the investment in Home Focus Group also reflects an adjustment in respect of prior years.

The figures above for Multi-lines in the current year show nine months to December 2015. The valuation includes a projection to the year end date.

12. Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 29 March 2014	807,496	811	93,700	—	902,007
Acquired via purchase of Jawoll	31,258	357	4,901	1,422	37,938
Additions	—	248	—	—	248
Effect of retranslation	(3,496)	(44)	(548)	(159)	(4,247)
At 28 March 2015	835,258	1,372	98,053	1,263	935,946
Additions	—	1,801	—	—	1,801
Disposals	—	(76)	—	—	(76)
Effect of retranslation	2,192	26	343	100	2,661
At 26 March 2016	837,450	3,123	98,396	1,363	940,332
Accumulated amortisation / impairment					
At 29 March 2014	—	204	—	—	204
Charge for the year	—	391	—	436	827
Effect of retranslation	—	(9)	—	(29)	(38)
At 28 March 2015	—	586	—	407	993
Charge for the year	—	416	—	284	700
Disposals	—	(54)	—	—	(54)
Effect of retranslation	—	15	—	54	69
At 26 March 2016	—	963	—	745	1,708
Net book value at 26 March 2016	**837,450**	**2,160**	**98,396**	**618**	**938,624**
Net book value at 28 March 2015	835,258	786	98,053	856	934,953

Impairment review of goodwill and brand assets

During the year management have reviewed the impairment test methodology and the following changes have been made;

- Before applying the perpetuity, they now use a five year forecast rather than a ten year forecast in order to have a more accurate forecast over this shorter period.
- To more accurately reflect the cashflows received, they now use a mid-year discount factor instead of a year end discount factor.

The prior year sensitivies, included below, have been restated on this basis and show that the changes made have no material impact on the calculation of the recoverable amount and there remains no requirement to impair the goodwill or brand assets.

Assets arising upon the acquisition of B&M European Value Retail 2 S.à r.l (SBR Europe)

A goodwill asset of £807,496k and a brand asset of £93,700k arose as a result of the business combination undertaken as at 6 March 2013, the acquisition of B&M European Value Retail 2 S.à r.l by the Group.

The brand intangible asset was identified with indefinite life. This was the only identifiable intangible asset recognised that was considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the B&M business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGU's), being the two fascia's that the Group operates within its retail segment (Bargain stores and Home stores).

The allocation split is as follows :

	Bargain Stores £'000	Home Stores £'000	Total £'000
Goodwill	439,438	368,058	807,496
Brand	50,991	42,709	93,700
	490,429	410,767	901,196

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGU's. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were

(i) The Group's cost of capital, calculated according to a weighted cost of capital model with appropriate assumptions made regarding the inputs to the model.

(ii) The inflation rate, which has been based upon the consumer price index for the UK.

(iii) The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions were:

As at	**26 March 2016**	28 March 2015
Discount rate (cost of capital)	**9.22%**	8.18%
Inflation rate	**0.50%**	0.00%
Like for like sales growth	**2.00%**	3.00%

These assumptions are held for five years in the forecast and then a perpetuity is performed over the year five figures, effectively assuming no further like for like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that a CGU would first require impairment if (all other assumptions being held equal);

(i) The Group's cost of capital was 23.8% (2015: 26.5%)

(ii) The Inflation rate was 33.1% (2015: 14.6%)

(iii) The like for like sales suffered a contraction of 9.8% (2015: 7.6%) per annum.

The interest rate used in calculating the Group's cost of capital as used in the impairment test has been determined to be a reasonable rate to use in terms of the rates prevalent in the market at the date of the impairment test.

Assets arising upon the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll)

A goodwill asset of €37,952k and brand assets of €5,950k arose as a result of the business combination undertaken as at 30 April 2014, the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll) by the Group (see note 28).

At the acquisition date this was translated to £31,258k for the Goodwill and £4,901k for the brand assets. However as the functional currency of Jawoll is the Euro, all impairment calculations have been calculated in Euros and therefore it is that currency we shall refer to in the following discussion.

The brand intangible assets were recognised as having indefinite life and were the only identifiable intangible assets recognised that were considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the Jawoll business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGU's), being the two fascia's that the Group operates within its retail segment (Jawoll and Hafu) in the following proportions:

	Jawoll €'000	Hafu €'000	Total €'000
Goodwill	33,058	4,894	37,952
Brand	5,929	21	5,950
	38,987	4,915	43,902

The Group has performed impairment tests as at the period end dates and at the acquisition date, which was during the prior year. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGU's. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were

(i) The Group's cost of capital, is as per above.

(ii) The inflation rate, which has been based upon the consumer price index for Germany

(iii) The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions used were :

As at	**26 March 2016**	28 March 2015	30 April 2014
Discount rate (cost of capital)	**9.22%**	8.18%	9.50%
Inflation rate	**0.28%**	0.28%	1.33%
Like for like sales growth	**1.50%**	2.60%	2.60%

These assumptions are held for five years in the forecast and then a perpetuity is performed over the year five figures, effectively assuming no further like for like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that an impairment would first require impairment if (all other assumptions being held equal);

(i) The Group's cost of capital was 85.3% (2015: 39.0%, 2014: 31.3%).

(ii) The Inflation rate was 19.8% (2015: 5.3%, 2014: 5.3%).

(iii) The like for like sales suffered a contraction of 12.3% (2015: 2.2%, 2014: 0.8%).

The interest rate used in calculating the Group's cost of capital as used in the impairment test has been determined to be a reasonable rate to use in terms of the rates prevalent in the market at the date of the impairment test.

13. Property, plant & equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
29 March 2014	9,537	2,288	62,383	74,208
Arising on acquisition of Jawoll	16,078	189	4,688	20,955
Additions	5,593	919	29,155	35,667
Disposals	(2,157)	(481)	(395)	(3,033)
Effect of retranslation	(1,799)	(36)	(589)	(2,424)
Adjustment	(38)	344	203	509
28 March 2015	27,214	3,223	95,445	125,882
Additions	6,493	1,129	47,290	54,912
Disposals	(270)	(855)	(326)	(1,451)
Effect of retranslation	1,313	28	573	1,914
26 March 2016	34,750	3,525	142,982	181,257
Accumulated depreciation				
At 29 March 2014	2,055	407	6,750	9,212
Charge for the period	2,988	833	11,026	14,847
Disposals	(4)	(202)	(162)	(368)
Effect of retranslation	(69)	(5)	(67)	(141)
Adjustment	(38)	344	203	509
At 28 March 2015	4,932	1,377	17,750	24,059
Charge for the period	3,435	732	15,559	19,726
Disposals	—	(565)	(316)	(881)
Effect of retranslation	156	6	141	303
At 26 March 2016	8,523	1,550	33,134	43,207
Net book value at 26 March 2016	**26,227**	**1,975**	**109,848**	**138,050**
Net book value at 28 March 2015	22,282	1,846	77,695	101,823

On the acquisition of the SBR Europe group on 6 March 2013, the property, plant and equipment was restated such that their net book value equalled their cost. Initially an estimation technique was used to perform this task, due to the number of assets on the fixed asset register, but the value was calculated exactly before the 28 March 2015 year end. The resulting differences in cost and accumulated depreciation, which have no impact on net book value, have been included in the adjustment line related to the prior year.

The carrying value of assets held under finance lease and hire purchase contracts at 26 March 2016 was £4,584k (2015: £5,029k), total depreciation charged on these assets during the period was £780k (2015 : £751k). The assets held under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Under the terms of the loan facility in place at 26 March 2015, a fixed charge existed over £4.6m (2015: £6.2m) of the net book value of land & buildings, £0.4m (2015: £1.1m) of the net book value of motor vehicles and £41.9m (2015: £50.7m) of the net book value of the plant, fixtures and equipment. A floating charge was held over all the other assets.

Included within land and buildings is land with a cost of £2.1m (2015 : £1.8m) which is not depreciated.

As at	**26 March 2016 £'000**	28 March 2015 £'000
The net book value of land and buildings comprises :		
Freehold land and buildings	**12,501**	7,208
Short leasehold improvements	**13,726**	15,074
	26,227	22,282

14. Inventories

As at	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Goods for resale	**356,312**	286,136	203,475

The 2015 inventory balance has been restated from £238.9m to £286.1m to reflect the agreed shipping terms in place with certain overseas suppliers. This restatement reflects the reclassification of certain prepayments to overseas suppliers of £23.7m and the recognition of an increase to trade creditors of £23.5m. The 2014 figures were restated from £170.4m to £203.5m.

Included in the amount above for the period ended 26 March 2016 was a net gain of £0.1m related to inventory provisions (2015: £0.8m, 2014: £1.2m net loss). In the period to 26 March 2016 £1,349m (2015: £1,080m, 2014: £902m) was recognised as an expense for inventories.

15. Trade and other receivables

	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Non-current			
Lease premiums	**2,771**	—	—
	2,771	—	—
Current			
Trade receivables	**4,172**	4,784	6,074
Deposits on account	**2,855**	8,589	—
Provision for impairment	**(51)**	(9)	(2)
Net trade receivables to non-related parties	**6,976**	13,364	6,072
Prepayments	**20,056**	17,864	12,110
Related party receivables	**799**	2,921	2,859
Lease premiums	**586**	—	—
Other receivables	**344**	1,018	290
	28,761	35,167	21,331

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

The 2015 deposits on account and related party receivable balances have been restated from £22.3m to £8.6m and £18.9m to £2.9m respectively as a result of a reclassification to inventories. This adjustment has been made to reflect the agreed shipping terms in place with certain overseas suppliers. The 2014 deposits on account and related party receivable balance are also disclosed and have been restated from £13.8m and £13.6m to £nil and £2.9m respectively.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

Period ended	26 March 2016 £'000	28 March 2015 £'000	29 March 2014 £'000
Provision for impairment at the start of the period	**(9)**	(2)	—
Impairment during the period	**(48)**	(9)	(2)
Utilised/released during the period	**6**	2	—
Balance at the period end	**(51)**	(9)	(2)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

There were no significant balances held at this year end. At the prior year end a significant balance was held with Multi-lines International Company Ltd of £2.8m (2014: £2.9m). Multi-lines is a supplier with whom the Group carries a deposit, they are also an associate of the Group and due to this and the long trading history between the companies, including no history of issues regarding recovery of the deposit balance, the management do not believe this balance to be at risk.

At the 2014 period end a significant balance (£3.8m) was held with Barclays Mercantile Business Finance Limited in respect of a sale and leaseback transaction. This was settled immediately after the year end.

There are no significant balances within the remaining debtors and as such there is no specific concentration of credit risk.

The following table sets out a maturity analysis of total trade and other receivables, including those which are past due but not impaired:

As at	**26 March 2016 £'000**	28 March 2015 £'000	29 March 2014 £'000
Neither past due nor impaired	**26,166**	32,509	21,000
Past due less than one month	**49**	503	203
Past due between one and three months	**1,225**	1,360	128
Past due for longer than three months	**1,321**	795	—
Balance at the period end	**28,761**	35,167	21,331

16. Cash and cash equivalents

As at	**26 March 2016 £'000**	28 March 2015 £'000
Cash at bank and in hand	**91,148**	64,943

As at 26 March 2016 the Group had available £134.2m of undrawn committed borrowing facilities (2015: £139.2m).

17. Trade and other payables

As at	**26 March 2016 £'000**	28 March 2015 £'000	29 March 2014 £'000
Non-current			
Accruals	**1,012**	1,208	—
Reverse lease premium	**65,532**	51,173	34,857
	66,544	52,381	34,857
Current			
Trade payables	**139,396**	104,471	67,721
Other tax and social security payments	**6,924**	17,555	19,097
Accruals and deferred income	**24,711**	24,491	21,138
Reverse lease premium	**8,718**	6,816	4,923
Accrued interest on loans held with owners	**—**	—	4,927
Related party trade payables	**2,181**	1,332	858
Other payables	**7,813**	6,466	38
	189,743	161,131	118,702

The 2015 trade payables balance has been restated from £86.9m to £104.5m to reflect the recognition of inventories in transit in accordance with the agreed shipping terms in place with certain overseas suppliers. The 2014 trade payables balance is also disclosed and has been restated from £59.2m to £67.7m

Trade payables are generally on 30 day terms and are not interest bearing. The carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 26.

18. Other financial assets and liabilities

Other financial assets

As at	**26 March 2016 £'000**	28 March 2015 £'000
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**4,769**	1,145
Total current other financial assets	**4,769**	1,145
Total other financial assets	**4,769**	1,145

Financial assets through profit or loss reflect the fair value of those derivatives that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

As at	**26 March 2016 £'000**	28 March 2015 £'000
Non-current financial liabilities at fair value through profit and loss:		
Interest rate swaps	**—**	75
Put/call options over the non-controlling interest of Jawoll	**16,041**	14,144
Total non-current other financial liabilities	**16,041**	14,219
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**307**	—
Fuel swap contracts	**63**	322
Interest rate swaps	**117**	320
Total current other financial liabilities	**487**	642
Total other financial liabilities	**16,528**	14,861

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity. The valuation here reflects the initial valuation unwound to the year end date, and exchanged at the year end foreign exchange rate. The option matures in 2019 and the carrying value has been discounted to present value.

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts, interest rate swaps and fuel swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
26 March 2016				
Foreign exchange contracts	**4,462**	**—**	**4,462**	**—**
Interest rate swaps	**(117)**	**—**	**(117)**	**—**
Fuel swap contract	**(63)**	**—**	**(63)**	**—**
Put/call options on Jawoll non-controlling interest	**(16,041)**	**—**	**—**	**(16,041)**
28 March 2015				
Foreign exchange contracts	1,145	—	1,145	—
Interest rate swaps	(395)	—	(395)	—
Fuel swap contract	(322)	—	(322)	—
Put/call options on Jawoll non-controlling interest	(14,144)	—	—	(14,144)

The put/call option was valued with reference to the Sale and Purchase Agreement underpinning the acquisition, and the key variable in determining the fair value of the option, the forecast EBITDA of Jawoll as prepared by management.

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

19. Financial liabilities – borrowings

As at	**26 March 2016 £'000**	28 March 2015 £'000
Non-current		
Term facility bank loans	**435,142**	433,758

The term facility bank loans are held at amortised cost and were initially capitalised in June 2014 with £7.3m of fees attributed to them (2015: same).

The maturities of the loan facilities are as follows.

	Interest rate %	**Maturity**	**26 March 2016 £'000**	28 March 2015 £'000
Current interest bearing loans and borrowings				
Finance leases	1.2-3.9%	2015-17	**1,119**	1,066
Non-current interest bearing loans and borrowings				
UK Holdco term loan A	2.75/3.25% + LIBOR	2019	**300,000**	300,000
UK Holdco term loan B	3/3.5% + LIBOR	2020	**140,000**	140,000
Finance leases	1.2%-3.9%	2017-24	**4,252**	4,918

Term loans A and B have carrying values which include transaction fees allocated on inception.

20. Provisions

	Property provisions £'000	**Other £'000**	**Total £'000**
At 29 March 2014	4,626	4,497	9,123
Arising on acquisition of Jawoll	173	—	173
Provided in the period	1,542	2,016	3,558
Utilised / released during the period	(3,167)	(2,408)	(5,575)
Effect of retranslation	(19)	—	(19)
At 28 March 2015	3,155	4,105	7,260
Provided in the period	1,219	2,259	3,478
Utilised / released during the period	(1,784)	(2,150)	(3,934)
Effect of retranslation	12	—	12
At 26 March 2016	2,602	4,214	6,816
Current liabilities 2016	**555**	**4,214**	**4,769**
Non-current liabilities 2016	**2,047**	**—**	**2,047**
Current liabilities 2015	1,725	4,105	5,830
Non-current liabilities 2015	1,430	—	1,430

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The other provisions principally relate to disputes concerning insurance liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £7.5k per claim (£8.3k in 2015).

21. Share capital

As at	26 March 2016 £'000	28 March 2015 £'000
Allotted, called up and fully paid		
B&M European Value Retail S.A.		
1,000,000,000 ordinary shares of 10p each	**100,000**	100,000
	100,000	100,000

Ordinary shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,972,222,222 ordinary shares.

22. Cash generated from operations

Period ended	52 weeks ended 26 March 2016 £'000	52 weeks ended 28 March 2015 £'000
Profit before tax	**154,545**	61,715
Adjustments for:		
Net interest expense	**21,113**	72,776
Depreciation	**19,726**	14,847
Amortisation of intangible assets	**700**	827
Transaction fees through administrative expenses	**770**	20,536
(Profit) / loss on disposal of property, plant and equipment	**52**	(70)
Loss on share options	**235**	186
Change in inventories	**(67,184)**	(53,302)
Change in trade and other receivables	**7,855**	(10,342)
Change in trade and other payables	**37,153**	49,898
Change in provisions	**312**	(1,863)
Share of profit from associates	**(1,166)**	(1,632)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**400**	1,574
(Profit) / loss resulting from fair value of financial derivatives	**(3,577)**	(2,270)
Cash generated from operations	**170,934**	152,880

23. Commitments

Operating leases

The vast majority of the Group's operating lease commitments relate to the property comprising its store network. At the year-end over 90% of these leases expire in the next 15 years (2015: >95%) The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to contingent rent agreements at the year end date. The following table sets out the total future minimum lease payments under non-cancellable operating leases, taking account of lease premiums.

As at	26 March 2016 £'000	28 March 2015 £'000
Not later than one year	**113,660**	87,524
Later than one year and not later than five years	**429,494**	335,401
Later than five years	**457,450**	389,913
	1,000,604	812,838

The lease and sublease payments recognised as an expense in the periods were as follows:

As at	26 March 2016 £'000	28 March 2015 £'000
Lease payments	**105,062**	74,595
Sublease receipts	**(441)**	(219)
	104,621	74,376

Finance leases

At both year ends, all of the Group's finance leases related to buildings used in the operation of the German business. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

As at	**26 March 2016**		28 March 2015	
	Minimum payments £'000	**PV of minimum payments £'000**	Minimum payments £'000	PV of minimum payments £'000
Not later than one year	**1,119**	**1,119**	1,191	1,066
Later than one year and not later than five years	**3,401**	**3,245**	3,735	3,459
Later than five years	**1,105**	**1,007**	1,519	1,459
	5,625	**5,371**	6,445	5,984

Capital commitments

There were £3.8m of contractual capital commitments not provided within the Group financial statements as at 26 March 2016 (2015: £5.1m).

24. Group information and ultimate parent undertaking

The financial results of the Group include the following entities.

Company name	Country	Date of incorporation	Percent held within the Group	Principal activity
B&M European Value Retail 1 S.à r.l. (Lux Holdco)	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à.r.l. (SBR Europe)	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retailer
Opus Homewares Limited	UK	April 2003	100%	Dormant
Meltore Limited	UK	November 2006	100%	Dormant
B&M European Value Retail Germany GmbH (Germany Holdco)	Germany	November 2013	100%	Holding company
J.A. Woll Handels GmbH (Jawoll)	Germany	November 1987	80%	General retailer
Jawoll Vertriebs GmbH I	Germany	September 2007	80%	General retailer
BestFlora GmbH	Germany	July 2002	60%	Supplier of items for retail

German company restructuring

The German group has been restructured during the year such that the former Group companies Jawoll Sonderposten GmbH, Jawoll Sonderposten Vertriebs GmbH, Stern Sonderposten Vertriebs GmbH and Stern Handels GmbH were all fully integrated into the remaining German Group companies, Jawoll and Jawoll Vertriebs GmbH I.

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong and a 40% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland following the acquisition of SBR Europe on 6 March 2013. The share of profit/loss from the associates is included in the statement of comprehensive income.

Ultimate parent undertaking

The directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail SA, registered in Luxembourg.

25. Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature. The Group does not apply hedge accounting as outlined under IAS 39.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group engages in a swap contract over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows

As at	**Change in fuel price**	**26 March 2016 £'000**	28 March 2015 £'000
Effect on profit before tax	**+5%**	**64**	52
	-5%	**(64)**	(50)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for this financial information.

All of the Group's sales are to customers in the UK and Germany and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in US Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant.

The impact on the Group's profit before tax is largely due to changes in the fair value of the FX options.

As at	Change in USD rate	26 March 2016 £'000	28 March 2015 £'000
Effect on profit before tax	**+2.5%**	**(1,797)**	(1,294)
	-2.5%	**3,115**	1,360

The following table demonstrates the sensitivity to a reasonably possible change in the Euro period end exchange rates with all other variables held constant..

As at	Change in Euro rate	26 March 2016 £'000	28 March 2015 £'000
Effect on profit before tax	**+2.5%**	**2**	(13)
	-2.5%	**(4)**	14

These calculations have been performed. by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest rate risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as all of the Group's bank borrowings are subject to a floating rate based on LIBOR.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group uses interest rate swaps to minimise the impact.

