IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) NON-U.S. PERSONS PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering memorandum following this notice and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached preliminary offering memorandum. In accessing the attached preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The preliminary offering memorandum has been prepared in connection with the proposed offer and sale of the securities described herein. The preliminary offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the attached preliminary offering memorandum or make an investment decision with respect to the securities, you must be either: (i) a non-U.S. person (within the meaning of Regulation S under the U.S. Securities Act) purchasing the securities outside the United States in reliance on Regulation S; or (ii) a QIB. The preliminary offering memorandum is being sent at your request. By accepting the e-mail and accessing the preliminary offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission, and

(2) either:

 (a) you and any customers you represent are QIBs; or

 (b) the e-mail address that you gave to us and to which it has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

The attached preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers (as defined therein) nor any person who controls any of the Initial Purchasers, Verisure Holding AB (publ), any notes guarantor named in the preliminary offering memorandum nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached preliminary offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorised to deliver the attached preliminary offering memorandum to any other person. You will not transmit the attached preliminary offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

The preliminary offering memorandum has not been approved by an authorised person in the United Kingdom and is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (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 Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The preliminary offering memorandum 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 the preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may 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 the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell these securities and is not an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 31, 2013

PRELIMINARY OFFERING MEMORANDUM — **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Verisure Holding AB (publl)

€100.0 million Senior Secured Floating Rate Notes, Series A, due 2018

Verisure Holding AB (publ) (the "Issuer") is offering €100.0 million aggregate principal amount of its Senior Secured Floating Rate Notes, Series A, due 2018 (the "New Series A Notes"). The New Series A Notes constitute a further issuance of, and will form a single series with, the Issuer's outstanding €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018 (the "Existing Series A Floating Rate Notes" and, together with the New Series A Notes, the "Series A Floating Rate Notes"). The New Series A Notes will initially be issued bearing temporary ISINs and common codes. See "Description of the Notes". On and from the applicable consolidation date, the New Series A Notes will be consolidated and fully fungible with the Existing Series A Floating Rate Notes. The Series A Floating Rate Notes and the Issuer's outstanding €500.0 million aggregate principal amount of 8.75% Senior Secured Series A Fixed Rate Notes due 2018 (the "Series A Fixed Rate Notes") are collectively referred to as the "Series A Notes".

The Issuer will pay interest on the New Series A Notes at a rate of EURIBOR plus 6.50% quarterly on each March 1, June 1, September 1 and December 1, commencing March 1, 2013. Prior to September 1, 2014, the Issuer will be entitled, at its option, to redeem all or a portion of the New Series A Notes by paying a "make-whole" premium. At any time on or after September 1, 2014, the Issuer may redeem all or part of the Series A Notes by paying a specified premium to you. See "Summary—The Offering—Optional Redemption". In addition (i) prior to September 1, 2014, the Issuer may redeem at its option up to 40% of the Notes (as defined below) with the net proceeds from certain equity offerings and (ii) at any time during the twelve-month period commencing on September 1, 2013, the Issuer may redeem up to 10% of the original principal amount of the Notes (including any additional Notes) at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the applicable 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 that in each of (i) and (ii) the Issuer must redeem a pro rata amount of Series A Notes, other indebtedness incurred under a Series A senior secured loan (the "Series A Senior Loan") and the Issuer's €271.5 million aggregate principal amount of 8.75% Senior Secured Notes, Series B, due 2018 (the "Series B Notes" and, together with the Series A Notes, the "Notes"). Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The New Series A Notes will be senior obligations of the Issuer and will be guaranteed on a senior basis by the same subsidiaries of the Issuer (the "Notes Guarantees"), and will be secured by a first-priority security interest in the same assets of the Issuer and of its subsidiaries issuing the Notes Guarantees, as (subject in each case to certain exceptions) the Existing Series A Notes and the Series B Notes (collectively, the "Existing Notes"), the Series A Senior Loan and, on a super-priority basis, the Revolving Credit Facility (each as more fully described elsewhere in this offering memorandum). See "Summary—The Offering—Security". The validity and enforceability of the Notes Guarantees and the security and the liability of each guarantor will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

This offering memorandum includes information on the terms of the New Series A Notes and the Notes Guarantees, including redemption and repurchase prices, security, covenants and transfer restrictions.

Application will be made to list the New Series A Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market.

See "Risk Factors" beginning on page 21 for a discussion of certain risks that you should consider in connection with an investment in the New Series A Notes.

The New Series A Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended ("Securities Act"), and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes and the Notes Guarantees are not transferable except in accordance with the restrictions described under "Transfer Restrictions".

Offering price of the New Series A Notes: %, plus accrued interest, if any, from December 1, 2012.

The Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof; provided that the Notes may only be transferred in amounts of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes will be represented on issue by one or more Global Notes, which we expect will be delivered through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about , 2013.