At year end, if LIBOR interest rates had been 50 basis points higher/lower with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis point increase / decrease	26 March 2016 £'000	28 March 2015 £'000
Effect on profit before tax	**+50**	**(499)**	1,429
	-50	**499**	(1,429)

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

It also includes the effect on the year end valuation of the interest rate swap contract, where the percentage change in LIBOR indicated above has been applied to the year end spot rate and this has then been projected over the remaining life of the contracts with the assumption that all other variables are held equal.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the main counterparty is a UK clearing bank with a high credit rating (A long term and A-1 short term (standard & poor), unchanged from the prior year). The principal credit risk arises therefore from the Group's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
26 March 2016					
Interest bearing loans	**15,044**	**15,044**	**464,069**	**—**	**494,157**
Fuel swap contract	**63**	**—**	**—**	**—**	**63**
Interest swap contract	**117**	**—**	**—**	**—**	**117**
Forward foreign exchange contracts	**307**	**—**	**—**	**—**	**307**
Trade payables	**141,577**	**—**	**—**	**—**	**141,577**
28 March 2015					
Interest bearing loans	17,464	17,464	343,820	141,509	520,257
Fuel swap contract	322	—	—	—	322
Interest swap contract	320	75	—	—	395
Trade payables	105,803	—	—	—	105,803

Fair value

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

As at	26 March 2016 £'000	28 March 2015 £'000
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	**4,769**	1,145
Loans and receivables		
Cash and cash equivalents	**91,148**	64,943
Trade receivables	**7,775**	16,285
Other receivables	**344**	1,018
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	**307**	—
Fuel price swap	**63**	322
Interest rate swap	**117**	395
Put/call options over the non-controlling interest of Jawoll	**16,041**	14,144
Amortised cost		
Interest-bearing loans and borrowings	**435,142**	433,758
Trade payables	**141,577**	105,803
Other payables	**7,813**	6,466

26. Related party transactions

The Group has transacted with the following related parties over the periods:

Multi-lines International Company Limited, a supplier, and Home Focus Group, a customer, have been associates of the Group since the purchase of SBR Europe on 6 March 2013.

Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments, Multi Lines International (Properties) Ltd and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

Rani 1 Life Interest Trust and Rani 2 Life Interest Trust, directly or indirectly owned by director Simon Arora, his family, or his family trusts, were reimbursed for management and financial consulting services provided to the Group. These services ceased upon listing.

Clayton, Dubilier & Rice, the part-owners of the previous ultimate parent undertaking, and current shareholders, provided management and financial consulting services to the Group. These services ceased upon listing.

Jawoll Immobilien GmbH, Stern Grundstück Entwicklungs GmbH, DS Grundstücks GmbH and Silke Stern are all landlords of properties occupied by the Group and are related by virtue of connection to a director of J.A.Woll-Handels GmbH. Some of these are held under finance lease, as detailed below.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income, including the P&L impact of any finance leases;

Period ended	**26 March 2016 £'000**	28 March 2015 £'000
Sales to associates of the Group		
Home Focus Group Limited	**770**	737
Total sales to related parties	**770**	737
Purchases from associates of the Group		
Multi-lines International Company Ltd	**98,105**	72,371
Purchases from owners of the business		
Clayton, Dubilier & Rice	**—**	17,608
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	**134**	120
DS Grundstücks GmbH	**581**	570
Jawoll Immobilien GmbH	**458**	451
Rani Investments	**191**	191
Rani 1 Life Interest Trust	**—**	36
Rani 2 Life Interest Trust	**—**	36
Ropley Properties Ltd	**2,811**	2,632
Silke Stern	**133**	135
Speke Point Ltd	**—**	2,125
Stern Grundstück Entwicklungs	**475**	464
Triple Jersey Ltd	**7,176**	2,925
Total purchases from related parties	**110,064**	99,664

Included in the current year figures above are 6 leases of new stores (or extensions to existing stores), and 1 lease renewal of an existing store, entered into by Group companies during the current period with the Arora related parties (2015: 4 new, or extensions to existing, leases and no renewals since the IPO date). The total expense on these leases in the period was £927k (2015: £188k). There were also 3 conditionally exchanged leases with Arora related parties in the current period with long stop completion dates in the next financial year, and no expense is incurred under them until they are completed.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the debtors balance held by Multi-lines International is a deposit on account and included a goods received not invoiced (GRNI) balance of £1.6m (2015: £2.9m). Note that the Multi-lines balance in 2014 was restated to £2.9m in line with the adjustment discussed in notes 1 and 15.

As at	**26 March 2016 £'000**	28 March 2015 £'000
Trade receivables from associates of the group		
Home Focus Group Ltd	**251**	79
Multi-lines International Company Ltd	**546**	2,842
Trade receivables from companies owned by key management personnel		
DS Grundstücks GmbH	**2**	—
Total related party trade receivables	**799**	2,921
Trade payables to companies owned by key management personnel		
Rani Investments	**39**	39
Ropley Properties Ltd	**852**	727
Triple Jersey Ltd	**1,290**	566
Total related party trade payables	**2,181**	1,332

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 26 March 2016 (2015: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The balances remaining on the finance lease asset and liabilities at each year end is as follows:

As at	**26 March 2016 £'000**	28 March 2015 £'000
Finance lease assets from parties related to key management personnel		
DS Grundstücks GmbH	**994**	1,192
Jawoll Immobilien GmbH	**1,194**	1,227
Silke Stern	**701**	762
Stern Grundstück Entwicklungs	**1,695**	1,848
Total assets held under finance lease from related parties	**4,584**	5,029
Finance lease liabilities with parties related to key management personnel		
DS Grundstücks GmbH	**1,196**	1,431
Jawoll Immobilien GmbH	**1,370**	1,408
Silke Stern	**815**	883
Stern Grundstück Entwicklungs	**1,899**	2,070
Total finance lease liabilities held with related parties	**5,280**	5,792

All related party finance leases are on properties occupied by the German business.

For further details on the transactions with key management personnel, see note 8 and the remuneration report.

27. Non-controlling interest

Non-controlling interest balances are valued on acquisition as a proportion of the fair value of net assets to which the non-controlling interest relates. Post acquisition the non-controlling interest is valued as the original value plus/minus the profit/loss owed to the non-controlling interest and minus any dividend paid to the non-controlling interest.

There exists a non-controlling interest in Jawoll, an 80% subsidiary of B&M European Value Retail Germany GmbH, which was created on purchase of that company on 30 April 2014. The percentage has not changed over the period of ownership.

In the 52 weeks to 26 March 2016, £1,229k has been accrued to the non-controlling interest in Jawoll (2015: £1,179k from the date of acquisition), and no dividends have been paid (2015: no dividends).

The summarised financial information of the subsidiary is as follows.

	52 weeks ended 26 March 2016 £'000	11 months ended 28 March 2015 £'000
Revenue	**132,728**	120,643
EBITDA	**11,588**	10,659
Profit after tax	**5,458**	5,918
Net cashflow	**(4,587)**	(3,890)

As at	**26 March 2016 £'000**	28 March 2015 £'000
Non-current assets	**28,574**	24,476
Current assets	**47,201**	42,065
Non-current liabilities	**(6,353)**	(7,216)
Current liabilities	**(13,464)**	(13,516)
Net assets	**55,958**	45,809

There exists a non-controlling interest in BestFlora GmbH, a 75% subsidiary of Jawoll. This company was incorporated into the group on 30 April 2014 and the percentage has not changed over the period of ownership.

In the 52 weeks to 26 March 2016, £36k has been accrued to the non-controlling interest in BestFlora GmbH (2015: £39k from the date of acquisition) and £36k of dividends have been paid (2015: £78k). Bestflora is considered immaterial for further disclosure.

28. Business combinations

In the prior year the Group completed the acquisition of J.A. Woll Handels GmbH (Jawoll) through B&M European Value Retail Germany GmbH (Germany Holdco). Jawoll is a discount retailer incorporated within Germany.

The acquisition has been accounted for via the acquisition method of accounting. The Group purchased 80% of the share capital for a cash consideration of €80,182k, funded by the Group's existing banking facilities.

The purchase agreement also included call and put options over the remaining 20% exercisable in 2019. Per the discussion in note 1, the risks and rewards of the exercise price remain with the non-controlling interest, and therefore the non-controlling interest is recognised below. The put/call options have then been recognised on acquisition as a liability based upon the discounted estimated price of the options, with the corresponding debit recognised in the put/call option reserve.

The valuation of the put/call option on the purchase date was £13,855k.

The fair values of the identifiable assets and liabilities of Jawoll on the date of the acquisition were valued via a PPA exercise with each material area addressed independently. The non-controlling interest was calculated at 20% of the fair value of assets to which the non-controlling interest was held.

The fair values held by Jawoll on the date of acquisition were as follows:

	£'000
Assets	
Property, plant and equipment	20,954
Brand assets	4,901
Other intangible assets	1,779
Inventories	33,165
Receivables and other assets	3,933
Cash	11,686
Total assets	**76,418**
Liabilities	
Finance lease liabilities	(7,824)
Payables and accruals	(22,123)
Bank overdraft	(146)
Corporation tax creditor	(845)
Dilapidation provision	(173)
Deferred tax liability	(1,008)
Total liabilities	**(32,119)**
Total fair value of assets	**44,299**
Pre-existing non-controlling interest in Jawoll's own accounts	(433)
Non-controlling interest in Jawoll's net assets	(9,082)
Total non-controlling interest	**(9,515)**
Total fair value of assets acquired	**34,784**
Total consideration (made in cash)	**66,042**
Goodwill asset recognised	**31,258**

None of the receivables recognised were considered irrecoverable at the acquisition date.

Fees of £827k were incurred during the acquisition. These were expensed through the profit and loss in the prior period.

Included in the creditors balance is a liability of £5.7m relating to a profit & loss transfer agreement ("PLTA"). As part of the acquisition Jawoll group performed a necessary reorganisation in order to separate the businesses to be acquired and those not to be acquired. This resulted in a profit & loss transfer agreement claim which Jawoll agreed to meet on behalf of those subsidiaries to which it applied.

This was therefore expensed on the pre-acquisition profit & loss account, but at the date of the acquisition the liability had not been settled. This resulted in the liability being present on the acquisition balance sheet, as well as a higher than usual cash balance.

The liability was settled shortly after acquisition, and appears within the prior year cashflow statement at a different value due to being translated at the period average rate instead of the acquisition date rate at which it is included above.

The goodwill largely relates to the growth potential of the business with smaller elements representing the workforce and current location of the stores. None of the elements which make up goodwill can, or are not material enough to, be recognised as a separate intangible asset.

The effect the acquisition has had on the P&L can be seen in the segmental note (note 2) as the Germany Retail segment comprises the whole of Jawoll. Had the company been bought at the start of the year it would have contributed an estimated extra £14.4m to revenue and £2.1m to operating profit (figures under German GAAP).

29. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

As at	**26 March 2016 £'000**	28 March 2015 £'000
Interest bearing loans and borrowings (note 19)	**445,371**	445,984
Less: Cash and short term deposits (note 16)	**(91,148)**	(64,943)
Net debt	**354,223**	381,041

30. Post balance sheet events

There have been no material events between the balance sheet date and the date of issue of these accounts.

31. Dividends

An interim dividend of 1.6 pence per share (£16,000,000) was paid in January 2016.

A final dividend of 3.2 pence per share (£32,000,000), giving a full year dividend of 4.8 pence per share (£48,000,000) has been proposed.

Relating to the prior year;

An interim dividend of 0.9 pence per share (£9,000,000) was paid in January 2015.

A final dividend of 2.5 pence per share (£25,000,000), giving a full year dividend of 3.4 pence per share (£34,000,000) was approved at the AGM and paid in August 2015.

32. Contingent liabilities and guarantees

As at 28 March 2015 and 26 March 2016, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd are all guarantors to the loan agreement which is formally held within B&M European Value Retail SA. The amount outstanding as at the period end was £440.0m, with the balance in B&M European Value Retail Holdco 4 Ltd.

To the Board of Directors of
B&M European Value Retail S.A.
16, Avenue Pasteur
L – 2310 LUXEMBOURG

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries (the "Group"),which comprise the consolidated statement of financial position as at 28 March 2015 and the consolidated statements of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of B&M European Value Retail S.A. as of 28 March 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The accompanying Corporate Governance Statement on pages 26 to 30, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 1 June 2015

Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Consolidated statement of Comprehensive Income

Period ended	Note	**52 weeks ended 28 March 2015 £'000**	55 weeks ended 29 March 2014 £'000
Revenue		**1,646,824**	1,351,236
Cost of sales		**(1,076,916)**	(891,566)
Gross profit	2	**569,908**	459,670
Transaction / IPO fees included in administrative expenses	1,12	**(20,536)**	(6,355)
Other administrative expenses		**(416,513)**	(351,290)
Total administrative expenses		**(437,049)**	(357,645)
Operating Profit		**132,859**	102,025
Share of profits of investments in associates	11	**1,632**	269
Profit on ordinary activities before interest and tax		**134,491**	102,294
Finance costs	6	**(72,875)**	(118,526)
Finance income	6	**99**	1,913
Profit/(loss) on ordinary activities before tax		**61,715**	(14,319)
Income tax expense	9	**(21,852)**	(5,096)
Profit/(loss) for the period	3	**39,863**	(19,415)
Attributable to non-controlling interests		**1,223**	—
Attributable to owners of the parent		**38,640**	(19,415)
Other comprehensive income for the period			
Items which may be reclassified to Profit and loss:			
Exchange differences on retranslation of subsidiary and associate accounts		**(4,236)**	4
Actuarial loss on the defined benefit pension scheme		**(35)**	—
Tax effect of other comprehensive income		**11**	—
Total comprehensive income/(loss) for the period		**35,603**	(19,411)
Attributable to non-controlling interests	29	**1,218**	—
Attributable to owners of the parent		**34,385**	(19,411)
Earnings/(loss) per share			
Basic earnings/(loss) per share attributable to ordinary equity holders (pence)	10	**3.4**	(1.9)
Diluted earnings/(loss) per share attributable to ordinary equity holders (pence)	10	**3.4**	(1.9)

All operations are classified as continuing and new acquisitions as disclosed above. The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of Financial Position

As at	Note	**28 March 2015 £'000**	29 March 2014 £'000
Assets			
Non-current			
Goodwill	13	**835,258**	807,496
Intangible assets	13	**99,695**	94,307
Property, plant and equipment	14	**101,823**	64,996
Other non-current financial assets	20	**—**	1,819
Investments in associates	11	**3,822**	2,093
Deferred tax asset	9	**354**	233
		1,040,952	970,944
Current assets			
Cash and cash equivalents	17	**64,943**	24,854
Inventories	15	**238,922**	170,371
Trade and other receivables	16	**64,845**	45,952
Other current financial assets	20	**1,145**	—
		369,855	241,177
Total assets		**1,410,807**	1,212,121
Equity			
Share capital	23	**(100,000)**	(97,222)
Share premium		**(2,600,000)**	(2,527,778)
Merger reserve	1	**1,979,131**	2,625,000
Retained (earnings)/loss		**(10,392)**	19,415
Put/call option reserve		**13,855**	—
Foreign exchange reserve		**4,232**	(4)
Non-controlling interest		**(10,655)**	—
		(723,829)	19,411
Non-current liabilities			
Interest bearing loans and borrowings	21	**(433,758)**	(423,930)
Finance lease liabilities	25	**(4,918)**	—
Other financial liabilities	20	**(14,219)**	—
Other liabilities	19	**(52,381)**	(34,857)
Deferred tax liabilities	9	**(21,199)**	(19,032)
Provisions	22	**(1,430)**	(2,149)
		(527,905)	(479,968)
Current liabilities			
Trade and other payables	18	**(143,595)**	(110,219)
Interest-bearing loans and borrowings	21	**—**	(632,741)
Finance lease liabilities	25	**(1,066)**	(22)
Other financial liabilities	20	**(642)**	(1,448)
Income tax payable		**(7,940)**	(160)
Provisions	22	**(5,830)**	(6,974)
		(159,073)	(751,564)
Total liabilities		**(686,978)**	(1,231,532)
Total equity and liabilities		**(1,410,807)**	(1,212,121)

The accompanying accounting policies and notes form an integral part of these financial statements. This statement of financial position was approved by the Board of Directors and authorised for issue on 27 May 2015 and signed on their behalf by:

S. Arora, Director.

Consolidated statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Foreign exchange reserve £'000	Put/call option reserve £'000	Non-controlling interest £'000	Total shareholders' equity £'000
Balances on 6 March 2013	—	—	—	—	—	—	—	—
Effect of Group reconstruction	97,222	2,527,778	—	(2,625,000)	—	—	—	—
Profit for the period ended 29 March 2014	—	—	(19,415)	—	—	—	—	(19,415)
Other comprehensive income								
Exchange differences on retranslation of subsidiary	—	—	—	—	4	—	—	4
Total comprehensive income for the period	—	—	(19,415)	—	4	—	—	(19,411)
Balance at 29 March 2014	97,222	2,527,778	(19,415)	(2,625,000)	4	—	—	(19,411)
Reserve balances recognised on acquisition	**—**	**—**	**—**	**—**	**—**	**(13,855)**	**9,515**	**(4,340)**
Effect of Group reconstruction	**—**	**—**	**—**	**645,869**	**—**	**—**	**—**	**645,869**
Effect of raising equity during IPO exercise	**2,778**	**72,222**	**—**	**—**	**—**	**—**	**—**	**75,000**
Dividend payment to owners	**—**	**—**	**(9,000)**	**—**	**—**	**—**	**—**	**(9,000)**
Dividend payment to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**(78)**	**(78)**
Effect of share options	**—**	**—**	**186**	**—**	**—**	**—**	**—**	**186**
Total for transactions with owners	**2,778**	**72,222**	**(8,814)**	**645,869**	**—**	**—**	**(78)**	**711,977**
Profit for the period	**—**	**—**	**38,640**	**—**	**—**	**—**	**1,223**	**39,863**
Other comprehensive income								
Exchange differences on retranslation of subsidiaries and associates	**—**	**—**	**—**	**—**	**(4,236)**	**—**	**—**	**(4,236)**
Other items and tax effect	**—**	**—**	**(19)**	**—**	**—**	**—**	**(5)**	**(24)**
Total comprehensive income for the period	**—**	**—**	**38,621**	**—**	**(4,236)**	**—**	**1,218**	**35,603**
Balance at 28 March 2015	**100,000**	**2,600,000**	**10,392**	**(1,979,131)**	**(4,232)**	**(13,855)**	**10,655**	**723,829**

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of Cash Flows

Period ended	Note	**52 weeks ended 28 March 2015 £'000**	55 weeks ended 29 March 2014 £'000
Cash flows from operating activities			
Cash generated from operations	24	**152,880**	114,680
Fees associated with acquisitions and refinancing	1,12	**(8,160)**	(50,130)
Fees associated with the IPO and associated restructuring	1	**(19,709)**	—
Income tax paid		**(13,726)**	(11,428)
Net cash flows from operating activities		**111,285**	53,122
Cash flows from investing activities			
Purchase of property, plant and equipment		**(35,667)**	(34,150)
Purchase of intangible assets		**(248)**	(474)
Acquisition of subsidiaries net of cash received	12	**(54,356)**	(757,845)
Settlement of PLTA liability on the acquired balance sheet	12	**(5,465)**	—
Proceeds from sale of property, plant and equipment		**2,735**	318
Interest received		**99**	94
Net cash flows from investing activities		**(92,902)**	(792,057)
Cash flows from financing activities			
Net (payment) / receipt of bank loans		**(17,625)**	457,625
Net receipt of loan from owners		**—**	334,810
Receipt from share issue		**75,000**	—
Interest paid		**(25,534)**	(28,394)
Dividends paid to non-controlling interest		**(78)**	—
Dividends paid to owners of the parent		**(9,000)**	—
Repayment of finance lease		**(1,057)**	(252)
Net cash flows from financing activities		**21,706**	763,789
Net (decrease) / increase in cash and cash equivalents		**40,089**	24,854
Cash and cash equivalents at the beginning of the period		**24,854**	—
Cash and cash equivalents at the end of the period		**64,943**	24,854
Cash and cash equivalents comprise:			
Cash at bank and in hand	17	**64,943**	24,854
		64,943	24,854

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the consolidated financial statements

1. General Information and Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The Group's trade is general retail, with trading taking place in the UK and Germany. The Group has been listed on the London Stock Exchange since June 2014.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the financial statements.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The consolidated accounts represent the results for the Group for the 52 week period ended 28 March 2015, B&M European Value Retail S.A. is the head of the Group and there is no consolidation that takes place above the level of this company

The results of the Group were previously reported as B&M European Value Retail Holdco 1 Limited (UK Holdco 1) for the 55 week period ended 29 March 2014, however, due to a reorganisation (see note 11, and below) the Group is now headed by B&M European Value Retail S.A. The comparative period was a long period of account from incorporation of the Group on 6 March 2013 to 29 March 2014.

The principal accounting policies of the Group are set out below.

Reconstruction, refinancing and listing of the Group

On 19 May 2014, B&M European Value Retail S.A. (the "Company") was incorporated. On 17 June 2014 the Company acquired the entire issued share capital of B&M European Value Retail 1 S.à r.l. Group (the "Business") via a share for share exchange with the shareholders of the Business. Following the share for share exchange, the Company became the ultimate legal parent of the Group. B&M European Value Retail 1 S.à r.l. is the parent company of UK Holdco 1 referred to above.

The share for share transaction is deemed outside the scope of IFRS 3 (revised 2008) and as such is not considered a business combination as prior to the transaction the Company was not considered a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3 B7-B12 due to the Company being essentially a shell company that had no processes or capability for outputs (IFRS 3 B7).

The share for share transaction has been accounted for as a group reconstruction (following the principles of merger accounting). As such comparative information has been presented on a pro-forma basis as though the Group had been in existence throughout the current and prior periods.

Accordingly;

- The assets and liabilities of the Business and its subsidiaries are recognised in the financial information at the pre-combination carrying amounts, without restatement to fair value.
- The retained losses and other equity balances recognised in the financial information reflect the retained losses and other equity balances of the business recorded before the share for share exchange.
- The equity structure, however, reflects the equity structure of the Company, including those balances which arose due to the equity instruments issued under the share for share exchange.
- The resulting difference has been recognised as a component of equity, being the merger accounting reserve.
- Because, immediately prior to the reconstruction, the equity balances in the Business were held as debt, this debt has remained within the restated balance sheet as a liability and has been reclassed upon redemption which occurred as part of the share for share exchange. The net effect of this is a decrease in the Merger reserve on the date of the reconstruction.

Immediately after the reconstruction, on the same date, the Group listed on the London Stock Exchange via an IPO which valued the company at £2.7bn and raised £75.0m cash less £19.7m of fees (which were expense to profit and loss in the period) for the Group itself.

As part of this process a refinancing also took place, with terms agreed on new banking facilities until June 2019 and June 2020. The refinancing incurred £7.3m of fees, which are being amortised over the length of the term. £28.8m of previously unamortised fees, relating to the refinancing that took place in March 2013, were written off to profit and loss.

Overall the key steps in the processes were:

1. B&M European Value Retail S.A. was incorporated with 972.2 million ordinary shares of 10p each.
2. These were exchanged for the preferred equity certificates, preference shares and ordinary share capital of B&M European Value Retail 1 S.à r.l – the previous Group parent.
3. The Group reconstruction resulted in the group's share capital, preferred equity certificates of £556.1m, with accrued interest of £87.8m, and preference share balances being replaced by the £97.2m share capital, and £2,527.8m of share premium – being the technical valuation of the contribution in kind made by the prior owners via their instruments held in B&M EVR 1 S.à r.l.
4. This resulted in the recognition of a merger reserve of £1,979.1m.
5. No cash was exchanged as part of the above steps.
6. A further 27.8 million ordinary shares of 10p each were released as part of the IPO. These were sold at £2.70 each, leading to the receipt of £75 million and the recognition of £72.2m of share premium.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the Group's share of the net assets and results of associated undertakings for the period from 30 March 2014 to 28 March 2015. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

The Group has in place significant financing facilities which are due for renewal in 2019 and 2020, and operations which are cash generative. The directors have considered this and the company's current forecasts, and determined that it is appropriate to continue to use the going concern basis for production of these financial statements.

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Other administrative expenses

Administrative expenses contain all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income.

Elements which are unusual and significant have been separated into a separate line item.

Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units that are expected to benefit from the combination.

Goodwill is tested for impairment at each year end and at any time where there is any indication that goodwill may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The board is responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Brands

Brands acquired as part of a business combination are initially recognised at fair value and subsequently reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly, and charged to administration expenses.

Brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the company which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	–	4 years

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows.

Depreciation

Depreciation is provided on all other items of property, plant and equipment and the effect is to write off the carrying value of items by equal instalments over their expected useful economic lives. It is applied at the following rates.

Leasehold buildings	–	Life of lease
Freehold buildings	–	2% Straight line
Plant, fixtures and equipment	–	10% – 25% straight line
Fixtures, fittings and vehicles	–	20% – 25% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Investments in associates

Associates are those entities over which the group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to acquisition method accounting. However any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement, except for impairment of goodwill which is not reversed.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset, or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Onerous leases

The Group carries a property provision which is recognised on specific sites within the Group's leasehold property portfolio where an exit can be reasonably expected to occur, and a lease is considered onerous.

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

The amount held covers any costs expected to accrue before the end of the contract, netted against any income, as well as a portion related to any dilapidation expense which may arise.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Share options

The Group operates share option schemes, with the first such scheme commencing in August 2014.

The schemes have been accounted for under the provisions of IFRS 2, and accordingly have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through profit and loss in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial assets

Initial recognition and measurement

The classification of financial instruments is determined at initial recognition. The Group has the following types of financial assets; Trade and other receivables and cash which are classified within the IAS 39 definition of loans and receivables and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The Group does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in profit and loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading. if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Share Premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares.

- “Merger Reserve” representing the reserve created during the reorganisation of the Group. “Retained earnings reserve” represents retained profits.
- “Put/call option reserve” representing the initial valuation of the put/call option held by the company over the non-controlling interest of J.A. Woll Handels GmbH (Jawoll), see note 12.
- “Foreign exchange reserve” represents the cumulative differences arising in retranslation of the subsidiary results.
- “Non-controlling interest” representing the portion of the equity which belongs to the non-controlling interest in the Group’s subsidiaries.
- “retained earnings reserve” represents retained profits.

Foreign currency translation

The financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling;

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- EV Retail Ltd
- B&M Retail Ltd
- Meltore Ltd
- Opus Homewares Ltd

The following Group companies have a functional currency of the Euro;

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- B&M European Value Retail Germany GmbH (Germany Holdco)
- J.A. Woll Handels GmbH (Jawoll)
- Jawoll Vertriebs GmbH
- Jawoll Sonderposten GmbH
- Jawoll Sonderposten Vertriebs GmbH
- Stern Sonderposten Vertriebs GmbH
- Stern Handels GmbH
- BestFlora GmbH.

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their accounts in line with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The assets and liabilities are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/ credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Investments in Associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been considered by management to be an associate rather than a subsidiary or a joint venture. Under IFRS 10 control is determined by :

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, Multi-Lines have their own independent management who operate without direct oversight of Group management on a day to day basis. Therefore the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated accounts.

Recognition of intangible assets on acquisition

On acquisition of SBR Group in March 2013, a brand intangible asset was identified with indefinite life.

On acquisition of Jawoll (through Germany Holdco) in April 2014, brand intangible assets were indentified with indefinite lives.

These was the only identifiable assets recognised on these acquisitions that were considered to be likely to have a value above a set materiality threshold.

The indefinite life was considered appropriate because of several factors, chief amongst which was the growth potential of the B&M and Jawoll businesses, which are considered by management to be long-term phenomenon.

Transaction and IPO costs

Transaction costs have been fully expensed through the P&L. See note 12.

Put/call options on Jawoll non-controlling interest

The purchase agreement for Jawoll included call and put options over the shares not purchased by the Group, representing 20% of Jawoll. The options are arranged such that it is considered likely that either the call or put option will be taken at the exercise date in 2019.

The exercise price of the options contain a variable element and as such the risk and rewards of the options are considered to remain with the non-controlling interest. The purchase of the non-controlling interest will be recognised upon exercise of one of the options.

A financial liability has been recognised carried at amortised cost to represent the expected exercise price, with the corresponding debit entry to the put/call option reserve. Management have estimated the future measurement inputs in arriving at this value, using knowledge of current performance, expected growth and planned strategy. Any subsequent movements in the liability will be recognised in profit or loss.

Standards and Interpretations not yet applied by the Group

New and amended standards and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial period beginning 1 April 2014:

- IAS 27, "Separate financial statements" (revised 2011). The application of this standard has no impact for the Group.
- IAS 28, "Associates and joint ventures" (revised 2011). The application of this standard has no impact for the Group.
- IAS 32 (amendments), "Financial instruments: presentation – offsetting financial assets and financial liabilities". The application of this standard has no impact for the Group.
- IAS 39 (amendments), "Financial instruments: recognition and measurement". The application of this standard has no impact for the Group.
- IFRS 10, "Consolidated financial statements". Under IFRS 10, subsidiaries are all entities including structured entities over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has reassessed the control over its investees in the light of the provisions of IFRS 10 and concluded that no change was necessary. The application of this standard has no significant impact for the Group.
- IFRS 11, "Joint arrangements". Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that all are joint ventures. The Group's joint arrangements which were previously included by proportionate consolidation, are now classified as Joint Ventures under IFRS 11 and are therefore accounted for using the equity method in accordance with the provisions of the amended IAS 28, "Associates and Joint Ventures". The application of this standard has no impact for the Group.
- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, and unconsolidated structured entities. The Group has made the required disclosures in these consolidated financial statements.
- IFRIC 21 – "Levies". This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The

interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. This interpretation was endorsed on 17 June 2014 and is applicable to the annual period beginning on or after this date. This will therefore be considered by the Group for its affect for the period starting 29 March 2015.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been issued by the IASB or the IFRIC but are not effective for the Group's accounting period beginning on 1 April 2014. The Group has yet to assess the impact of the new standards and amendments.

- "Disclosure Initiative (Amendments to IAS 1)" – effective from 1 January 2016 to encourage companies to apply professional judgement in determining the information to disclose in their financial statements. These amendments have not yet been endorsed by the European Union.
- IAS 19 revised, "Defined Benefit Plans: Employee Contributions" – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.
- Amendments to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" on depreciation and amortisation and IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" related to accounting for bearer plants – effective from 1 January 2016. In the first amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, past the headline is a rebuttable presumption, and revenue-based amortization is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These amendments have not yet been endorsed by the European Union.
- Amendment to IAS 27, "Separate financial statements", on equity method on separate financial statements – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- "Investments Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- Annual improvements 2010-2012 and 2011-2013 – effective from 1 July 2014. These amendments have been endorsed by the European Union in January 2015 with effective date 1 February 2015.
- Annual improvements 2012-2014 – effective from 1 January 2016. These amendments have not yet been endorsed by the European Union.
- IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. This standard has not yet been endorsed by the European Union.
- IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.
- IFRS 15, This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains

control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

- IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2017. This standard has not yet been endorsed by the European Union.
- Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures", on investment entities applying the consolidation exception – effective from 1 January 2016. This standard has not yet been endorsed by the European Union.

2. Segmental information

IFRS 8 ("Operating segments") requires the Group's segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

For management purposes, the Group is organised into two reportable segments, being the UK retail segment and the German retail segment (since acquisition of Jawoll on April 30 2014).

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis. Due to this, all income taxes were previously allocated to corporate services expenses. However, to aid comparison between retail segments in different tax jurisdictions, an allocation has been made based upon the underlying company tax rates in the appropriate country, and this has also been applied to the prior year figures.

Further, additional segment specific assets, the largest of which being those related to the brands, have now been allocated within the total assets category, whereas previously they were stated as corporate assets. This reclassification has also been applied to the comparative figures, which are therefore stated on a consistent basis with the current year figures.

52 week period to 28 March 2015	**UK Retail £'000**	**Germany Retail £'000**	**Corporate £'000**	**Total £'000**
Revenue	**1,526,181**	**120,643**	**—**	**1,646,824**
Gross profit	**525,497**	**44,411**	**—**	**569,908**
EBITDA	**163,166**	**10,659**	**(23,660)**	**150,165**
Interest received	**80**	**19**	**—**	**99**
Interest expense	**(112)**	**(181)**	**(72,582)**	**(72,875)**
Income tax expense	**(31,558)**	**(2,305)**	**12,011**	**(21,852)**
Segment profit/(loss)	**118,717**	**5,379**	**(84,233)**	**39,863**
Total assets	**1,312,280**	**92,981**	**5,546**	**1,410,807**
Total liabilities	**(187,665)**	**(19,763)**	**(479,550)**	**(686,978)**
Other disclosures:				
Capital expenditure (including intangible)	**(34,246)**	**(1,669)**	**—**	**(35,915)**
Depreciation and amortisation	**(12,859)**	**(2,813)**	**(2)**	**(15,674)**
Share of profit of associates	**—**	**—**	**1,632**	**1,632**
Investment in associates accounted for by the equity method	**—**	**—**	**3,822**	**3,822**

55 week period to 29 March 2014	UK Retail £'000	Germany Retail £'000	Corporate £'000	Total £'000
Revenue	1,351,236	—	—	1,351,236
Gross profit	459,670	—	—	459,670
EBITDA	126,287	—	(13,627)	112,660
Interest received	93	—	1,820	1,913
Interest expense	(182)	—	(118,344)	(118,526)
Income tax expense	(26,642)	—	21,546	(5,096)
Segment profit/(loss)	89,194	—	(108,609)	(19,415)
Total assets	1,206,489	—	5,632	1,212,121
Total liabilities	(148,412)	—	(1,083,120)	(1,231,532)
Other disclosures:				
Capital expenditure (including intangible)	(34,602)	—	(22)	(34,624)
Depreciation and amortisation	(10,362)	—	(4)	(10,366)
Share of profit of associates	—	—	269	269
Investment in associates accounted for by the equity method	—	—	2,093	2,093

3. Adjusted profit and loss statement

Period ended	**52 weeks ended 28 March 2015 £'000**	**Adjusting items (Note 4) £'000**	**Adjusted 52 weeks ended 28 March 2015 £'000**	55 weeks ended 29 March 2014 £'000	Adjusting items (Note 4) £'000	Adjusted 3 weeks ended 30 March 2013 £;000	Adjusted 52 weeks ended 29 March 2014 £;000
Revenue	**1,646,824**	**—**	**1,646,824**	1,351,236	—	79,256	1,271,980
Cost of sales	**(1,076,916)**	**—**	**(1,076,916)**	(891,566)	—	(51,594)	(839,972)
Gross profit	**569,908**	**—**	**569,908**	459,670	—	27,662	432,008
Transaction / IPO fees included in administrative expenses	**(20,536)**	**(20,536)**	**—**	(6,355)	(6,355)	—	—
Other administrative expenses	**(416,513)**	**(3,567)**	**(412,946)**	(351,290)	(18,638)	(21,001)	(311,651)
Add back depreciation & amortisation	**15,674**	**—**	**15,674**	10,366	—	617	9,749
Share of profits of investments in associates	**1,632**	**—**	**1,632**	269	—	—	269
EBITDA	**150,165**	**(24,103)**	**174,268**	112,660	(24,993)	7,278	130,375
Depreciation & amortisation	**(15,674)**	**—**	**(15,674)**	(10,366)	—	(617)	(9,749)
Profit on ordinary activities before interest and tax	**134,491**	**(24,103)**	**158,594**	102,294	(24,993)	6,661	120,626
Finance costs	**(72,875)**	**(49,173)**	**(23,702)**	(118,526)	(82,415)	(2,211)	(33,900)
Finance income	**99**	**—**	**99**	1,913	1,819	58	36
Profit/(loss) on ordinary activities before tax	**61,715**	**(73,276)**	**134,991**	(14,319)	(105,589)	4,508	86,762
Income tax expense	**(21,852)**	**9,064**	**(30,916)**	(5,096)	13,602	(1,053)	(17,645)
Profit/(loss) for the period	**39,863**	**(64,212)**	**104,075**	(19,415)	(91,987)	3,455	69,117
Attributable to non-controlling interests	**1,223**	**(18)**	**1,241**	—	—	—	—
Attributable to owners of the parent	**38,640**	**(64,194)**	**102,834**	(19,415)	(91,987)	3,455	69,117
Other comprehensive income for the period							
Items which may be reclassified to Profit and loss :							
Exchange differences on retranslation of subsidiary and associate accounts	**(4,236)**	**(4,236)**	**—**	4	4	—	—
Actuarial loss on the defined benefit pension scheme	**(35)**	**(35)**	**—**	—	—	—	—
Tax effect of other comprehensive income	**11**	**11**	**—**	—	—	—	—
Total comprehensive income/(loss) for the period	**35,603**	**(68,472)**	**104,075**	(19,411)	(91,983)	3,455	69,117
Attributable to non-controlling interests	**1,218**	**(23)**	**1,241**	—	—	—	—
Attributable to owners of the parent	**34,385**	**(68,449)**	**102,834**	(19,411)	(91,983)	3,455	69,117
Earnings/(loss) per share							
Basic earnings/(loss) per share attributable to ordinary equity holders (pence)	**3.4**	**(6.8)**	**10.3**	(1.9)	(9.2)	0.3	6.9
Diluted earnings/(loss) per share attributable to ordinary equity holders (pence)	**3.4**	**(6.8)**	**10.3**	(1.9)	(9.2)	0.3	6.9

4. Adjusting Items

Period ended	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 £'000	55 weeks ended 29 March 2014 £'000
Transaction / IPO fees included in administrative expenses			
Fees related to the IPO	**(19,709)**	—	—
Fees related to the acquisition of the German entities	**(827)**	—	—
Fees related to the acquisition of the UK entities	**—**	—	(6,355)
	(20,536)	—	(6,355)
Other administrative expenses			
Fair value adjustments to foreign exchange and fuel derivatives	**2,270**	(1,872)	(2,034)
Professional fees associated with the prior financing structure	**(970)**	(5,628)	(6,039)
New store pre-opening costs	**(5,272)**	(3,813)	(4,168)
HMRC excise duty dispute	**—**	(3,560)	(3,560)
Long-term incentive plan	**—**	(1,381)	(1,381)
Foreign exchange movements on intercompany balances	**(2,840)**	—	—
Property provision and compulsory purchase order income	**3,148**	(722)	(772)
Other items which management considered one off in nature	**97**	(684)	(684)
	(3,567)	(17,660)	(18,638)
Finance costs and Income			
Interest on loans from owners	**(16,170)**	(67,295)	(71,865)
One off costs incurred on raising debt finance	**(28,815)**	—	(10,550)
Fair value adjustments on interest swap derivatives	**(2,214)**	1,819	1,819
Unwinding of the call/put option held over the minority interest of Jawoll	**(1,974)**	—	—
	(49,173)	(65,476)	(80,596)
Income tax expense			
Tax adjustment relating to items adjusting administrative costs	**557**	3,544	3,099
Tax adjustment relating to items adjusting finance costs	**8,507**	7,162	10,503
	9,064	10,706	13,602
Other comprehensive income			
Exchange differences relating to retranslation of Group entities	**(4,236)**	5	4
Actuarial change in the defined benefit pension liability	**(35)**	—	—
Tax adjustment relating to the pension liability	**11**	—	—
	(4,260)	5	4

Adjusting items are exceptional and non-trading items considered by the directors to not be incurred in the usual underlying running of the trade of the Group. The directors consider the adjusted figures to be a more accurate reflection of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance, as well as being consistent with how business performance is monitored internally.

Adjusting items include expenses relating to new acquisitions, special projects and restructuring expenses (such as IPO, refinancing, maintaining ownership structures), pre-opening new store costs, provisions for onerous leases, regulatory investigations or fines, dilapidation provisions, compulsory purchase order income, foreign exchange gains/(losses), fair value gains/(losses) on derivatives, other comprehensive income items, unwinding interest on items not directly related to the trade of the business, impairment on non-financial assets, profit/(loss) on fixed assets disposal, the expired management LTIP bonus scheme, and the estimated tax effect of these items.

Adjusted EBITDA and related measures are not a measurement of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

5. Operating profit

The following items have been charged in arriving at operating profit:

Period ended	**52 weeks ended 28 March 2015 £'000**	55 weeks ended 29 March 2014 £'000
Auditor's remuneration	**348**	158
Payments to auditors in respect of non-audit services:		
Audit related assurance services	**—**	100
Taxation advisory services	**48**	10
Other assurance services	**477**	—
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**1,079,873**	902,189
Depreciation of property, plant and equipment:		
Owned assets	**14,096**	9,965
Leased assets	**751**	197
Amortisation (included within administration costs)	**827**	204
Operating lease rentals	**74,376**	63,774
(Profit)/loss on sale of property, plant and equipment	**(70)**	72
Exchange losses	**(2,844)**	83

6. Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the statement of comprehensive income line for each reporting period presented:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Interest on debt and borrowings	**(21,694)**	(32,541)
Ongoing amortised finance fees	**(1,844)**	(3,567)
Finance charges payable under finance leases and hire purchase contracts	**(164)**	(3)
Total adjusted interest expense	**(23,702)**	(36,111)
Interest on loans from owners	**(16,170)**	(71,865)
One-off costs incurred on raising debt finance	**(28,815)**	(10,550)
Loss on financial instruments at fair value through profit or loss	**(2,214)**	—
Unwinding of the call/put option held over the minority interest of Jawoll	**(1,974)**	—
Total finance costs	**(72,875)**	(118,526)

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Interest income on loans and bank accounts	**99**	94
Gain on financial instruments at fair value through profit or loss	**—**	1,819
Total finance income	**99**	1,913

7. Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Wages and salaries	**186,079**	152,232
Social security costs	**10,914**	6,529
Pensions – defined contribution plans	**664**	385
	197,657	159,146

There are £47k of defined contribution pension liabilities held by the Group at the period end (2014 : £nil).

As a result of the acquisition of Jawoll, the Group inherited one employee who is a member of a defined benefit scheme (2014: no employees). The liability held on the balance sheet at the year end was £276k (2014: £nil).

The scheme is considered immaterial to the group and the effect of the year end actuarial valuation can be seen within other comprehensive income.

The average monthly number of persons employed by the Group during the period was:

Period ended	**52 weeks to 28 March 2015**	55 weeks to 29 March 2014
Sales staff	**18,910**	14,986
Administration	**552**	269
	19,462	15,255

8. Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Directors' remuneration		
Short term employee benefits	**833**	1,084
Benefits accrued under the share option scheme	**22**	750
	855	1,834
Key management expense (includes Directors' remuneration)		
Short term employee benefits	**2,122**	2,649
Benefits accrued under the share option scheme	**22**	1,707
	2,144	4,356
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**376**	174
Benefits accrued under the share option scheme	**22**	750
	398	924

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the Group companies.

9. Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 21% (2014 : 23%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	**52 weeks to 28 March 2015 £'000**	55 weeks to 29 March 2014 £'000
Current tax expense	**20,667**	4,308
Deferred tax charge	**1,185**	788
Total tax expense	**21,852**	5,096
Result for the year before tax	**61,715**	(14,319)
Expected tax credit at the standard tax rate	**12,960**	(3,293)
Effect of :		
Expenses not deductible for tax purposes	**5,891**	1,330
Foreign operation taxed at local rate	**964**	(41)
Changes in the rate of corporation tax	**(33)**	(765)
Adjustment in respect of prior years	**128**	—
Non-deductible finance charges	**1,926**	7,865
Other	**16**	—
Actual tax expense	**21,852**	5,096

Deferred taxation

	Statement of financial position		Statement of comprehensive income	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Accelerated tax depreciation	**(913)**	214	**(1,127)**	804
Lease incentive rent adjustment	**—**	—	**—**	(1,979)
Relating to intangible brand asset	**(19,813)**	(18,740)	**—**	937
Fair valuing of assets and liabilities (asset)	**134**	—	**79**	—
Fair valuing of assets and liabilities (liability)	**(164)**	—	**(164)**	134
Movement in provision	**104**	—	**9**	(747)
Relating to share options	**37**	—	**37**	—
Other temporary differences (asset)	**79**	19	**(19)**	19
Other temporary differences (liability)	**(309)**	(292)	**—**	44
Net deferred tax liability	**(20,845)**	(18,799)	**—**	**—**
Total deferred tax asset	**354**	233	**—**	—
Total deferred tax liability	**(21,199)**	(19,032)	**—**	—
Total deferred tax expense	**—**	—	**(1,185)**	(788)

There was a tax effect of £11k gain in other comprehensive income relating to the loss recorded on the defined benefit pension (2014: no tax effect in other comprehensive income).