Global Coordinators and Joint Bookrunners

Morgan Stanley — **Goldman Sachs International**

Joint Bookrunner

Nomura

The date of this offering memorandum is , 2013.


Securitas Direct
Brandalarm in Sophie's kamer,
Sint Lendriksborre 3
/ Securitas Direct

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IMPORTANT INFORMATION

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the New Series A Notes described in this offering memorandum and should be used solely for the purposes for which it has been produced. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of New Series A Notes is unauthorized and any disclosure of any of the contents of this offering memorandum without the our prior written consent is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to not make copies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely solely on the information contained in this offering memorandum and their own examination of the Issuer and its subsidiaries and businesses and the terms of the offering of the New Series A Notes, including the merits and risks involved. Neither we nor any of the initial purchasers has authorized any other person to provide different information to any investor or potential investor and we do not take responsibility for any information that others may give to you. The Issuer, and not the initial purchasers, has ultimate authority over the information contained in this offering memorandum and whether and how to communicate the information contained herein. In addition, neither we nor any of the initial purchasers, nor the Trustee, nor any of their respective representatives, are making any representation to prospective investors regarding the legality of an investment in the New Series A Notes, and prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Prospective investors should consult their own advisors as to legal, tax, business, financial and related aspects of an investment in the New Series A Notes. Prospective investors must comply with all laws applicable in any jurisdiction in which they buy, offer or sell the New Series A Notes or possess or distribute this offering memorandum; neither we nor the initial purchasers, nor the Trustee, shall have any responsibility for any of the foregoing legal requirements. See “Transfer Restrictions”.

We are offering the New Series A Notes in reliance on an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The New Series A Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. If you purchase the New Series A Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under “Transfer Restrictions”.

This offering memorandum does not constitute an offer or a solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the New Series A Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

We reserve the right to withdraw this offering at any time. We are making this offering subject to the terms described in this offering memorandum and the purchase agreement relating to the New Series A Notes entered into between us and the initial purchasers. We and the initial purchasers may reject any offer to purchase the New Series A Notes in whole or in part, sell less than the entire principal amount of the New Series A Notes offered hereby or allocate to any purchaser less than all of the New Series A Notes for which it has subscribed. The initial purchasers and certain of their related entities may acquire, for their own accounts, a portion of the New Series A Notes.

It is expected that delivery of the New Series A Notes will be made on or about the fifth business day following the date of pricing of the New Series A Notes (such settlement is referred to as “T+5”). You should note that trading of the New Series A Notes on the date of pricing or the next succeeding business day may be affected by the T+5 settlement. See “Plan of Distribution”.

Interests in the Notes will be available initially in book-entry form. We expect that the New Series A Notes sold will be issued in the form of one or more global notes. The global notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the global notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The New Series A Notes will not be issued in definitive registered form except under the circumstances described in the section “Book-Entry, Delivery and Form”. The information set forth in relation to sections of this offering memorandum describing clearing arrangements, including in the sections entitled “Description of the Notes” and “Book-Entry, Delivery and Form”, is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect of such information.

Application will be made to list the New Series A Notes on the Official List of the Luxembourg Stock Exchange and for the New Series A Notes to be admitted to trading on the Euro MTF market thereof, and we will submit this offering memorandum to the competent authority in connection with the listing application. We cannot guarantee that our application for admission of the New Series A Notes on the Luxembourg Stock Exchange will be approved and settlement of the New Series A Notes is not conditioned on obtaining this listing.

No person is authorized in connection with any offering made pursuant to this offering memorandum to give any information or to make any representation not contained in this offering memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the initial purchasers.

Neither the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the New Series A Notes or determined whether this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, MORGAN STANLEY & CO. INTERNATIONAL PLC (THE "STABILIZING MANAGER") OR ANY PERSONS ACTING FOR IT MAY OVER-ALLOT NEW SERIES A NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NEW SERIES A NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION OF THE STABILIZING MANAGER OR ANY PERSONS ACTING FOR IT TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NEW SERIES A NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NEW SERIES A NOTES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 1995, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

This offering memorandum has been prepared on the basis that the offer and sale of the New Series A Notes will be made pursuant to an exemption under the Prospectus Directive as implemented in member states of the European Economic Area (the "EEA"), from the requirement to produce and publish a prospectus that is compliant with the Prospectus Directive, as so implemented, for offers of the New Series A Notes. Accordingly, any person making or intending to make any offer within the EEA or any of its member states (each a "Relevant Member State") of the New Series A Notes that are the subject of the placement referred to in this offering memorandum must only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to produce and publish a prospectus that is compliant with the Prospectus Directive, including Article 3 thereof, as so implemented for such offer. For EEA jurisdictions that have not implemented the Prospectus Directive, all offers of the New Series A Notes must be in compliance with the laws of such jurisdictions. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of the New Series A Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute a final placement of the New Series A Notes.