Note the movement in the deferred tax balance sheet position is not fully recognised in the statement of comprehensive income because of the purchase of Jawoll, and the incorporation of their deferred tax balances.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

10. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing the net profit or loss for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

As the Group undertook a Group reconstruction in June 2014, the number of shares in the prior periods has been adjusted to match the post-restructuring position such that the figures remain comparable.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings/(loss) per share are calculated on the same basis except using the 52-week adjusted profit or loss attributable to the equity holders of the parent.

There are no dilutive potential ordinary shares for the period ended 29 March 2014. There was a share option scheme put in place in August 2014 which has a dilutive effect on the 28 March 2015 figures.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Profit/(loss) for the period attributable to ordinary equity holders of the Group	**34,385**	(19,411)
Adjusted (52-week) profit/(loss) for the period attributable to ordinary equity holders of the Group	**102,834**	69,117
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings/(loss) per share	**1,000,000**	1,000,000
Effect of dilution:		
Employee share options	**521**	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,000,521**	1,000,000
	Pence	Pence
Basic earnings/(loss) per share	**3.4**	(1.9)
Diluted earnings/(loss) per share	**3.4**	(1.9)
Adjusted basic earnings per share	**10.3**	6.9
Adjusted diluted earnings per share	**10.3**	6.9

11. Investments in associates

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Cost and net book value		
Carrying value at the start of the period	**2,093**	—
Investments acquired	**—**	1,824
Share of profits in associates	**1,632**	269
Effect of foreign exchange on translation	**97**	—
Carrying value at the end of the period	**3,822**	2,093

The Group has a 50% interest in Multi-lines International Company Ltd, a company incorporated in Hong Kong. The principal activity of the company is purchase and sale of goods. The Group also holds 40% of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales.

No dividends have been received from either entity in 2015 (2014: £nil). Neither entity has discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Multi-Lines		
Non-current assets	**1,000**	316
Current assets	**21,176**	18,354
Non-current liabilities	**—**	—
Current liabilities	**(14,296)**	(13,807)
Net assets	**7,880**	4,863
Revenue	**71,341**	62,895
Profit	**2,435**	1,642
Home Focus Group		
Non-current assets	**292**	157
Current assets	**4,040**	4,685
Non-current liabilities	**—**	(41)
Current liabilities	**(2,542)**	(2,771)
Net assets	**1,790**	2,030
Revenue	**13,677**	13,463
Profit	**132**	(7)

The movement in the valuation of the investment in both entities also reflects an adjustment in respect of prior years.

12. Business combinations

On 30 April 2014 the Group completed the acquisition of J.A. Woll Handels GmbH (Jawoll) through B&M European Value Retail Germany GmbH (Germany Holdco). Jawoll is a discount retailer incorporated within Germany.

The acquisition has been accounted for via the acquisition method of accounting.

The Group purchased 80% of the share capital for a cash consideration of €80,182k, funded by the Group's existing banking facilities.

The purchase agreement also included call and put options over the remaining 20% exercisable in 2019. Per the discussion in note 1, the risks and rewards of the exercise price remain with the non-controlling interest, and therefore the non-controlling interest is recognised below. The put/call options have then been recognised on acquisition as a liability based upon the discounted estimated price of the options, with the corresponding debit recognised in the put/call option reserve.

The valuation of the put/call option on the purchase date was £13,855k.

The fair values of the identifiable assets and liabilities of Jawoll on the date of the acquisition were valued via a PPA exercise with each material area addressed independently. The non-controlling interest was calculated at 20% of the fair value of assets to which the non-controlling interest was held.

The fair values held by Jawoll on the date of acquisition were as follows:

	£'000
Assets	
Property, plant and equipment	20,954
Brand assets	4,901
Other intangible assets	1,779
Inventories	33,165
Receivables and other assets	3,933
Cash	11,686
Total assets	**76,418**
Liabilities	
Finance lease liabilities	(7,824)
Payables and accruals	(22,123)
Bank overdraft	(146)
Corporation tax creditor	(845)
Dilapidation provision	(173)
Deferred tax liability	(1,008)
Total liabilities	**(32,119)**
Total fair value of assets	**44,299**
Pre-existing non-controlling interest in Jawoll's own accounts	(433)
Non-controlling interest in Jawoll's net assets	(9,082)
Total non-controlling interest	**(9,515)**
Total fair value of assets acquired	**34,784**
Total consideration (made in cash)	**66,042**
Goodwill asset recognised	**31,258**

None of the receivables recognised were considered irrecoverable at the acquisition date.

Fees of £827k were incurred during the acquisition. These have been expensed through the profit and loss in the period.

Included in the creditors balance is a liability of £5.7m relating to a profit & loss transfer agreement ("PLTA"). As part of the acquisition Jawoll group performed a necessary reorganisation in order to separate the businesses to be acquired and those not to be acquired. This resulted in a profit & loss transfer agreement claim which Jawoll agreed to meet on behalf of those subsidiaries to which it applied.

This was therefore expensed on the pre-acquisition profit & loss account, but at the date of the acquisition the liability had not been settled. This resulted in the liability being present on the acquisition balance sheet, as well as a higher than usual cash balance.

The liability was settled shortly after acquisition, and appears on the cashflow statement at a different value due to being translated at the period average rate instead of the acquisition date rate at which it is included above.

The goodwill largely relates to the growth potential of the business with smaller elements representing the workforce and current location of the stores. None of the elements which make up goodwill can, or are not material enough to, be recognised as a separate intangible asset.

The effect the acquisition has had on the P&L can be seen in the segmental note (note 2) as the Germany Retail segment comprises the whole of Jawoll. Had the company been bought at the start of the year it would have contributed an estimated extra £14.4m to revenue and £2.1m to operating profit (figures under German GAAP).

13. Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
Opening Values	—	—	—	—	—
Acquired via purchase of SBR Europe	807,496	337	93,700	—	901,533
Additions	—	474	—	—	474
At 29 March 2014	807,496	811	93,700	—	902,007
Acquired via purchase of Jawoll	31,258	357	4,901	1,422	37,938
Additions	—	248	—	—	248
Effect of retranslation	(3,496)	(44)	(548)	(159)	(4,247)
At 28 March 2015	835,258	1,372	98,053	1,263	935,946
Accumulated amortisation / impairment					
Opening values	—	—	—	—	—
Charge for the year	—	204	—	—	204
At 29 March 2014	—	204	—	—	204
Charge for the year	—	391	—	436	827
Effect of retranslation	—	(9)	—	(29)	(38)
At 28 March 2015	—	586	—	407	993
Net book value at 28 March 2015	**835,258**	**786**	**98,053**	**856**	**934,953**
Net book value at 29 March 2014	807,496	607	93,700	—	901,803

Impairment Review of Goodwill and Brand assets

Assets arising upon the acquisition of B&M European Value Retail 2 S.à r.l (SBR Europe)

A goodwill asset of £807,496k and a brand asset of £93,700k arose as a result of the business combination undertaken as at 6 March 2013, the acquisition of B&M European Value Retail 2 S.à r.l (SBR Europe) ultimately by B&M European Value Retail Holdco 1 Limited (formerly CDR Bounty Holdco 1 Limited).

The brand intangible asset was identified with indefinite life. This was the only identifiable asset recognised that was considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the B&M business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGU's), being the two fascia's that the group operates within its retail segment (Bargain stores and Home stores).

The allocation split is as follows :

	Bargain Stores £'000	Home Stores £'000	Total £'000
Goodwill	439,438	368,058	807,496
Brand	50,991	42,709	93,700
	490,429	410,767	901,196

The Group has performed impairment tests as at each period end and at the acquisition date. The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGU's. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were

(i) The Group's cost of capital, calculated according to a weighted cost of capital model with appropriate assumptions made regarding the inputs to the model.

(ii) The Inflation rate, which has been based upon the consumer price index for the UK.

(iii) The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions were:

As at	**28 March 2015**	29 March 2014	6 March 2013
Discount rate (cost of capital)	**8.18%**	9.50%	9.33%
Inflation rate	**0.00%**	2.50%	3.57%
Like for like sales growth	**3.00%**	3.00%	3.00%

These assumptions are held for 10 years in the forecast and then a perpetuity is performed over the year 10 figures, effectively assuming no further like for like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that a CGU would first require impairment if (all other assumptions being held equal);

(i) The Group's cost of capital was 26.5% (2014: 23.8%, 2013: 22.6%).

(ii) The Inflation rate was 14.6% (2014: 13.8%, 2013: 14.1%).

(iii) The like for like sales suffered a contraction of 7.6% (2014: 4.9%, 2013: 4.6%) per annum.

Assets arising upon the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll)

A goodwill asset of €37,952k and brand assets of €5,950k arose as a result of the business combination undertaken as at 30 April 2014, the acquisition of J.A. Woll Handels GmbH and their subsidiaries (Jawoll) by the Group.

At the acquisition date this was translated to £31,258k for the Goodwill and £4,901k for the brand assets. However as the functional currency of Jawoll is the Euro, all impairment calculations have been calculated in Euros and therefore it is that currency we shall refer to in the following discussion.

The brand intangible assets were recognised as having indefinite life and were the only identifiable assets recognised that were considered to be likely to have a value above a set materiality threshold. The indefinite life was considered appropriate because of several factors, chief amongst which was that the growth potential of the Jawoll business was considered by management to be a long-term phenomenon.

The goodwill and brand have been allocated to two groups of cash generating units (CGU's), being the two fascia's that the group operates within its retail segment (Jawoll and Hafu) in the following proportions:

	Jawoll €'000	Hafu €'000	Total €'000
Goodwill	33,058	4,894	37,952
Brand	5,929	21	5,950
	38,987	4,915	43,902

The Group has performed impairment tests as at the period end and at the acquisition date. The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGU's. The results of the impairment tests identified that each VIU was significantly in excess of the carrying value of assets within each CGU at the period end dates and date of initial recognition. No other indicators of impairment were noted.

The key assumptions used were

(i) The Group's cost of capital, is as per above.

(ii) The Inflation rate, which has been based upon the consumer price index for Germany

(iii) The like for like sales growth within each shop, a prudent estimate made by management.

The values for the assumptions used were :

As at	**28 March 2015**	30 April 2014
Discount rate (cost of capital)	**8.18%**	9.50%
Inflation rate	**0.28%**	1.33%
Like for like sales growth	**2.60%**	2.60%

These assumptions are held for 10 years in the forecast and then a perpetuity is performed over the year 10 figures, effectively assuming no further like for like growth, or inflation after that point.

In order to demonstrate the sensitivity of the assumptions, it was calculated that an impairment would first require impairment if (all other assumptions being held equal);

(i) The Group's cost of capital was 39.0% (2014: 31.3%).

(ii) The Inflation rate was 5.3% (2014: 5.3%).

(iii) The like for like sales suffered a contraction of 2.2% (2014: 0.8%).

14. Property, plant & equipment

	Land and buildings £'000	**Motor Vehicles £'000**	**Plant, fixtures and equipment £'000**	**Total £'000**
Cost or valuation				
Opening values	—	—	—	—
Arising on acquisition of SBR Europe	5,383	1,983	34,031	41,397
Additions	4,248	914	28,988	34,150
Disposals	(94)	(609)	(636)	(1,339)
29 March 2014	9,537	2,288	62,383	74,208
Arising on acquisition of Jawoll	16,078	189	4,688	20,955
Additions	5,593	919	29,155	35,667
Disposals	(2,157)	(481)	(395)	(3,033)
Effect of retranslation	(1,799)	(36)	(589)	(2,424)
Adjustment	(38)	344	203	509
28 March 2015	27,214	3,223	95,445	125,882
Accumulated depreciation				
Opening values	—	—	—	—
Charge for the period	2,123	829	7,210	10,162
Disposals	(68)	(422)	(460)	(950)
At 29 March 2014	2,055	407	6,750	9,212
Charge for the period	2,988	833	11,026	14,847
Disposals	(4)	(202)	(162)	(368)
Effect of retranslation	(69)	(5)	(69)	(143)
Adjustment	(38)	344	203	509
At 28 March 2015	4,932	1,377	17,749	24,057
Net book value at 28 March 2015	**22,282**	**1,846**	**77,696**	**101,823**
Net book value at 29 March 2014	7,482	1,881	55,633	64,996

On the acquisition of the SBR Europe group on 6 March 2013, the fixed assets were restated such that their net book value equalled their cost. At the prior year end an estimation technique was used to perform this task due to the number of assets on the fixed asset register. At this year end the values have been calculated on an asset by asset basis leading to some adjustments between cost and depreciation as shown in the table above. This has no impact on net book value.

The carrying value of assets held under finance lease and hire purchase contracts at 28 March 2015 was £5,029k (2014: £164k), total depreciation charged on these assets during the period was £751k (2014 : £197k). The assets held under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Under the terms of the loan facility in place at 28 March 2015, a fixed charge existed over £6.2m of the net book value of land & buildings, £1.1m of the net book value of motor vehicles and £50.7m of the net book value of the plant, fixtures and equipment. A floating charge was held over all the other assets.

Under the terms of the loan facility in place at 29 March 2014, a fixed charge existed over all except £1.1m of the net book value of land & buildings and all except £12.0m of the net book value of the plant, fixtures and equipment. A floating charge was held over all the other assets.

Included within land and buildings is land with a cost of £1,822k (2014 : £100k) which is not depreciated.

As at	**28 March 2015 £'000**	29 March 2014 £'000
The net book value of land and buildings comprises :		
Freehold land and buildings	**7,208**	148
Short leasehold improvements	**15,074**	7,334
	22,282	7,482

15. Inventories

As at	**28 March 2015 £'000**	29 March 2014 £'000
Goods for resale	**238,922**	170,371

Included in the amount above for the period ended 28 March 2015 was a net gain of £0.8m related to inventory provisions (2014: £1.2m net loss). In the period to 28 March 2015 £1,080m (2014: £902m) was recognised as an expense for inventories.

16. Trade and other receivables

As at	**28 March 2015 £'000**	29 March 2014 £'000
Trade receivables	**4,784**	6,074
Deposits on account	**22,325**	4,128
Provision for impairment	**(9)**	(2)
Net trade receivables to non-related parties	**27,100**	10,200
Prepayments	**17,864**	12,110
Related party receivables	**18,863**	23,352
Other receivables	**1,018**	290
	64,845	45,952

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

Period ended	**28 March 2015 £'000**	29 March 2014 £'000
Provision for impairment at the start of the period	**(2)**	—
Impairment during the period	**(9)**	(2)
Utilised/released during the period	**2**	—
Balance at the period end	**(9)**	(2)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

At the period end a significant balance (£21.7m; 2014: £23.3m) was held with Multi-Lines International Company Ltd. Multi-Lines are a supplier with whom the Group carries a large deposit, they are also an associate of the Group and due to this and the long trading history between the companies, including no history of issues regarding recovery of the deposit balance, the management do not believe this balance to be at risk.

At 29 March 2014 a significant balance (£3.8m) was held with Barclays Mercantile Business Finance Limited in respect of a sale and leaseback transaction. However this was settled immediately following the year end.

There are no significant balances within the remaining debtors and as such there is no specific concentration of credit risk.

The following table sets out a maturity analysis of total trade and other receivables, including those which are past due but not impaired:

As at	**28 March 2015 £'000**	29 March 2014 £'000
Neither past due nor impaired	**62,187**	45,621
Past due less than one month	**503**	203
Past due between one and three months	**1,360**	128
Past due for longer than three months	**795**	—
Balance at the period end	**64,845**	45,952

17. Cash and cash equivalents

As at	**28 March 2015 £'000**	29 March 2014 £'000
Cash at bank and in hand	**64,943**	24,854

As at 28 March 2015 the Group had available £139.2m of undrawn committed borrowing facilities (2014: £110.5m).

18. Trade and other payables

As at	**28 March 2015 £'000**	29 March 2014 £'000
Trade payables	**86,935**	59,238
Other tax and social security payments	**17,555**	19,097
Accruals and deferred income	**24,491**	21,138
Reverse lease premium	**6,816**	4,923
Accrued interest on loans held with owners	**—**	4,927
Related party trade payables	**1,332**	858
Other payables	**6,466**	38
	143,595	110,219

Trade payables are generally on 30 day terms and are not interest bearing. The directors consider that the carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 28.

19. Non-current liabilities

As at	28 March 2015 £'000	29 March 2014 £'000
Reverse lease premium	**51,173**	34,857
Accruals	**1,208**	—
	52,381	34,857

20. Other financial assets and liabilities

Other financial assets

As at	28 March 2015 £'000	29 March 2014 £'000
Non-current financial assets at fair value through profit and loss:		
Interest rate swaps	**—**	1,819
Total non-current other financial assets	**—**	1,819
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**1,145**	—
Total current other financial assets	**1,145**	—
Total other financial assets	**1,145**	1,819

Financial assets through profit or loss reflect the fair value of those interest rate swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

As at	28 March 2015 £'000	29 March 2014 £'000
Non-current financial liabilities at fair value through profit and loss:		
Interest rate swaps	**75**	—
Put/call options over the non-controlling interest of Jawoll	**14,144**	—
Total non-current other financial liabilities	**14,219**	—
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**—**	1,429
Fuel swap contracts	**322**	19
Interest rate swaps	**320**	—
Total current other financial liabilities	**642**	1,448
Total other financial liabilities	**14,861**	1,448

The put/call options over the non-controlling interest in Jawoll arose as part of the acquisition of the entity as detailed in note 11. The valuation here reflects the initial valuation unwound to the year end date, and exchanged at the year end foreign exchange rate. The option matures in 2019 and the carrying value has been discounted to present value.

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts and fuel swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique :

- Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
28 March 2015				
Foreign exchange contracts	**1,145**	**—**	**1,145**	**—**
Interest rate swaps	**(395)**	**—**	**(395)**	**—**
Fuel swap contract	**(322)**	**—**	**(322)**	**—**
Put/call options on Jawoll non-controlling interest	**(14,144)**	**—**	**—**	**(14,144)**
29 March 2014				
Foreign exchange contracts	(1,429)	—	(1,429)	—
Interest rate swaps	1,819	—	1,819	—
Fuel swap contract	(19)	—	(19)	—

The put/call option was valued with reference to the Sale and Purchase Agreement underpinning the acquisition, and the key variable in determining the fair value of the option, the forecast EBITDA of Jawoll as prepared by management.

The other instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

21. Financial liabilities – borrowings

As at	**28 March 2015 £'000**	29 March 2014 £'000
Current		
Term facility bank loans	**—**	7,750
Preferred equity certificates	**—**	556,050
Compounded interest on preferred equity certificates	—	66,725
Preference shares classified as debt	—	1,750
Compounded interest on the preference shares	—	210
Ordinary share capital classified as debt	—	256
	—	632,741
Non-current		
Term facility bank loans	**433,758**	423,930

The term facility bank loans are held at amortised cost and were initially capitalised in June 2014 with £7.3m of fees attributed to them (2014; in March 2013 with £33.1m of fees). See note 12 for further details of the refinancing that took place in June 2014.

The maturities of the loan facilities are as follows.

	Interest Rate %	Maturity	**28 March 2015 £'000**	29 March 2014 £'000
Current interest bearing loans and borrowings				
Preferred equity certificates	12%	2014	**—**	622,775
Preference shares	12%	2014	**—**	1,960
Ordinary shares	0.01-0.05%	2014	**—**	256
UK Holdco term loan A (pre-refinancing)	5%/4.75% + LIBOR	2013-15	**—**	7,750
Finance leases	1.2% – 12.4%	2014-16	**1,066**	22
Non-current interest bearing loans and borrowings				
UK Holdco term loan A (pre-refinancing)	5%/4.75% + LIBOR	2014-19	**—**	114,875
UK Holdco term loan B (pre-refinancing)	5.5%/5.25% + LIBOR	2020	**—**	335,000
UK Holdco term loan A (post-refinancing)	3.25% + LIBOR	2019	**300,000**	—
UK Holdco term loan B (post-refinancing)	3.5% + LIBOR	2020	**140,000**	—
Finance Leases	1.2% – 3.9%	2019-24	**4,918**	—

Term loans A and B have carrying values which include transaction fees allocated on inception.

22. Provisions

	Property provisions £'000	**LTIP £'000**	**Other £'000**	**Total £'000**
Opening balances	—	—	—	—
Arising on acquisition of SBR Europe	3,796	3,556	1,507	8,859
Provided in the period	1,801	—	4,746	6,547
Utilised/released during the period	(971)	(3,556)	(1,756)	(6,283)
At 29 March 2014	4,626	—	4,497	9,123
Arising on acquisition of Jawoll	**173**	**—**	**—**	**173**
Provided in the period	**1,542**	**—**	**2,016**	**3,558**
Utilised / released during the period	**(3,167)**	**—**	**(2,408)**	**(5,575)**
Effect of retranslation	**(19)**	**—**	**—**	**(19)**
At 28 March 2015	**3,155**	**—**	**4,105**	**7,260**
Current liabilities 2015	**1,725**	**—**	**4,105**	**5,830**
Non-current liabilities 2015	**1,430**	**—**	**—**	**1,430**
Current liabilities 2014	2,477	—	4,497	6,974
Non-current liabilities 2014	2,149	—	—	2,149

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The LTIP provision relates to the management LTIP which matured at December 2013.

The other provisions principally relate to disputes concerning insurance liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £8.3k per claim (£9.1k in 2014).

23. Share Capital

As at	**28 March 2014 £'000**	29 March 2014 £'000
Allotted, called up and fully paid		
B&M European Value Retail S.A.		
1,000,000,000 ordinary shares of 10p each	**100,000**	—
B&M European Value Retail 1 S.à r.l.		
2,166,690 "A" ordinary shares of 1p each	—	22
8,699,985 "B" ordinary shares of 1p each	—	87
13,050,000 "C" ordinary shares of 1p each	—	131
Ordinary share capital	—	240
174,999,998 12% preference shares of 1p each	—	1,750
	100,000	1,990

Note that prior to the restructuring that took place in June 2014, the share capital of the group parent was classified as debt along with the associated share premium (also see note 21) and also that the balance sheet reserve balances, including share capital, have been stated in line with the accounting in respect of the restructuring as outlined in note 1.

The £97,222k balance on the statement of financial position represents the share capital of the new group parent on their incorporation, being 972.2m ordinary shares of 10p each (note 1). These shares are included in the 1bn ordinary shares in issue at the year end.

B&M European Value Retail S.A.

Ordinary Shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,972,222,222 ordinary shares.

B&M European Value Retail 1 S.à r.l.

Preference Shares

Preference shares rank ahead of ordinary shares in terms of distributions. Each preference share carries one vote. The preference shares were classified as debt on the balance sheet.

A, B and C Ordinary Shares

Each class of share ranked pari passu with each other class and each share carried one vote. Each class of share was separated into 5 equal subclasses (A1-A5, B1-B5, C1-C5). Each ordinary share was entitled to a fixed dividend of between 0.05% and 0.25%.

Preferred Equity Certificates

In 2013 and 2014 the company had issued preferred equity certificates with a nominal value of £556,050k made up of 55,604,952,750 12% certificates of 1p each. These certificates were mandatorily redeemed in March 2062, or on event of a listing (amongst other events). The preferred equity certificates ranked pari passu with each other, and ahead of all ordinary and preference shares in terms of distribution. They did not carry voting rights. The preferred equity certificates were classified as debt on the balance sheet

24. Cash generated from operations

Period ended	**52 weeks ended 28 March 2015 £'000**	55 weeks ended 29 March 2014 £'000
Profit/(loss) before tax	**61,715**	(14,319)
Adjustments for:		
Interest expense	**72,776**	116,613
Depreciation	**14,847**	10,162
Amortisation of intangible assets	**827**	204
Transaction fees through administrative expenses	**20,536**	6,445
(Profit) / loss on disposal of property, plant and equipment	**(70)**	72
Loss on share options	**186**	—
Change in inventories	**(39,192)**	(34,710)
Change in trade and other receivables	**(15,399)**	(11,521)
Change in trade and other payables	**40,845**	39,660
Change in provisions	**(1,863)**	309
Share of profit from associates	**(1,632)**	(269)
Non-cash foreign exchange effect from retranslation of subsidiary cashflows	**1,574**	—
(Profit) / loss resulting from fair value of financial derivatives	**(2,270)**	2,034
Cash generated from operations	**152,880**	114,680

25. Commitments

Operating leases

The vast majority of the Group's operating lease commitments relate to the property comprising it's store network. At the year end over 95% of these leases expire in the next 15 years (2014: >90%) The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to contingent rent agreements at the year end date. The following table sets out the total future minimum lease payments under non-cancellable operating leases, taking account of lease premiums.

As at	**28 March 2015 £'000**	29 March 2014 £'000
Not later than one year	**87,524**	61,852
Later than one year and not later than five years	**335,401**	253,403
Later than 5 years	**389,913**	337,242
	812,838	652,497

The lease and sublease payments recognised as an expense in the periods were as follows:

As at	**28 March 2015 £'000**	29 March 2014 £'000
Lease payments	**74,597**	63,899
Sublease receipts	**(219)**	(125)
	74,376	63,774

Finance leases

At the year end, all of the Group's finance leases related to buildings used in the operation of the German business.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

As at	**28 March 2015**		29 March 2014	
	Minimum payments £'000	**PV of minimum payments £'000**	Minimum payments £'000	PV of minimum payments £'000
Not later than one year	**1,191**	**1,066**	22	22
Later than one year and not later than five years	**3,735**	**3,459**	—	—
Later than five years	**1,519**	**1,459**	—	—
	6,445	**5,984**	22	22

Capital commitments

There were £5.1m of contractual capital commitments not provided within the Group financial statements as at 28 March 2015 (2014: £nil).

26. Group information and ultimate parent undertaking

The financial results of the group include the following entities.

Company name	**Country**	**Date of incorporation**	**Percent held within the Group**	**Principal activity**
B&M European Value Retail 1 S.à r.l. (Lux Holdco)	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à r.l. (SBR Europe)	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retailer
Opus Homewares Limited	UK	April 2003	100%	Dormant
Meltore Limited	UK	November 2006	100%	Dormant
B&M European Value Retail Germany GmbH (Germany Holdco)	Germany	November 2013	100%	Holding company
J.A. Woll Handels GmbH (Jawoll)	Germany	November 1987	80%	General retailer
Jawoll Vertriebs GmbH I	Germany	September 2007	80%	General retailer
Jawoll Sonderposten GmbH	Germany	December 1988	80%	General retailer
Jawoll Sonderposten Vertriebs GmbH	Germany	September 1992	80%	General retailer
Stern Sonderposten Vertriebs GmbH	Germany	March 2003	80%	General retailer
Stern Handels GmbH	Germany	December 1980	80%	General retailer
BestFlora GmbH	Germany	July 2002	60%	Supplier of items for retail

Associates

The Group has a 50% interest in Multilines International Company Limited, a company incorporated in Hong Kong and a 40% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland following the acquisition of SBR Europe on 6 March 2013. The share of profit/loss from the associates is included in the statement of comprehensive income.

Ultimate parent undertaking

The directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail SA, registered in Luxembourg.

27. Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the group's exposure to those risks, in particular the group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature. The Group does not apply hedge accounting as outlined under IAS 39.

Market Risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group engages in a swap contract over the cost of fuel in order to minimise the impact of any volatility.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows

As at	**Change in fuel price**	**28 March 2015 £'000**	29 March 2014 £'000
Effect on profit before tax	**+5%**	**52**	93
	-5%	**(50)**	(88)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency Risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the Group does not adopt an accounting policy of hedge accounting for this financial information.

All of the Group's sales are to customers in the UK and Germany and there is no currency exposure in this respect, approximately 29% (2014: 27%) of the group's purchases are priced in US Dollars and the group uses forward currency contracts to minimise the risk associated with that exposure.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant.

The impact on the Group's profit before tax is largely due to changes in the fair value of the FX options.

As at	**Change in USD rate**	**28 March 2015 £'000**	29 March 2014 £'000
Effect on profit before tax	**+2.5%**	**(2,446)**	(2,506)
	-2.5%	**2,571**	2,634

The following tables demonstrate the sensitivity to a reasonably possible change in the Euro period end exchange rates with all other variables held constant..

As at	Change in Euro rate	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	**+2.5%**	**(13)**	(5)
	-2.5%	**14**	4

These calculations have been performed. by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest Rate Risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as all of the company's bank borrowings are subject to a floating rate based on LIBOR.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group uses interest rate swaps to minimise the impact.

At year end, if LIBOR interest rates had been 50 basis points higher/lower with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis Point increase / decrease	28 March 2015 £'000	29 March 2014 £'000
Effect on profit before tax	**+50**	**1,429**	5,413
	-50	**(1,429)**	(5,418)

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the company over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

It also includes the effect on the year end valuation of the interest rate swap contract, where the percentage change in LIBOR indicated above has been applied to the year end spot rate and this has then been projected over the remaining life of the contracts with the assumption that all other variables are held equal.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the main counterparty is a UK clearing bank with a high credit rating (A Long term and A-1 short term (standard & poor), unchanged from the prior year). The principal credit risk arises therefore from the company's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity Risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the company has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
28 March 2015					
Interest bearing loans	**17,464**	**17,464**	**343,820**	**141,509**	**520,257**
Fuel swap contract	**322**	**—**	**—**	**—**	**322**
Interest swap contract	**320**	**75**	**—**	**—**	**395**
Trade payables	**88,267**	**—**	**—**	**—**	**88,267**
29 March 2014					
Interest bearing loans	32,480	40,100	151,675	372,413	596,668
Amounts due to owners	624,991	—	—	—	624,991
Fuel swap contract	19	—	—	—	19
Forward foreign exchange contracts	1,429	—	—	—	1,429
Trade payables	65,097	—	—	—	65,097

Fair Value

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

As at Financial Assets	28 March 2015 £'000	29 March 2014 £'000
Fair value through profit and loss		
Interest rate swap	**—**	1,819
Forward foreign exchange contracts	**1,145**	—
Loans and receivables		
Cash and cash equivalents	**64,943**	24,854
Trade receivables	**45,963**	33,551
Other receivables	**1,018**	290
Financial Liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	**—**	1,429
Fuel price swap	**322**	19
Interest rate swap	**395**	—
Put/call options over the non-controlling interest of Jawoll	**14,144**	—
Amortised cost		
Interest-bearing loans and borrowings	**433,758**	1,056,671
Trade payables	**94,733**	60,134

28. Related party transactions

The Group has transacted with the following related parties over the period:

Multi-Lines International Company Limited, a supplier, and Home Focus Group, a customer, have been associates of the Group since the purchase of SBR Europe on March 6, 2013.

Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments, Multi Lines International (Properties) Ltd and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts.

Rani 1 Life Interest Trust and Rani 2 Life Interest Trust, directly or indirectly owned by director Simon Arora, his family, or his family trusts, were reimbursed for management and financial consulting services provided to the Group. These services ceased upon listing.

Clayton, Dubilier & Rice, the part-owners of the previous ultimate parent undertaking, and current shareholders, provided management and financial consulting services to the Group. These services ceased upon listing.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income:

Period ended	28 March 2015 £'000	29 March 2014 £'000
Sales to associates of the Group		
Home Focus Group Limited	**737**	267
Total sales to related parties	**737**	267
Purchases from associates of the Group		
Multi-Lines International Company Ltd	**67,216**	50,558
Purchases from owners of the business		
Clayton, Dubilier & Rice	**17,608**	9,995
Purchases from companies owned by key management personnel		
Multi-Lines International (Properties) Ltd	**120**	81
Rani Investments	**191**	208
Rani 1 Life Interest Trust	**36**	221
Rani 2 Life Interest Trust	**36**	221
Ropley Properties Ltd	**2,632**	2,817
Speke Point Ltd	**2,125**	1,116
Triple Jersey Ltd	**2,925**	1,608
Total purchases from related parties	**92,889**	**66,825**

Included in the current year figures above are 4 leases on new stores, or extensions to existing stores, entered into by Group companies since the IPO date. The total expense on these leases in the period was £188k.

The following table sets out the total amount of trading balances with related parties outstanding at the period end. Note that the debtors balance held by Multi-Lines International is a deposit on account and includes a GRNI balance of £2.9m (2014: £28.3m)

As at	28 March 2015 £'000	29 March 2014 £'000
Trade receivables from associates of the group		
Home Focus Group Ltd	**79**	29
Multi-Lines International Company Ltd	**18,784**	23,323
Total related party trade receivables	**18,863**	23,352
Trade payables to companies owned by key management personnel		
Rani Investments	**39**	57
Ropley Properties Ltd	**727**	530
Triple Jersey Ltd	**566**	271
Total related party trade payables	**1,332**	858

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 28 March 2015 (2014: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The following table sets out information relating to financing activities with the owners of the business, all of which ceased in June 2014 immediately prior to the Group's listing.

As at	28 March 2015 £'000	29 March 2014 £'000
Preferred equity certificates held by owners	—	556,050
Compounded interest on preferred equity certificates held by owners	—	66,725
Interest bearing ordinary and preference shares held by owners	—	2,006
Compounded interest on ordinary and preference shares	—	210

For further details on the transactions with key management personnel, see note 7 and the remuneration report.

29. Non-controlling interest

Non-controlling interest balances are valued on acquisition as a proportion of the fair value of net assets to which the non-controlling interest relates. Post acquisition the non-controlling interest is valued as the original value plus/minus the profit/loss owed to the non-controlling interest and minus any dividend paid to the non-controlling interest.

There exists a non-controlling interest in Jawoll, an 80% subsidiary of B&M European Value Retail GmbH, which was created on purchase of that company on 30 April 2014. The percentage has not changed over the period of ownership.

In the period to 28 March 2015, £1,179k has been accrued to the non-controlling interest in Jawoll, and no dividends have been paid.

The summarised financial information of the subsidiary is as follows.

	11 months ended 28 March 2015 £'000
Revenue	**120,643**
EBITDA	**10,659**
Profit after tax	**5,918**
Net cashflow	**(3,890)**

As at	28 March 2015 £'000
Non-current assets	**24,476**
Current assets	**42,065**
Non-current liabilities	**(7,216)**
Current liabilities	**(13,516)**
Net assets	**45,809**

There exists a non-controlling interest in BestFlora GmbH, a 75% subsidiary of Jawoll. This company was incorporated into the group on 30 April 2014 and the percentage has not changed over the period of ownership.

In the period to 28 March 2015, £39k has been accrued to the non-controlling interest in BestFlora GmbH and £78k of dividends have been paid. Bestflora is considered immaterial for further disclosure.

30. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

As at	**28 March 2015 £'000**	29 March 2014 £'000
Interest bearing loans and borrowings (note 21)	**440,000**	457,625
Less: Cash and short term deposits (note 17)	**(64,943)**	(24,854)
Net debt	**375,057**	432,771

31. Post balance sheet events

There have been no material events between the balance sheet date and the date of issue of these accounts.

32. Dividends

An interim dividend of 0.9 pence per share (£9,000,000) was paid on 16 January 2015.

A final dividend of 2.5p per share (£25,000,000), giving a full year dividend of 3.4 pence per share (£34,000,000) has been proposed.

33. Contingent liabilities and guarantees

As at 28 March 2015, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd are all guarantors to the loan agreement which is formally held within B&M European Value Retail SA. The amount outstanding as at the period end was £440.0m, with the balance in B&M European Value Retail Holdco 4 Ltd.

As at 29 March 2014, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, B&M European Value Retail 2 S.à r.l, EV Retail Ltd, B&M Retail Ltd, Meltore Ltd and Opus Homewares Ltd are all guarantors to the loan agreement, which is formally held within B&M European Value Retail 3 Ltd. The amount outstanding at the period end was £457.6m, with the balance in B&M European Value Retail 4 Ltd.

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B&M European Value Retail S.A.
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Luxembourg

12 June 2014

Dear Sirs,

B&M European Value Retail 1 S.à r.l. and its subsidiary undertakings (collectively, the "Lux Holdco Group")

We report on the combined financial information of the Lux Holdco Group (the "**financial information**") for the three years ended 29 March 2014. This financial information has been prepared for inclusion in the prospectus of B&M European Value Retail S.A. dated 12 June 2014 (the "**Prospectus**") on the basis of the accounting policies set out in note 2 of Part B of Part 7 of the Prospectus.

This report is required by item 20.1 of Annex I of the EU Prospectus Directive Regulation 809/2004 (the "**PD Regulation**") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

Save for any responsibility arising under article 9(1) of the Luxembourg Prospectus Law to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 20.1 of Annex I of the PD Regulation consenting to its inclusion in the Prospectus.

The Directors of B&M European Value Retail S.A. are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Lux Holdco Group as at 31 March 2012, 30 March 2013 and 29 March 2014 and of its results, comprehensive income, cash flows, recognised gains and losses and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2.

Declaration

In accordance with article 9(1) of the Luxembourg Prospectus Law, we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the Prospectus Regulation.

Yours faithfully,

GRANT THORNTON UK LLP

COMBINED FINANCIAL INFORMATION

The financial information set out below of B&M European Value Retail 1 S.à r.l. and its subsidiary undertakings for the years ended 31 March 2012, 30 March 2013 and 29 March 2014 have been prepared by the directors of the company on the basis set out in note 2.

The accompanying notes represent an integral part of the financial information.

The financial information contained within this document does not constitute statutory accounts. The financial information is derived from the Group's IFRS statutory financial statements and underlying financial information for the period ended 29 March 2014, and the UK GAAP statutory accounts and underlying financial information for the periods ended 31 December 2012 and 2011.

The financial statements for those periods have been reported on by the company's auditor and will be delivered to the Registrar of Companies in due course. The reports of the auditor were (i) unqualified and (ii) did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

B&M European Value Retail 1 S.à r.l.

Combined statement of comprehensive income

For the year ended	Notes	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Revenue		1,271,980	992,925	764,160
Cost of sales		(839,972)	(653,291)	(507,138)
Gross profit		432,008	339,634	257,022
Administrative expenses (excluding restructuring fees)		(315,044)	(243,952)	(198,053)
Restructuring fees	8	—	(7,361)	—
Total administrative expenses		(315,044)	(251,313)	(198,053)
Other operating expenses		(13,998)	(7,924)	(3,440)
Operating profit		102,966	80,397	55,529
Finance costs	10	(101,195)	(18,427)	(1,821)
Finance income	11	1,855	320	45
Profit before tax	9	3,626	62,290	53,753
Income tax expense	12	(6,939)	(18,060)	(14,428)
(Loss) / profit for the year		(3,313)	44,230	39,325
Other comprehensive income (OCI)				
OCI to be reclassified to profit or loss in subsequent periods				
Exchange differences on retranslation of subsidiary accounts		5	(2)	—
Other comprehensive income / (loss) for the year net of tax		5	(2)	—
Total comprehensive (loss) / income for the year net of tax		(3,308)	44,228	39,325
(Loss) / profit attributable to:				
Equity holders of the parent		(3,313)	44,230	39,325
Total comprehensive (loss) / income attributable to:				
Equity holders of the parent		(3,308)	44,228	39,325
(Loss) / earnings per share				
Basic, (loss) / profit attributable to ordinary equity holders of the parent (£)	13	(0.14)	1.85	1.64
Diluted, (loss) / profit attributable to ordinary equity holders of the parent (£)	13	(0.14)	1.85	1.64

B&M European Value Retail 1 S.à r.l.

Combined statement of financial position

As at	Notes	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Assets				
Non-current assets				
Goodwill	14	807,496	807,496	57,415
Other intangible assets	14	94,307	94,020	412
Investment in associates		2,093	1,855	—
Property, plant and equipment	15	64,996	42,040	27,921
Other non-current financial assets	25	1,819	—	—
Deferred tax assets	12	146	2,812	1,323
Total non-current assets		970,857	948,223	87,071
Current assets				
Inventories	16	170,371	132,139	109,245
Trade and other receivables	17	45,951	30,150	28,670
Other current financial assets	25	—	425	—
Income tax receivable	12	359	—	—
Cash and cash equivalents	18	24,902	26,403	12,473
Total current assets		241,583	189,117	150,388
Total assets		1,212,440	1,137,339	237,459
Equity				
Share capital	19	—	—	(1,225)
Foreign Exchange Reserve		(3)	2	—
Capital redemption reserve		—	—	(5,445)
Retained loss / (earnings)		18,905	15,592	(97,563)
Total Equity		18,902	15,594	(104,233)
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	19,21	(423,930)	(983,522)	(30,941)
Other non-current financial liabilities	25	—	—	(680)
Provisions	22	(2,149)	(2,260)	(1,660)
Other liabilities	20	(34,856)	(22,556)	(12,740)
Deferred tax liabilities	12	(19,012)	(21,447)	(929)
Total non-current liabilities		(479,947)	(1,029,785)	(46,950)
Current liabilities				
Trade and other payables	20	(110,233)	(93,325)	(66,378)
Interest-bearing loans and borrowings	21	(632,741)	(18,974)	(8,400)
Other current financial liabilities	25	(1,447)	—	(572)
Income tax payable	12	—	(4,348)	(8,671)
Provisions	22	(6,974)	(6,501)	(2,255)
Total current liabilities		(751,395)	(123,148)	(86,276)
Total liabilities		(1,231,342)	(1,152,933)	(133,226)
Total Equity and Liabilities		(1,212,440)	(1,137,339)	(237,459)

B&M European Value Retail 1 S.à r.l.

Combined statement of changes in equity

	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Capital redemption reserve £'000	Total equity £'000
Balance as at 27 March 2011	1,225	—	58,238	5,445	64,908
Profit for the year	—	—	39,325	—	39,325
Other comprehensive income for the year	—	—	—	—	—
Total comprehensive income	—	—	39,325	—	39,325
Balance as at 31 March 2012	**1,225**	**—**	**97,563**	**5,445**	**104,233**
Balance as at 1 April 2012	1,225	—	97,563	5,445	104,233
Transactions with Owners					
Reduction in Firesource Share Capital	(475)	—	475	—	—
Effect of restructure on 6 March 2013	(750)	—	(157,860)	(5,445)	(164,055)
Total for Transactions with Owners	(1,225)	—	(157,385)	(5,445)	(164,055)
Profit for the year	—	—	44,230	—	44,230
Other comprehensive loss for the year	—	(2)	—	—	(2)
Total comprehensive (loss) / income	—	(2)	44,230	—	44,228
Balance as at 30 March 2013	**—**	**(2)**	**(15,592)**	**—**	**(15,594)**
Balance as at 31 March 2013	—	(2)	(15,592)	—	(15,594)
Loss for the year	—	—	(3,313)	—	(3,313)
Other comprehensive income for the year	—	5	—	—	5
Total comprehensive income / (loss)	—	5	(3,313)	—	(3,308)
Balance as at 29 March 2014	**—**	**3**	**(18,905)**	**—**	**(18,902)**

B&M European Value Retail 1 S.à r.l.

Combined statement of cash flows

For the year ended	Notes	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Cash flows from operating activities				
Cash generated from operations	23	89,503	103,855	51,525
Income tax paid	12	(11,415)	(23,030)	(8,635)
Net cash flows from operating activities		78,088	80,825	42,890
Cash flows from investing activities				
Acquisition of SBR Europe as subsidiary	8	—	(765,452)	—
Acquisition of Associates		—	(1,060)	—
Deferred consideration regarding subsidiary		—	(5,000)	—
Purchase of property, plant and equipment		(32,881)	(21,792)	(9,441)
Purchase of intangible fixed assets		(474)	(74)	(315)
Proceeds from sale of property, plant and equipment		292	438	165
Interest received		35	127	29
Net cash flows from investing activities		(33,028)	(792,813)	(9,562)
Cash flows from financing activities				
Proceeds from borrowings		—	811,409	—
Fees paid and included within borrowings	8	—	(33,135)	—
Fees paid in relation to debt finance and expensed	8	—	(10,550)	—
Repayment of borrowings		(18,974)	(39,341)	(22,259)
Interest Paid		(27,358)	(2,131)	(1,613)
Payment of finance lease interest and charges		(228)	(335)	(528)
Net cash flows from financing activities		(46,560)	725,917	(24,400)
Net (decrease) / increase in cash and cash equivalents		(1,501)	13,930	8,928
Cash and cash equivalents at the beginning of the year		26,403	12,473	3,545
Cash and cash equivalents at the end of the year	18	24,902	26,403	12,473
Cash and cash equivalents comprise:				
Cash at bank and in hand		24,902	26,403	12,473
		24,902	26,403	12,473

B&M European Value Retail 1 S.à r.l.

Notes to the combined financial information

1. Corporate information

The financial information of B&M European Value Retail 1 S.à.r.l and its subsidiaries (collectively, the Group) for the years ended 29 March 2014, 30 March 2013 and 31 March 2012 and as at those dates was authorised for issue in accordance with a resolution of the directors on 29 May 2014. B&M European Value Retail 1 S.à.r.l was incorporated on 27 November 2012 as a private limited company (a "*societe a responsabilite limitee")* and registered in Luxembourg with registered number B 173.461. The Company's registered address is 5, rue Guillaume Kroll, L-1882, Luxembourg.

The principal activity of the Group is that of discount retailers.

2. Nature of operations and basis of presentation

The basis of preparation and accounting policies used in preparing the combined financial information for the years ended 31 March 2012, 30 March 2013 and 29 March 2014 are set out below. These accounting policies have been consistently applied in all material respects to all the periods presented unless otherwise stated.

Basis of preparation

On 6 March 2013, B&M European Value Retail 1 S.à.r.l. (Lux Holdco) acquired control of B&M European Value Retail 2 S.à.r.l. (SBR Europe) and became the holding company for the Group. This business combination is discussed in further detail in note 8. As a result of the acquisition, the structure of the group carrying out the Group's business has not been the same throughout the entire period covered by the financial information.

Prior to 6 March 2013, the Lux Holdco group has not constituted a separate legal group. As a result, prior to this date, combined financial information has been prepared on a basis that combines the results and assets and liabilities of each of the companies constituting the Group by applying the consolidation procedures of IFRS 10 *Consolidated Financial Statements* ('IFRS 10') and include the assets, liabilities, revenues and expenses that management has determined are specifically attributable to each entity included in the combined financial information.

The Group comprised the following entities during the years presented:

Combined financial information for the year ended 31 March 2012	Combined financial information for the year ended 30 March 2013	Combined financial information for the year ended 29 March 2014 (Lux Holdco Group)
Firesource Limited (Firesource)	Firesource Limited	Firesource Limited
B&M Retail Limited (B&M)	B&M Retail Limited	B&M Retail Limited
Opus Homewares Limited (Opus)	Opus Homewares Limited	Opus Homewares Limited
Meltore Limited (Meltore)	Meltore Limited	Meltore Limited
	B&M European Value Retail 2 S.à.r.l. (Parent company of Firesource) (SBR Europe)	B&M European Value Retail 2 S.à.r.l.
	B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)	B&M European Value Retail Holdco 1 Ltd
	B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)	B&M European Value Retail Holdco 2 Ltd
	B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)	B&M European Value Retail Holdco 3 Ltd
	B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)	B&M European Value Retail Holdco 4 Ltd
	B&M European Value Retail 1 S.à.r.l. (Lux Holdco)	B&M European Value Retail 1 S.à.r.l.

Note during the year ended 31 March 2012, Firesource Limited controlled B&M Retail Limited, Opus Homewares Limited and Meltore Limited.

Refer to note 31 for details of the principal activity and country of incorporation of these entities.

The combined financial information has been prepared in accordance with the requirements of the London Stock Exchange Listing Rules and in accordance with this basis of preparation. This basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) except as described below. References to ''IFRS'' hereafter should be construed as references to IFRS as adopted by the EU.

Prior to 6 March 2013, Lux Holdco did not control SBR Europe and consequently is not permitted by IFRS 10 to present consolidated financial information. Accordingly the financial information which has been prepared specifically for the purpose of the prospectus is prepared on the following basis for each of the three periods presented:

Accounting period ended 31 March 2012 (the 'Initial Combined Period')

The results for the 12 months ended 31 March 2012 have been prepared on a basis of consolidating the results of Firesource, B&M, Opus and Meltore (the "Firesource group") from 27 March 2011 to 31 March 2012.

The statement of comprehensive income and statement of cash flows for the year ended 31 March 2012 and the statement of financial position as at 31 March 2012 represent the consolidated statement of comprehensive income, statement of cash flows and statement of financial position of the Firesource group at that date.

The entities which comprise the Firesource group have been combined by applying the principles underlying the consolidation procedures of IFRS 10 (the ''Initial Combination'') for the period 27 March 2011 to 31 March 2012 (the ''Initial Combined Period''). Internal transactions within the Firesource group have been eliminated on combination.

Accounting period ended 30 March 2013 (the 'Comparative Combined Period')

The results for the 12 months ended 30 March 2013 have been prepared on a basis of aggregating the results of the Firesource group from 1 April 2012 to 30 March 2013 with the results of SBR Europe, Lux Holdco and UK Holdco's 1 to 4 from their respective dates of incorporation (see note 31) to 30 March 2013. The balance sheet as at 30 March 2013 represents the combined balance sheet of Lux Holdco and its subsidiaries as at that date following Lux Holdco's acquisition of SBR Europe on 6 March 2013.

Prior to 6 March 2013, the entities which comprise the Group have been combined by applying the principles underlying the consolidation procedures of IFRS 10. Internal transactions within the Group have been eliminated on combination.

Subsequent to 6 March 2013, the entities which comprise the Lux Holdco group have been combined by applying the principles underlying the consolidation procedures of IFRS 10 for the period 6 March 2013 to 30 March 2013. Internal transactions within the Group have been eliminated on consolidation. A company applies the purchase method as defined by IFRS 3 *Business Combinations* (IFRS 3) on the date of acquisition of its subsidiaries, which is also the date from which those subsidiaries are consolidated, hence the Lux Holdco group does present a consolidated statement of financial position as at 30 March 2013. Lux Holdco has applied IFRS 3 from 6 March 2013 as detailed in note 8.

Departures from IFRS

IFRS does not provide for the preparation of combined financial information, and accordingly in preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects IFRS has been applied.

- The financial information does not comply with IFRS 10 because, as explained above, prior to 6 March 2013, Lux Holdco did not control SBR Europe or the Firesource group and consequently is not permitted under IFRS 10 to present consolidated financial information for the years ended 31 March 2012 and 30 March 2013. The combined historical financial information has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IFRS 10 for these periods, except that the Lux Holdco group does present a consolidated statement of financial position as at 30 March 2013.

- The financial information for the years ended 31 March 2012, 30 March 2013 and 29 March 2014 does not constitute a set of general purpose financial statements under paragraph 2 of IAS 1 and consequently Lux Holdco does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.
- A company is only permitted to apply the first-time adoption rules of IFRS 1 in its first set of financial statements where such an unreserved statement of compliance has been made. Although such a statement has not been made here, the combined financial information for the Lux Holdco group has been prepared as if the date of transition to IFRS is from its date of incorporation on 27 November 2012 and the requirements of IFRS 1 have been applied to that information from that date. For the purpose of the financial information relating to the Firesource group, prior to the date of incorporation of the Lux Holdco group, a date of transition to IFRS of 1 April 2011 has been applied. IFRS 1 allows certain exemptions in the application of particular IFRS to prior periods in order to assist companies with the transition process. For the purpose of presenting the financial information for the Initial Combined Period from 1 April 2011, the exemptions applied are detailed in note 33. The Lux Holdco group has not previously prepared or reported any combined financial information or statements, and therefore no reconciliations from previous financial information to IFRS have been presented.
- Earnings per share is disclosed but not as required by IAS 33 *Earnings Per Share* (IAS 33) as the historical financial information has been prepared on a combined basis, rather than a legal consolidation.

The following summarises the accounting and other principles applied in preparing the combined historical financial information:

- Transactions and balances between the entities in the Firesource group, SBR Europe group and Lux Holdco group have been eliminated on combination for the relevant periods detailed above.
- Equity for the Initial Combined Period comprises share capital and reserves of the companies within the Initial Combination, after eliminating investments in the companies within the Initial Combination, being the share capital and reserves for the Firesource group. Equity for the Comparative Combined Period comprises share capital and reserves of the companies within the Group, after eliminating investments in the companies within the Group, being the share capital and reserves for the Lux Holdco group.
- The combined historical financial information reflects overheads, interest payable and tax charges based on the results for the period by the entities within the Initial Combined Periods and Comparative Combined Period respectively.

Accounting period ended 29 March 2014

The combined results for the 12 months ended 29 March 2014 have been prepared in accordance with IFRS except in respect of the following matters:

- IAS 1 *Presentation of Financial Statements* (IAS 1) requires disclosure of comparative information in respect of the previous period of all amounts reported in the financial statements. As explained above under "Accounting period ended 31 March 2012", "Accounting period ended 30 March 2013" and "Departures from IFRS", the comparative financial information for these periods has been prepared on the basis as set out above which in certain specific regards is not consistent with that which has been applied in preparing the financial information for 2014.
- The combined financial information does not constitute a set of general purpose financial statements under paragraph 2 of IAS 1 and consequently Lux Holdco does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.

As a result of the basis of preparation adopted, the combined historical financial information for the years ended 31 March 2012 and 30 March 2013 may not be comparable to the information in respect of the year ended 29 March 2014 in the following respects:

- The income statement as presented includes profit before tax of £53.8 million related to the period 27 March 2011 to 31 March 2012 and £80.3 million related to the period 1 April 2012 to 5 March 2013 during which Lux Holdco did not control the Firesource group and does not reflect the effect of the application of the purchase method on 6 March 2013 in accounting for the acquisition of SBR Europe (including the Firesource group) by Lux Holdco.
- The change in the capital structure resulting from the acquisition of SBR Europe has not been reflected in the combined historical financial information for the periods from 27 March 2011 to 5 March 2013 and therefore the financing costs may not be comparable.

The preparation of financial information on the basis prepared above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The combined financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

3. Principal accounting policies

The combined financial information has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

Basis of consolidation

The Group has chosen to early adopt IFRS 10 *Consolidated Financial Statements* (IFRS 10). IFRS 10 replaces IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities. The adoption of IFRS 10 has not had any impact on the currently held investments of the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Going Concern

The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial information that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial information.

Foreign currencies

The financial information is presented in pounds sterling. The functional currency for all group members is pounds sterling, except B&M European Value Retail 2 S.à.r.l. whose functional currency is Euros.

B&M European Value Retail 2 S.à r.l. (SBR Europe) has been consolidated into the group via retranslation of their accounts in line with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The assets and liabilities of SBR Europe are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the year. Any resulting foreign exchange difference is cumulatively recorded in the Foreign Exchange Reserve with the annual effect being charged/credited to Other Comprehensive Income.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, though in practice an average rate is used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences, arising on settlement or on the retranslation of year end monetary cash and liabilities, are dealt with through profit or loss.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business excluding VAT and trade discounts, returns and relevant vouchers and offers. Store retail turnover is recognised at the initial point of sale of goods to customers, when the risks and rewards of the ownership of the goods have been transferred to the buyer.

Interest

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit and loss.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The board is responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units that are expected to benefit from the combination.

Goodwill is tested for impairment at each year end and at any time where there is any indication that goodwill may be impaired. Internally generated goodwill is not recognised as an asset.

Other intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

The cost of intangible assets acquired in a business combination, including the brand is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	4 years
Brand	Indefinite

Amortisation and impairment are included within administrative expenses in profit and loss.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs. Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Freehold buildings	2% straight line
Leasehold land and buildings	Life of lease
Plant, fixtures and equipment	10%–25% straight line
Fixtures, fittings and vehicles	20%–25% straight line

Residual values and useful lives are reviewed at least each year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are discounted where the time value of money is considered to be material.

In respect of leased properties, where the economic benefits from occupying the leased properties are less than the obligations payable under the lease (onerous contract), a provision is made for the present value of the estimated future net cash outflows for each lease. A dilapidation provision is in place based on the Group's estimate of dilapidation charges.

Financial instruments

1) Financial Assets

Initial recognition and measurement

The classification of financial instruments is determined at initial recognition. The group has the following types of financial assets; Trade and other receivables and cash which are classified within the IAS 39 definition of loans and receivables and derivative contracts which are classified within the IAS 39 definition of fair value through profit and loss. All financial assets are initially recognised at fair value plus transaction costs other than for financial assets carried at fair value through profit or loss.

The Group does not have any held-to-maturity or available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income. The losses arising from impairment are recognised in finance costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

2) Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, subsequently carried at amortised cost. This includes directly attributable transaction costs. For financial liabilities not subsequently carried at fair value through profit or loss. The entity's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held-for-trading are recognised in finance income or finance costs as appropriate.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market quotations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to reduce its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Entity as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Pensions and other post-employment benefits

The Group operates a defined contribution scheme and contributions are expensed to profit or loss.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key judgments, estimates and assumptions used are set out below.

Judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Classification of items related to equity

The Group's equity structure is outlined in note 19. The ordinary share capital, preference shares and preferred equity certificates have been classified as debt items due to an unavoidable requirement to pay cash on a redemption event.

The balances were therefore initially recognised at fair value on the balance sheet with such fair value considered equal to the par value of the items, and a redemption date of 31 July 2014 being management's best estimate of the actual redemption date at the date of initial recognition.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 14.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group had £0.1m (2014), £2.8m (2013) and £1.3m (2012) of deferred tax assets at each year end. These assets relate to the temporary difference between the recognition of tax deductions in the relevant entity's tax return in comparison to the timing of recognition of the expense as a result of (i) the amortisation profile of the reverse lease premiums in the combined financial information (2012 and 2013), (ii) the fair value of derivative contracts (2012), (iii) the LTIP provision (2013) and (iv) depreciation on fixed assets (2014). At the year end dates management has made the judgment that when these losses were likely to become available for tax purposes, then there will be enough profit available for these to be used. Therefore the deferred tax assets have been recognised.

Provisions

Dilapidations

As part of the identification and measurement of assets and liabilities, the Group has recognised a provision for dilapidations associated with the obligation in operating lease agreements to return certain store premises to the landlord in the condition in which they were let to the Group. In determining the value of the provision, assumptions and estimates are made in relation to the expected cost to make good a store and the expected timing of those costs.

Onerous Lease

In respect of leased properties, where economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated future cash outflows for each lease. The provision unwinds on a systematic basis. The provision is reviewed on a regular basis

Long-term Incentive Plan (LTIP)

Management has estimated the value of the LTIP as at the year end 30 March 2013 based upon information available at that date. The LTIP matured on 31 December 2013.

Other Provisions

The other provisions principally relate to disputes concerning property issues and customer claims. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions as the disputes are ongoing.

5. Standards issued not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial information are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The Group will determine the effect of this first phase in conjunction with the other phases, when the final standard including all phases is issued. In July 2013 the IASB tentatively decided to defer the mandatory effective date of IFRS 9 and has left open the effective date pending the finalisation of key phases of the project.

6. Segment analysis

For management purposes, the Group is organised into one reportable segment, being the retail segment.

No operating segments have been aggregated to form the reportable operating segment.

The executive directors monitor the operating results of the retail segment for the purpose of making decisions about resource allocation and performance assessment. The retail segment performance is evaluated based on profit or loss under UK GAAP and excludes certain items identified as part of the 'corporate segment', hence a reconciliation is detailed below to the IFRS financial information presented for the Group in this financial information.

The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis.

Year ended 29 March 2014	**Retail £'000**	**Corporate £'000**	**IFRS adjustments and eliminations £'000**	**Combined £'000**
Revenue	1,271,980	—	—	1,271,980
Segment gross profit	432,008	—	—	432,008
Segment EBITDA	205,494	(84,710)	(8,070)	112,714
Interest received	—	35	1,820	1,855
Interest expense	—	(101,195)	—	(101,195)
Income tax expense	—	(8,410)	1,471	(6,939)
Segment profit	**205,494**	**(203,882)**	**(4,925)**	**(3,313)**
Total assets	**180,847**	**1,022,186**	**9,407**	**1,212,440**
Total liabilities	**(34,019)**	**(1,182,577)**	**(14,746)**	**(1,231,342)**
Other disclosures:				
Capital expenditure	—	33,105	(224)	32,881

Year ended 30 March 2013	**Retail £'000**	**Corporate £'000**	**IFRS adjustments and eliminations £'000**	**Combined £'000**
Revenue	992,925	—	—	992,925
Segment gross profit	339,634	—	—	339,634
Segment EBITDA	159,920	(68,990)	(2,883)	88,047
Interest received	—	128	192	320
Interest expense	—	(18,427)	—	(18,427)
Income tax expense	—	(18,704)	644	(18,060)
Segment profit	**159,920**	**(116,394)**	**704**	**44,230**
Total assets	**140,333**	**986,627**	**10,379**	**1,137,339**
Total liabilities	**(24,826)**	**(1,117,316)**	**(10,791)**	**(1,152,933)**
Other disclosures:				
Capital expenditure	—	21,407	385	21,792

Year ended 31 March 2012	Retail £'000	Corporate £'000	IFRS adjustments and eliminations £'000	Combined £'000
Revenue	764,160	—	—	764,160
Segment gross profit	257,022	—	—	257,022
Segment EBITDA	114,417	(48,376)	(3,224)	62,817
Interest received	—	45	—	45
Interest expense	—	(1,629)	(192)	(1,821)
Income tax expense	—	(15,235)	807	(14,428)
Segment profit	**114,417**	**(75,514)**	**422**	**39,325**
Total assets	**118,203**	**114,185**	**5,071**	**237,459**
Total liabilities	**(16,991)**	**(109,850)**	**(6,385)**	**(133,226)**
Other disclosures:				
Capital expenditure	—	9,201	240	9,441

7. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors its capital structure by using the net debt statistic, with a target for the Rolling Credit Facility component of this to be £nil by the end of December. This target was met in December 2013, with the RCF being brought into place in March 2013.

The Group uses the following definition of net debt :

Interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method, and does not include the equity items which have been classed as debt (since these do not form part of this statistic as reviewed by management).

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Interest bearing loans and borrowings (note 25)	(457,625)	(476,599)	(39,341)
Less: Cash and short-term deposits	24,902	26,402	12,473
Net debt	(432,723)	(450,197)	(26,868)

Prior to the changes in group structure in March 2013, Firesource group also used the net debt statistic in order to monitor the capital structure.

8. Business combinations

Acquisition of B&M European Value Retail 2 S.à.r.l. (SBR Europe)

On 6 March 2013, the Group acquired 100% of the voting shares of B&M European Value Retail 2 S.à.r.l. (SBR Europe), an unlisted company based in Luxembourg and specialising in discount retail in the UK. The acquisition has been accounted for via the acquisition method of accounting.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of SBR Europe as at the date of acquisition were:

Fair value recognised on acquisition

	£'000
Assets	
Property, plant and equipment	40,764
Investment in associates	1,816
Cash and cash equivalents	7,607
Receivables and other assets	7,567
Inventory	135,661
Deferred tax asset	2,726
Brand	93,700
Liabilities	
Payables and accruals	77,584
Corporation tax accrual	7,280
Dilapidation provision	3,040
Deferred tax liability	20,737
Total fair value of assets acquired	181,200
Goodwill asset recognised	807,496
Total consideration	988,696

The fair value of the trade receivables and other assets amounted to £7.6m which is equal to the gross value of trade receivables since none were impaired. It is expected that the full contractual amounts can be collected.

The deferred tax liability comprises the tax effect of the recognition of the intangible brand asset, accelerated capital allowances, the fair value of the foreign exchange derivatives and other temporary differences.

The deferred tax asset comprises the tax effect of the IFRS adjustment to the reverse lease premium balance.

The brand intangible asset has been recognised based upon the relief from royalty approach and is assumed to have an indefinite life. The deferred tax liability recognised specifically relating to this asset was £19.7m and is included in the deferred tax liability above.

The goodwill of £807.5m largely relates to the growth potential of the business, with smaller elements relating to the workforce and location of the B&M stores. None of the elements which make up goodwill can, or are not material enough to, be recognised as a separate intangible asset. This goodwill balance has been tested for impairment against management forecasts – see note 14.

None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, SBR Europe has contributed £79.3m of revenue and £6.1m to the profit before tax from continuing operations of the Group. Over the year to 30 March 2013 SBR Europe has contributed £992.9m of revenue and £86.2m profit before tax to the combined financial information presented herein.

As the cashflow is stated in terms of the combined position of the Group, the consideration transferred in cash has not been taken net of cash acquired. This is because cash acquired was already part of Firesource group which has been combined to produce the statement, and to net it off would double count that amount.

Purchase consideration

	£'000
Consideration settled in cash	765,452
Total Cash	**765,452**
Consideration settled in loan notes	223,244
Total Consideration	**988,696**

Overall Fees of £51.1m were incurred in completing the acquisition. These fees have been allocated as follows;

	£'000
Fees immediately expensed through administrative expenses	6,356
Fees immediately expensed through finance costs	10,550
Fees netted against facility loan balances	33,135
Fees included in prepayments and released over 12 months	90
Vendor due diligence expensed through administrative expenses	1,005
Total Deal Fees	**51,136**

The fees netted against the loan balances are released using the amortised cost method over the term of the loan to which they relate.

9. Profit before tax information

The table below sets out selected information included in profit before tax.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Included in cost of sales:			
Cost of inventories recognised as an expense	848,632	662,295	513,086
Included in administrative expenses:			
Employee benefit expense:			
– Salaries and wages	142,727	110,156	86,078
– Social Security	6,110	4,955	4,805
– Pension costs	382	39	41
Auditors remuneration	150	49	49
Payments to auditors in respect of non-audit services	110	8	7
Depreciation of PPE not held under finance lease	9,379	7,302	6,970
Depreciation of PPE held under finance lease	182	182	183
Amortisation of intangible assets	188	166	135
Net foreign exchange differences	81	60	(4)
Operating lease rentals	59,762	44,902	35,427

10. Finance cost

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Interest on debt and borrowings	33,897	3,291	1,594
Interest on preferred equity certificates, preference shares and ordinary share capital	67,295	4,570	—
Finance charges payable under finance leases and HP contracts	3	16	35
Total interest expense	101,195	7,877	1,629
Costs incurred on raising debt finance	—	10,550	—
Loss on financial instruments at fair value through profit or loss	—	—	192
Total finance costs	**101,195**	**18,427**	**1,821**

11. Finance income

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Interest income on loans and bank accounts	36	128	45
Gain on financial instruments at fair value through profit or loss	1,819	192	—
Total finance income	**1,855**	**320**	**45**

12. Tax

(i) Tax included in the combined income statement

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Current tax	(6,708)	(18,708)	(14,827)
Deferred tax	(231)	648	398
	(6,939)	(18,060)	(14,429)

(ii) Tax reconciliation

In each year, the Group's effective rate of tax has been higher than the statutory rate, as shown in the following table.

Year ended	29 March 2014	30 March 2013	31 March 2012
Effective rate of tax	191.4%	29.2%	26.8%
Statutory rate of tax	23.0%	24.0%	26.0%

This has been reconciled as follows.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Profit before tax	3,626	62,290	53,753
Tax credit/(charge) at the UK statutory rates above	(834)	(14,950)	(13,976)
Tax effect of;			
IFRS Adjustments on the fair value of financial instruments	—	50	(38)
IFRS Adjustments on Lease Incentives	—	(134)	(68)
Income not taxable	55	71	52
Expenses not deductible	(7,251)	(2,914)	(321)
Difference between capital allowances and depreciation	736	(402)	(217)
Other short term timing differences	66	754	(668)
Other permanent differences	(659)	69	—
Foreign operation taxed at local tax rate	(42)	21	—
Adjustment in respect of prior years	34	(625)	807
Change in deferred tax rate	956	—	—
Income tax expense in the combined income statement	(6,939)	(18,060)	(14,429)

(iv) Analysis of deferred tax

Deferred tax relates to the following:

	Combined statement of financial position (year ended)			Combined statement of comprehensive income (year to)		
	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Accelerated tax depreciation	146	(590)	(590)	736	—	(41)
Fair value of derivative contracts	—	(97)	288	97	(386)	288
Lease Incentive IFRS adjustment	—	2,065	1,035	(2,065)	1,030	518
Relating to the intangible brand asset	(18,740)	(19,677)	—	937	—	—
Other temporary differences	(272)	(336)	(339)	64	4	(367)
Total deferred tax expense/(income)				(231)	648	(398)
Net deferred tax assets/(liabilities)	(18,866)	(18,635)	394			

There were no tax movements within other comprehensive income in the years under review.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

13. (Loss) / earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for each year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares. There are no dilutive potential ordinary shares for the years ended 31 March 2012, 30 March 2013 and 29 March 2014.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Total comprehensive income attributable to ordinary equity holders of the parent	(3,308)	44,228	39,325
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	23,917	23,917	23,917

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Effect of dilution:			
No dilutive effects	—	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	23,917	23,917	23,917

The weighted average number of ordinary shares identified above used for the calculation of earnings per share is under the assumption that the Group has always existed in its current form.

The calculation includes the number of shares held as ordinary share capital of the Group as stated in note 19. Note that these are classified as debt within the balance sheet.

14. Goodwill and other intangible assets

	Goodwill £'000	Software £'000	Brand £'000	Total £'000
Cost:				
At 31 March 2013	807,496	1,110	93,700	902,306
Additions	—	474	—	474
At 29 March 2014	807,496	1,584	93,700	902,780
Accumulated amortisation:				
At 31 March 2013	—	790	—	790
Amortisation for the year	—	188	—	188
At 29 March 2014	—	977	—	977
Carrying value at 29 March 2014	**807,496**	**607**	**93,700**	**901,803**
Cost:				
At 1 April 2012	57,415	1,036	—	58,451
Additions	807,496	74	93,700	901,270
Other movements	(57,415)	—	—	(57,415)
At 30 March 2013	807,496	1,110	93,700	902,306
Accumulated amortisation:				
At 1 April 2012	—	624	—	624
Amortisation for the year	—	166	—	166
At 30 March 2013	—	790	—	790
Carrying value at 30 March 2013	**807,496**	**320**	**93,700**	**901,516**

The Goodwill and Brand movement above reflects the restructuring of the Group in the combined financial information for year ended 30 March 2013.

	Goodwill £'000	Software £'000	Total £'000
Cost:			
At 27 March 2011	57,415	721	58,136
Additions	—	315	315
At 31 March 2012	57,415	1,036	58,451
Accumulated amortisation:			
At 27 March 2011	—	489	489
Amortisation for the year	—	135	135
At 31 March 2012	—	624	624
Carrying value at 31 March 2012	**57,415**	**412**	**57,827**

Impairment testing of goodwill

The goodwill balance recorded in the Group's financial information arises as a result of business combinations.

Goodwill – Meltore Limited and Opus Homewares Limited

The goodwill recorded as at 27 March 2011 and 31 March 2012 relates to the prior period acquisitions of Meltore Limited (Meltore) and Opus Homewares Limited (Opus).

The goodwill has been allocated as follows between the two groups of cash generating units (CGU's), which relate directly to the specific stores acquired in those business combinations. These groups of CGU's are at a lower level than the operating and reportable segment for impairment testing.

	31 March 2012 £'000	27 March 2011 £'000
Meltore	19,012	19,012
Opus	38,403	38,403
Total	**57,415**	**57,415**

The Group has performed an impairment test as at 31 March 2012 and 27 March 2011 (as the deemed IFRS opening balance sheet date for the Group for the purposes of preparing this historical financial information). The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for each CGU.

The results of the impairment tests identified that the VIU is significantly in excess of the carrying value of the assets associated with each CGU at each date. No other indicators of impairment were noted, with the Group continuing to expand rapidly and like for like sales increasing within the specified former Opus and Meltore stores at each testing date.

The key assumptions for the value in use calculations are:

(a) Discount rates. The pre-tax discount rates used in the value in use calculations are set out in the table below. These discount rates are derived from the Group's weighted average cost of capital. Changes in the discount rates over the years are calculated with reference to latest market assumptions for the risk free rate, equity market risk premium and the cost of debt.

(b) Sales growth rates. Future sales have been extrapolated using like for like growth rates as set out in the table below. These growth rates are considered to be prudent when compared with the current like for like growth experienced by the Group.

(c) Costs have been assumed to rise in line with the current inflation rate.

(d) The management forecasts used cover the next five years with a perpetuity for the following years based upon the year 5 figures with nil growth.

A summary of the assumptions used is shown in the following table:

	31 March 2012	27 March 2011
Discount Rate	7.2%	8.1%
Like for like sales growth	3.0%	3.0%
Cost inflation	3.6%	5.3%

As a guide to the sensitivities around the key assumptions set out above, for the VIU to fall beneath the carrying value of the relevant stores (and with all other parameters being equal), in 2012;

(i) The discount rate would have to have been 47.2% for Meltore or 28.0% for Opus or,

(ii) the like for like growth would have to have been (8.1%) for Meltore or (4.4%) for Opus,

(iii) cost inflation would have to have been 18.3% for Meltore or 13.4% for Opus.

In 2011;

(i) The discount rate would have to have been 41.1% for Meltore or 18.8% for Opus or,

(ii) the like for like growth would have to have been (6.3%) for Meltore or (0.7%) for Opus,

(iii) cost inflation would have to have been 16.6% for Meltore or 9.6% for Opus.

Management therefore considers that no reasonably possible change in any of the key assumptions would cause the recoverable amount of goodwill attached to the above CGUs to fall below their carrying value in either year reported.

The goodwill relating to Meltore and Opus forms part of the retail CGU acquired as part of B&M European Value Retail 2 Sarl on 6 March 2013. The new goodwill balance created as part of this deal has been tested below.

(b) Goodwill – B&M European Value Retail 2 S.à.r.l.

The goodwill balance recorded in the Group's financial information for the years ended 29 March 2014 and 30 March 2013 arose as a result of the business combination undertaken as at 6 March 2013, the acquisition of B&M European Value Retail 2 S.à.r.l. (SBR Europe) ultimately by B&M European Value Retail 1 S.à.r.l. (Lux Holdco).

The goodwill has been allocated to one group of cash generating units (CGU's), being those CGU's comprising the retail segment.

	29 March 2014 £'000	30 March 2013 £'000
Allocated to retail store estate	807,496	807,496
Total	**807,496**	**807,496**

The Group has performed impairment tests as at the 2013 and 2014 year end dates. The impairment test involves assessing the net present value (NPV) of the expected cashflows in relation to the stores within each CGU according to a number of assumptions (more detail on which follows below) to calculate the value in use (VIU) for the group of CGU's.

The results of the impairment tests identified that the VIU is significantly in excess of the carrying value of assets within the CGU at each date. No other indicators of impairment were noted, with the Group continuing to expand rapidly and like for like sales increasing.

The key assumptions for the value in use calculations are:

(a) Discount rates. The pre-tax discount rates used in the value in use calculations are set out in the table below. These discount rates are derived from the Group's weighted average cost of capital. Changes in the discount rates over the years are calculated with reference to latest market assumptions for the risk free rate, equity market risk premium and the cost of debt.

(b) A prudent like for like rate as forecast by management and detailed below.

(c) Costs have been assumed to rise in line with the current inflation rate, the company like for like (LFL) growth rate and actual specific rent forecasts as appropriate to each broad cost category.

(d) The working capital requirement has been assumed to change in line with projected gross profit.

(e) The calculation runs to the next 10 years with a perpetuity then applied based upon the year 10 figures.

A summary of some of the key values behind the assumptions used is shown in the following table :

	29 March 2014	30 March 2013
Discount Rate	9.5%	9.3%
Like for like sales growth	3.0%	3.0%
Cost inflation	2.5%	3.3%

As a guide to the sensitivities around the key assumptions set out above, for the VIU to fall beneath the carrying value of Assets associated with this CGU (and with all other parameters being equal)

(i) The discount rate used would have to be 20.8% for 2014, 18.8% for 2013, or,

(ii) the like for like growth would have to be (0.9%) for 2014, (0.2%) for 2013, or,

(iii) cost inflation would have to be 7.7% for 2014, 7.6% for 2013.

Management therefore considers that no reasonably possible change in any of the key assumptions would cause the recoverable amount of goodwill attached to the above CGUs to fall below their carrying value in any year reported.

Impairment and useful life of the Brand intangible

The brand asset relates to the B&M Brand acquired as part of the transaction on 6 March 2013.

At that date the asset was recognised at a fair value based upon the future cashflows from the asset calculated via the relief from royalty ("RfR") approach.

The brand was not considered to have a measurable period over which the benefits are expected to accrue, and therefore it was assessed to have an indefinite life.

Under IFRS the Group is therefore required to re-assess the indefinite life, and the fair value, at each year end date.

It is the belief of management that at both 30 March 2013 and 29 March 2014, the brand continues to have no specific end date over which the benefits are expected to accrue. As such the asset continues to be recognised with indefinite life.

As at 29 March 2014 and 30 March 2013 the value of the asset was recorded at £93.7m, this is equal to the original value with no historical impairments recognised.

The value in use (VIU) calculation returned a result in excess of the carrying value of the brand asset for both years under review. No other indicators of impairment were noted with the Group continuing to exhibit a rapid pace of growth.

The value in use was performed using the relief from royalties method. In order to use this revenue has been forecast using a growth rate projected on the LFL growth rates given below, as well as a prudent estimate for the number of new store openings.

The assumed royalty rate is the rate used to calculate the initial valuation. Management believes this remains a reasonable estimate, and a sensitivity has been performed below to demonstrate the level of comfort.

Some values of the key assumptions are as follows:

	29 March 2014	30 March 2013
Discount Rate	9.5%	9.3%
Like for like sales growth	3.0%	3.0%
Royalty Rate	0.75%	0.75%

As a guide to the sensitivities around the key assumptions set out above, for the VIU to fall beneath the carrying value of the brand intangible (and with all other parameters being equal) :

(i) The discount rate used would have to be 10.7% for 2014, 11.4% for 2013, or,

(ii) the royalty rate would have to drop to 0.60% for 2014, 0.65% for 2013, or,

(iii) like for like growth would have to be 1.1% for 2014, 0.2% for 2013.

Management therefore considers that there is no requirement for impairment in either year presented.

15. Property, plant and equipment

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost:				
At 31 March 2013	11,857	4,452	60,670	76,979
Additions	4,132	842	27,907	32,881
Disposals	(94)	(540)	(637)	(1,271)
At 29 March 2014	15,895	4,754	87,940	108,590
Accumulated depreciation:				
At 31 March 2013	6,510	2,484	25,946	34,940
Depreciation for the year	1,971	768	6,822	9,561
Disposals	(68)	(379)	(460)	(907)
At 29 March 2014	8,413	2,873	32,308	43,594
Carrying value at 29 March 2014	**7,482**	**1,881**	**55,632**	**64,995**

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost:				
At 1 April 2012	8,361	4,299	43,360	56,020
Additions	3,496	904	17,392	21,792
Disposals	—	(751)	(82)	(833)
At 30 March 2013	11,857	4,452	60,670	76,979
Accumulated depreciation:				
At 1 April 2012	4,729	2,312	21,059	28,100
Depreciation for the year	1,781	784	4,918	7,484
Disposals	—	(612)	(31)	(644)
At 30 March 2013	6,510	2,484	25,946	34,940
Carrying value at 30 March 2013	**5,347**	**1,969**	**34,724**	**42,040**

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost:				
At 27 March 2011	7,367	3,769	36,552	47,688
Additions	1,081	1,063	7,297	9,441
Disposals	(87)	(533)	(489)	(1,109)

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
At 31 March 2012	8,361	4,299	43,360	56,020
Accumulated depreciation:				
At 27 March 2011	3,340	1,908	16,568	21,816
Depreciation for the year	1,460	849	4,844	7,153
Disposals	(71)	(445)	(353)	(869)
At 31 March 2012	4,729	2,312	21,059	28,100
Carrying value at 31 March 2012	**3,632**	**1,987**	**22,301**	**27,920**

Finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 29 March 2014, 30 March 2013 and 31 March 2012 was £164k, £351k and £561k respectively. Additions during these three periods included £nil, £nil and £66k of plant and equipment under finance leases and hire purchase contracts respectively.

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Under terms of the loan facility in place at 29 March 2014, a fixed charge existed over all property plant and equipment except for £1.1m NBV within the Land and Buildings category and £12.0m NBV within the plant, fixtures and equipment category, over which a floating charge was held.

At 30 March 2013 and 31 March 2012 a fixed charge existed over all property, plant and equipment.

At 29 March 2014, 30 March 2013 and 31 March 2012, included within the gross carrying amounts above are items with a cost of £19.4m, £15.1m and £11.2m, respectively, which are fully depreciated but are still is use by the business.

16. Inventories

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Goods for resale	170,371	132,139	109,245

In the year to 29 March 2014 £848.6m was recognised as an expense for inventories carried at net realisable value. In the year to 30 March 2013 the value was £662.3m and in the year to 31 March 2012 it was £513.1m. All were recognised in cost of sales.

Included in these amounts for the years to 29 March 2014, 30 March 2013 and 31 March 2012 was £(3.9)m, £1.4m and £2.3m, respectively, of net inventory write down.

17. Trade and other receivables

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Current assets:			
Trade receivables to non-related parties	10,201	11,767	15,097
Provision for impairment	(2)	—	—
Net trade receivables to non-related parties	10,199	11,767	15,097
Prepayments	12,110	7,779	8,645
Related party receivables	23,352	10,537	4,825
Other receivables	290	67	103
Total trade and other receivables	**45,951**	**30,150**	**28,670**

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The fair value of these short term financial assets is not individually determined so the carrying amount is determined by the directors to be a reasonable approximation of fair value.

The following table sets out an analysis of provisions for impairment of trade and other receivables.

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Balance at the beginning of the year	—	—	—
Impairment in the year	(2)	—	—
Utilised / released in the year	—	—	—
Balance at the end of the year	(2)	—	—

For terms and conditions relating to related party receivables, refer to note 24.

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

At each year end a significant balance is held with Multi-Lines. Multi-Lines are a supplier with whom the Group carries a large deposit, they are also an associate of the Group and due to this and the long trading history between the companies, including no history of issues regarding recovery of the deposit balance, the Directors do not believe this balance is at risk.

At 29 March 2014 a significant balance was held with Barclays Mercantile Business Finance Limited in respect of a sale and leaseback transaction. However this was settled immediately following the year end.

There are no significant balances within the remaining debtors and as such there is no specific concentration of credit risk.

The following table sets out a maturity analysis of total trade and other receivables, including those which are past due but not impaired.

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Neither past due nor impaired	45,620	29,227	28,390
Past due less than one month	203	510	261
Past due between one and three months	128	413	19
Total trade and other receivables	45,951	30,150	28,670

18. Cash and cash equivalents

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Cash at bank and on hand	24,902	26,402	12,473
	24,902	26,402	12,473

As at 29 March 2014, 30 March 2013 and 31 March 2012 the Group had available £110.5m, £97.9m and £nil of undrawn committed borrowing facilities.

19. Issued Capital and reserves

	31 March 2014 £'000	30 March 2013 £'000	29 March 2012 £'000
Allotted, called up and fully paid			
Firesource Limited			
310,000 preferred ordinary shares of £1 each			310
170,000 ordinary shares of £1 each			170
74,463,031 "A" ordinary shares of £0.01 each			745
Total share capital			1,225
Allotted, called up and fully paid			
B&M European Value Retail 1 S.à.r.l.			
2,166,690 "A" ordinary shares of £0.01 each	22	22	
8,699,985 "B" ordinary shares of £0.01 each	87	87	
13,050,000 "C" ordinary shares of £0.01 each	131	131	
Ordinary share capital	239	239	
174,999,998 12% Preference shares of £0.01 each	1,750	1,750	
Total share capital (All classed as debt, see below and note 21)	1,989	1,989	

Firesource Limited

Preferred ordinary shares

The preferred ordinary shares are equity shares which rank pari passu with all other shares in respect of dividends save that no dividends shall be paid until all the preference shares have been redeemed. Holders of preferred ordinary shares have one vote for every share held. On a winding up preferred ordinary shareholders, subject to the rights of the preference shareholders, rank pari passu with the holders of ordinary shares.

Ordinary and "A" ordinary shares

The ordinary and "A" ordinary shares rank pari passu in all respects as a single class.

Share capital reduction

During the year ended 30 March 2013 Firesource Limited approved via special resolution and issue of a solvency statement to reduce its share capital by £475,000. The 170,000 £1 Ordinary shares were converted into £0.01 Ordinary shares and the 310,000 £1 Preferred Ordinary shares were converted into £0.01 Preferred Ordinary shares. The share rights attached to the shares remain unchanged. The Authorised share capital was reduced at the same time.

B&M European Value Retail 1 S.à.r.l.

Preference Shares

Preference shares rank ahead of ordinary shares in terms of distributions. Each preference share carries one vote. The preference shares have been classified as debt on the balance sheet, along with the interest which compounded on 6 March 2014, see note 21.

A, B and C Ordinary Shares

Each class of share ranks pari passu with each other class and each share carries one vote. Each class of share is separated into 5 equal subclasses (A1-A5, B1-B5, C1-C5). Each ordinary share is entitled to a fixed dividend, as follows; (% of share value and any compounded dividend)

Class	%	Class	%
A1,B1,C1	0.05%	A4,B4,C4	0.20%
A2,B2,C2	0.10%	A5,B5,C5	0.25%
A3,B3,C3	0.15%		

Each Ordinary share has been classified as debt within the balance sheet, along with the interest which compounded on 6 March 2014, See note 21.

Preferred Equity Certificates

In 2013 and 2014, the company had issued preferred equity certificates with a nominal value of £556,050k made up of 55,604,952,750 12% certificates of £0.01 each. These certificates are mandatorily redeemed in March 2062, or on event of a listing (amongst other events). The preferred equity certificates rank pari passu with each other, and ahead of all ordinary and preference shares in terms of distribution. They do not carry voting rights. The preferred equity certificates have been classified as debt on the balance sheet, along with the interest compounded on 6 March 2014, see note 21.

20. Trade and other payables

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Current liabilities:			
Trade payables	59,228	44,610	33,950
Social security and other taxes	19,097	11,881	11,191
Accruals and deferred income	26,076	31,986	15,467
Accrued interest on preferred equity certificates	4,914	4,570	—
Related party trade payables	858	33	416
Amounts due under finance leases	22	229	336
Other payables	38	16	5,018
	110,233	93,325	66,378
Non-current liabilities:			
Accruals and deferred income	34,856	22,535	12,490
Amounts due under finance leases	—	21	250
	34,856	22,556	12,740
Total trade and other payables	145,089	115,881	79,118

Trade payables are generally on 30 day terms and are not interest bearing. The directors consider that the carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 24.

21. Interest bearing loans and borrowings

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Current liabilities:			
Term facility bank loans	7,750	2,375	8,400
Preferred equity certificates	622,775	—	—
Preference shares	1,960	—	—
Ordinary share capital	240	—	—
Share premium on "A" ordinary shares	16	—	—
Revolving facility bank loans	—	16,599	—
	632,741	18,974	8,400
Non-current liabilities:			
Term facility bank loans	423,930	425,467	30,941
Preferred equity certificates	—	556,050	—
Preference shares	—	1,750	—
Ordinary share capital	—	239	—
Share premium on "A" ordinary shares	—	16	—
	423,930	983,522	30,941
Total interest bearing loans and borrowings	1,056,671	1,002,496	39,341

The term facility bank loans are held at amortised cost and were initially capitalised on 6 March 2013 with £33.1m of fees attributed to them. The fees related to the revolving facility were expensed immediately and are included in the 2013 statement of comprehensive income.

The preferred equity certificates, preference shares and ordinary share value are carried at their nominal value (which represented their fair value on initial recognition of these instruments) plus interest which was compounded on 6 March 2014. Their classification as current in 2014 is based upon their expected redemption date rather than their maturity date, which is 2062 for the preferred equity certificates and not applicable for the preference and ordinary shares.

For details on the terms and conditions of these interest bearing loans and borrowings, see notes 19, 24 and 25.

22. Provisions

	Dilapidations £'000	Onerous Lease £'000	LTIP £'000	Other £'000	Total £'000
At 27 March 2011	—	—	—	849	849
Provided during the year	3,140	—	—	1,259	4,399
Utilised / Released	(400)	—	—	(933)	(1,333)
At 31 March 2012	2,740	—	—	1,175	3,915
Current liabilities	1,080	—	—	1,175	2,255
Non-current liabilities	1,660	—	—	—	1,660
At 1 April 2012	2,740	—	—	1,175	3,915
Provided during the year	1,600	756	3,556	1,712	7,624
Utilised / Released	(1,300)	(98)	—	(1,380)	(2,778)
At 30 March 2013	3,040	658	3,556	1,507	8,761
Current liabilities	1,040	398	3,556	1,507	6,501
Non-current liabilities	2,000	260	—	—	2,260
At 31 March 2013	3,040	658	3,556	1,507	8,761
Provided during the year	1,125	676	—	4,585	6,386
Utilised / Released	(520)	(353)	(3,556)	(1,595)	(6,024)
At 29 March 2014	3,645	981	—	4,497	9,123
Current liabilities	2,085	392	—	4,497	6,974
Non-current liabilities	1,560	589	—	—	2,149

The dilapidation provision relates to the expected future costs of dilapidations on specific leasehold properties. The timing in relation to the utilisation of these provisions is dependent upon the lease terms.

The onerous lease provision relates to the expected future costs of rent on the leasehold properties. The timing in relation to the utilisation of these provisions is dependent upon the lease terms.

The LTIP provision relates to the management LTIP which matured at December 2013.

The other provisions principally relate to disputes concerning property issues and customer claims. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions as the disputes are ongoing.

23. Reconciliation of profit before tax to cash generated from operations

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Profit before tax	3,626	62,290	53,753
Adjustments for:			
Interest expense	99,340	18,107	1,776
Depreciation of property, plant and equipment	9,561	7,484	7,154
Amortisation of other intangible assets	188	166	135
Loss / (profit) on sale of property, plant and equipment	72	(250)	75
Movement in receivables	(15,800)	(1,482)	(11,324)
Movement in payables	28,746	37,331	15,983
Movement in inventory	(38,232)	(22,894)	(20,153)
Movement in provisions	362	4,846	3,066
Profit on investment in associates	(237)	(295)	—
Loss / (profit) on fair value movements	1,872	(1,485)	1,060
Other adjustments	5	37	—
Cash generated from operations	89,503	103,855	51,525

24. Related parties

The Group has transacted with the following related parties over the years presented.

Multi-Lines, a supplier, and Home Focus Group, a customer, have been associates of the Group since December 2012. Prior to this Multi-Lines was part owned by the directors of Firesource Ltd.

Ropley Properties Ltd, Triple Jersey Ltd, Rani Investments, Multi-Lines International (Properties) Ltd and Speke Point Ltd, all landlords of properties occupied by the group, are directly or indirectly owned by Simon and Bobby Arora or their family trusts.

Clayton, Dubilier & Rice, the part-owners of the business, provide management and financial consulting services to the Group.

The following table sets out the total amount of trading transactions with related parties included in the combined income statement.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Sales to related parties			
Home Focus Group Limited	238	167	—
Purchases from related parties			
Clayton, Dubilier & Rice LLC	4,194	5,801	—
Multi-Lines International (Properties) Ltd	81	—	—
Multi-Lines International Company Ltd	50,558	30,017	29,255
Rani Investments	194	173	175
Ropley Properties Ltd	2,610	2,441	2,137
Speke Point Ltd	1,116	—	—
Triple Jersey Ltd	1,527	941	575

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The following table sets out the total amount of trading balances with related parties. Note that the debtors balance held by Multi-Lines International is a deposit on account and nets against a GRNI balance of £28.3m at 29 March 2014, £9.5m at 30 March 2013 and £4.7m at 31 March 2012.

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Trade receivables from related parties			
Home Focus Group Ltd	29	29	—
Multi-Lines International Company Ltd	23,323	10,429	4,825
Ropley Properties Ltd	—	79	—
Trade payables to related parties			
Rani Investments	(57)	(33)	(33)
Ropley Properties Ltd	(530)	—	(383)
Triple Jersey Ltd	(271)	—	—

Outstanding trade balances at the balance sheet date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The Business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 29 March 2014, 30 March 2013 and 31 March 2012. This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The following table sets out information relating to financing activities with related parties. All of the following balances include the interest which was compounded on 6 March 2014, with the accrued but not compounded interest identified separately.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Preferred equity certificates held by Clayton, Dubilier & Rice	373,666	333,630	—
Preferred equity certificates held by management	249,110	222,420	—
Ordinary share capital held by Clayton, Dubilier & Rice	131	131	—
Ordinary share capital held by management (includes premium)	125	124	—
Preference shares held by Clayton, Dubilier & Rice	1,176	1,050	—
Preference shares held by management	784	700	—
Accrued interest due to items held by Clayton, Dubilier & Rice	2,957	2,742	—
Accrued interest due to items held by management	1,972	1,828	—

The business owners hold between them the above items which have been classed as debt within the Group's balance sheet and which are held within the heading of non-current loans and borrowings (per note 21).

The terms and condition on these items are expanded upon within note 25.

Transactions with key management personnel

The following table includes amounts paid to the directors of the Group during the years under review. The Consulting fees are in relation to the management portion of the Preferred Equity Certificates.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Short term employee benefits	165	21	19
Consulting fees	702	—	—

The highest paid director in the year to 29 March 2014 received a total of £165k in short term employee benefits and £702k in respect of consultancy fees.

The following table includes amounts paid to the key management personnel of the Group during the years under review. The LTIP was first provided for in the year to 30 March 2013, but did not become payable until December 2013.

Year ended	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Short term employee benefits	679	461	387
Long-term incentive plan	2,120	—	—
Consulting fees	1,852	—	—
Pension contributions	136	10	11

The amounts disclosed in the tables above are the amounts recognised as an expense during the reporting period related to directors and key management personnel, except for the long-term incentive plan which is presented in the period in which it became payable.

25. Financial instruments

25.1 Other Financial Assets

At	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Financial Assets at fair value through profit or loss:			
Foreign exchange forward contracts	—	425	—
Interest rate swaps	1,819	—	—
Total financial assets at fair value through profit or loss	1,819	425	—
Total Current	—	425	—
Total Non-current	1,819	—	—

Financial assets through profit or loss reflect the positive change in the fair value of those foreign exchange forward contracts and interest rate swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

25.2 Other Financial Liabilities

At	29 March 2014 £000	30 March 2013 £000	31 March 2012 £000
Financial Liabilities at fair value through profit and loss:			
Foreign exchange forward contracts	1,428	—	1,060
Fuel swap contracts	19	—	—
Interest rate swaps	—	—	192
Total financial liabilities at fair value through profit or loss	1,447	—	1,252
Total Current	1,447	—	572
Total Non-current	—	—	680

Financial liabilities through profit or loss reflect the negative change in the fair value of those foreign exchange forward contracts and interest rate swaps that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

25.3 Interest bearing loans and borrowings:

	Interest Rate %	Maturity	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Current interest bearing loans and borrowings					
Firesource term loan	1.75% + LIBOR	2012/13	—	—	8,400
UK Holdco term loan A	5% / 4.75% + LIBOR	2013-15	7,750	2,375	—
UK Holdco revolving facility	5% / 4.75% + LIBOR	2013/14	—	16,599	—
Preferred equity certificates	12%	Jul-14	622,775	—	—
Preference shares	12%	Jul-14	1,960	—	—
Ordinary share capital (includes premium)	0.05-0.25%	Jul-14	256	—	—
Finance leases	3.6%-19.9%	2012-14	22	228	336
Total			632,763	19,202	8,736
Non-current interest bearing loans and borrowings					
Firesource term loan	1.75% + LIBOR	2013	—	—	30,941
UK Holdco term loan A	5% / 4.75% + LIBOR	2014-19	114,875	122,625	—
UK Holdco term loan B	5.5% / 5.25% + LIBOR	Mar-20	335,000	335,000	—
Preferred equity certificates	12%	Jul-14	—	556,050	—
Preference shares	12%	Jul-14	—	1,750	—
Ordinary share capital (includes premium)	0.05-0.25%	Jul-14	—	255	—
Finance Leases	4.7% -12.4%	2012-14	—	22	250
Total			449,875	1,015,703	31,191

Note that the Firesource Term Loan originally had a final maturity date of August 2013 but was actually repaid early on 6 March 2013.

The margin on the facility loans fell from 5% (Facility A and the Revolving Credit Facility) and 5.5% (Facility B) to 4.75% and 5.25% respectively, on 6 March 2014.

The preferred equity certificates, preference shares and ordinary share capital all have an end date specified as the expected date of redemption. Underlying this is a contractual maturity date of March 2062 on the preferred equity certificates whilst the preference shares and ordinary shares are perpetual.

In the case of the preferred equity certificates, ordinary and preference shares management has the option to compound interest at each payment date (6 March) such that the accrued interest has the effect of becoming part of the capital, and as such attracts interest at the same rates given above. This option was taken on 6 March 2014.

In the case of the ordinary share capital, management has the right to declare an optional dividend on top of the fixed dividend represented by the interest rates above. However no such optional dividend has been announced or paid in the years presented herein.

Term loans A and B have carrying values which include transaction fees allocated on inception. Their individual carrying values and effective interest rate in the accounts are:

	Effective Interest Rate		Carrying Value	
	29 March 2014	30 March 2013	29 March 2014	30 March 2013
	%	%	£'000	£'000
UK Holdco Term Loan A	7.6	7.7	115,679	115,930
UK Holdco Term Loan B	7.1	7.3	316,000	312,945
Total			431,679	428,875

The effective interest rate was recalculated at the March 2014 year end due to the change in the interest rate margin which thus affected the projected costs. The projected interest costs for 2013/14 were also replaced by actual interest costs at this time.

25.4 Fair Value Disclosures

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet :

	29 March 2014 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Foreign exchange contracts	(1,428)	—	(1,428)	—
Interest rate swaps	1,819	—	1,819	—
Fuel swap contract	(19)	—	(19)	—

	30 March 2013 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Foreign exchange contracts	425	—	425	—

	31 March 2012 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Foreign exchange contracts	(1,060)	—	(1,060)	—
Interest rate swaps	(192)	—	(192)	—

These instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

25.5 Contracted Maturities

The following table sets out the undiscounted contractual maturities for financial liabilities and derivatives.

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
As at 29 March 2014:					
Interest bearing loans	32,480	40,100	151,675	372,413	596,668
Preferred equity certificates	652,873	—	—	—	652,873
Preference shares	2,055	—	—	—	2,055
Ordinary share capital	256	—	—	—	256
Fuel swap contract	19	—	—	—	19
Forward foreign exchange contracts	1,407	—	—	—	1,407
Trade payables	60,086	—	—	—	60,086
Accruals and deferred income	4,923	5,773	18,877	10,206	39,779
Finance lease commitments	22	—	—	—	22
As at 30 March 2013:					
Interest bearing loans	42,874	34,290	143,494	424,897	645,555
Preferred equity certificates	—	652,873	—	—	652,873
Preference shares	—	2,055	—	—	2,055
Ordinary share capital	—	256	—	—	256
Trade payables	44,643	—	—	—	44,643
Accruals and deferred income	2,507	3,421	11,238	7,876	25,042
Finance lease commitments	234	21	—	—	255
As at 31 March 2012:					
Interest bearing loans	9,435	33,758	—	—	43,193
Forward foreign exchange contracts	153	111	—	—	264
Interest rate swaps	125	62	—	—	187
Trade payables	34,366	—	—	—	34,366
Accruals and deferred income	1,414	2,039	6,534	3,917	13,904
Finance lease commitments	352	234	21	—	607

The Interest rate swap noted in 2012 had a final maturity date of August 2013, but was settled early in March 2013.

See note 25.3, above, for the details behind the maturity of the preferred equity certificates, preference and ordinary shares.

26. Commitments

(i) Operating lease commitments—entity as a lessee

The vast majority of the Group's operating lease commitments relate to the property comprising our store network. At each year end over 90% of these leases expire by March 2028. The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms. The Group was not subject to contingent rent agreements at any of the year end dates.

The following table sets out the total future minimum lease payments under non-cancellable operating leases.

	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Not later than one year	61,852	44,861	34,116
Later than one year and not later than five years	253,403	191,572	135,514
Later than 5 years	337,242	273,860	193,448
	652,497	510,293	363,078

The lease and sublease payments recognised as an expense in the periods were as follows;

	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Lease payments	59,871	45,043	35,561
Sublease receipts	(109)	(141)	(134)
	59,762	44,902	35,427

(ii) Finance lease and hire purchase commitments

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are, as follows:

	29 March 2014		30 March 2013		31 March 2012	
	Minimum payments £'000	Present value of minimum payments £'000	Minimum payments £'000	Present value of minimum payments £'000	Minimum payments £'000	Present value of minimum payments £'000
Not later than one year	22	22	234	229	352	336
Later than one year and not later than five years	—	—	22	21	255	250
Later than 5 years	—	—	—	—	—	—
Total minimum lease payments	22	22	255	250	607	586
Less amounts representing finance charges	—	—	(5)	—	(21)	—
Present value of minimum lease payments	22	22	250	250	586	586

(iii) Capital commitments

There were no contractual capital commitments not provided for in the financial information as at 31 March 2012, 30 March 2013 and 29 March 2014.

27. Contingent liabilities and guarantees

As at 30 March 2013 and 29 March 2014, UK Holdco 3, UK Holdco 4, SBR Europe, Firesource, B&M, Meltore and Opus are all guarantors to the loan agreement which is formally held within UK Holdco 3. The amount outstanding at the year ends was £476.6m and £457.6m respectively, with the balance in UK Holdco 4.

At 31 March 2012, Firesource, B&M, Meltore and Opus had a cross guarantee in relation to the loan agreement held formally within Firesource. The amount outstanding at 31 March 2012 was £39.3m and was held within Firesource.

28. Dividends paid and proposed

No dividend has been announced or paid in the presented years.

29. Events after the reporting period

On 18 March 2014 the Group exchanged contracts for the acquisition of 80% of B&M European Value Retail Germany GmbH with completion taking place on 30 April 2014. The Group will disclose the book value of the identifiable assets and liabilities and their fair value in the Group's interim results to 30 September 2014 and in its 2015 financial statements as required under IFRS 3. The initial accounting and fair value exercise is incomplete at the point that the financial information was authorised for issue due to the proximity of the completion date.

The company, in its last audited financial statements to 31 December 2013 (converted to IFRS), achieved turnover of €163.3m, EBITDA of €13.4m and Adjusted EBITDA (calculated as EBITDA adjusted to exclude exceptional transaction bonuses for JA Woll management) of €15.1m.

30. Financial risk management

The Group uses various financial instruments, these include bank loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the group's exposure to those risks, in particular the group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

Market Risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. Price risk is not considered material to the business as the group is able to pass on pricing changes to its customers.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency Risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for this financial information.

All of the Group's sales are to customers in the UK and there is no currency exposure in this respect, approximately 27% of the group's purchases are priced in US Dollars and the group uses forward currency contracts to minimise the risk associated with that exposure.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar year end exchange rates with all other variables held constant.

The impact on the Group's profit before tax is largely due to changes in the fair value of the FX options.

	Change in USD rate	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Effect on profit before tax	+2.5%	(2,506)	(188)	(2,515)
	-2.5%	2,634	192	3,162
Effect on equity	+2.5%	(1,930)	(145)	(1,937)
	-2.5%	2,028	148	2,435

The Group also has balances denominated in Euros, however the sensitivity to these balances is highly immaterial in each of the years under consideration.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to changes in interest rates and all of the company's bank borrowings are subject to a floating rate based on LIBOR.

The Group's exposure to interest rate fluctuations is not considered to be material, however the group uses interest rate swaps to minimise the impact.

The following table demonstrates the sensitivity to a reasonably possible change in the LIBOR rate during the years with all other variables held constant. The large effect in 2014 is due to the impact on the mark to market valuations of the companies swap deals.

	Basis Point increase / decrease	29 March 2014 £'000	30 March 2013 £'000	31 March 2012 £'000
Effect on profit before tax	+50	5,373	(124)	(12)
	-50	(5,373)	118	12
Effect on equity	+50	4,137	(95)	(9)
	-50	(4,137)	90	9

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparty is a UK clearing bank with a high credit rating. The principal credit risk arises therefore from the company's trade receivables.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity Risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the company has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's Revolving Credit Facility.

Fair Value

The fair value of the financial assets and liabilities of the group are not materially different from their carrying value. Refer to the table below. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss.

	2014 £'000	2013 £'000	2012 £'000
Financial Assets			
Fair value through profit and loss			
Forward foreign exchange contracts	—	425	—
Interest rate swap	1,819	—	—
Loans and receivables			
Cash and cash equivalents	24,902	26,402	12,473
Trade receivables	33,551	22,304	19,922
Other receivables	290	67	103
Financial Liabilities			
Fair value through profit and loss			
Forward foreign exchange contracts	1,428	—	1,060
Interest rate swap	—	—	192
Fuel price swap	19	—	—
Amortised cost			
Interest-bearing loans and borrowings	1,056,671	1,002,496	39,341
Finance lease commitments	22	250	586
Trade payables	60,086	44,643	34,366
Accruals and deferred income	39,779	25,042	13,095

31. Group information

Information about subsidiaries

The combined financial information of the Group includes the following entities which are all 100% held within the Group.

Company	Country	Date of incorporation	Principal activities
B&M European Value Retail 1 S.à r.l. (Lux Holdco)	Luxembourg	November 2012	Parent and holding company
B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)	UK	December 2012	Holding company
B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)	UK	December 2012	Holding company
B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)	UK	November 2012	Holding company
B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)	UK	November 2012	Holding company
B&M European Value Retail 2 S.à.r.l. (SBR Europe)	Luxembourg	September 2012	Holding company
Firesource Limited (Firesource)	UK	September 1996	Holding company
B&M Retail Limited (B&M)	UK	March 1978	General retailer
Opus Homewares Limited (Opus)	UK	April 2003	Houseware retailer
Meltore Limited (Meltore)	UK	November 2006	Dormant

As discussed in the basis of preparation note, on 6 March 2013, B&M European Value Retail 1 S.à.r.l. (Lux Holdco) acquired control of B&M European Value Retail 2 S.à.r.l. (SBR Europe) and became the holding company for the Group. This business combination is discussed in further detail in note 8. As a result of the acquisition, the structure of the Group carrying out the Group's business has not been the same throughout the entire period covered by the financial information. Prior to 6 March 2013, the Lux Holdco group has not constituted a separate legal group.

The holding company

B&M European Value Retail 1 S.à r.l. is the ultimate parent company.

Associates

The Group has a 50% interest in Multilines International Company Limited, a company incorporated in Hong Kong and a 40% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland following their acquisition by SBR Europe on 26 October 2012 and 5 December 2012 respectively. The share of profit/loss from the associates is included in the statement of comprehensive income.

32. Opening balance sheet

Consolidated financial statements for the Group have not been previously prepared and presented. As a result the requirement in IFRS 1 to present reconciliations from the previous GAAP for equity, profit and loss and cash flows is not applicable.

33. Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions in preparing the combined opening balance sheet under IFRS:

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 April 2011. Use of this exemption means that the local GAAP carrying amounts of assets and liabilities that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 April 2011.

Estimates

The estimates at 27 March 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies).

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