In relation to each 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 it has not made and will not make an offer of the New Series A Notes that are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(i) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(ii) to fewer than 100 natural or legal persons or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 initial purchasers nominated by the Issuer for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the New Series A Notes shall result in a requirement for the publication by the Issuer or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any New Series A Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Series A Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO SWEDISH INVESTORS

The issuance and distribution of this offering memorandum is restricted by law. This offering memorandum has not been, and will not be, registered with or approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). Accordingly, this offering memorandum may not be made available, nor may the New Series A Notes otherwise be marketed and offered for sale, in Sweden, other than under circumstances that are deemed not to constitute an offer to the public which would require a prospectus in Sweden under the Swedish Financial Instruments Trading Act (Sw. *Lag om handel med finansiella instrument* (1991:980)). Hence, this offering memorandum is intended for "qualified investors" (Sw. *kvalificerade investerare*), as defined in the Swedish Financial Instruments Trading Act and a limited number (less than 150) of unqualified investors in Sweden.

NOTICE TO U.K. INVESTORS

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and

Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)), and other persons to whom it may lawfully be communicated, falling within Article 29(2) of the Order (all such persons together being referred to as “relevant persons”). Accordingly, by accepting delivery of this offering memorandum, the recipient warrants and acknowledges that it is such a relevant person. The New Series A Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New Series A Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. The New Series A 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.

NOTICE TO U.S. INVESTORS

This offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the New Series A Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See “Transfer Restrictions”.

This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be “qualified institutional buyers” under Rule 144A for informational use solely in connection with their consideration of the purchase of the New Series A Notes and (2) to non-U.S. persons outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The New Series A Notes described in this offering memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC or any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

NOTICE TO SWISS INVESTORS

This offering memorandum does not constitute a “public offering prospectus” as that term is understood pursuant to Article 652a of the Swiss Code of Obligations. We have not applied for a listing of the New Series A Notes on the SWX Swiss Exchange and consequently the information presented in this offering memorandum does not necessarily comply with the information standards set forth in the relevant listing rules. The New Series A Notes may not be publicly offered or sold in Switzerland. The New Series A Notes may be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the New Series A Notes being a public offering within the meaning of Article 652a of the Swiss Code of Obligations. Each copy of this offering memorandum is addressed to a specifically named recipient and shall not be passed to a third party.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

In addition, any forward-looking statements are made only as of the date of this offering memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this offering memorandum.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this offering memorandum. Factors that could cause such differences in actual results include:

- our ability to compete effectively in our industry;
- rapid changes in technology and our ability to successfully manage and address customer expectations;
- adverse changes in general economic conditions;
- our ability to retain our existing customers and to acquire new subscribers on a cost effective basis;
- our ability to compete effectively with bundled products and services that may be offered by certain of our potential competitors;
- costs associated with our continued investment in building our brands;
- costs associated with potential competition with our former parent or disputes over our primary brand name;
- difficulties we may face in increasing our subscriber base or our subscription fees or up-selling new products to our current subscribers;
- our exposure to the Spanish market;
- privacy concerns and potential security breaches;
- prolonged disruption of our monitoring centers;
- product defects or shortfalls in our customer service;
- our ability to respond adequately to alarm activations;
- costs of complying with current or future regulatory requirements;
- false alarm ordinances introduced by local governments;
- disruptions in our supply chain;
- increased labor costs in the jurisdictions in which we operate;
- shifts in telecommunications technology;
- costs arising from our warranty obligations;
- insufficient insurance coverage;
- costs arising from unauthorized use of, or disputes involving, our proprietary technology;
- our ability to effectively manage our growth into new markets;
- our exposure to risks associated with foreign currency fluctuations;
- increasing operating costs and inflation risks;
- costs arising from legal and arbitration proceedings;
- our dependence on our experienced senior management team, who would be difficult to replace;
- our significant leverage, which may make it difficult for us to service our debt and operate our business; and
- risks associated with our structure and the terms of the New Series A Notes and other indebtedness.

We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

On September 2, 2011, the Issuer acquired Securitas Direct. As a result of the Acquisition, a new basis of accounting was created beginning September 1, 2011. The periods prior to the Acquisition are referred to in this offering memorandum as the "Predecessor periods" and the periods after the Acquisition are referred to as the "Successor periods". The historical financial information included in this offering memorandum for the Predecessor periods is that of Securitas Direct and its consolidated subsidiaries. Prior to the completion of the Acquisition Transactions, Securitas Direct held the "Securitas Direct" business that was purchased by the Issuer in connection with the Acquisition Transactions. Upon the completion of the Acquisition on September 2, 2011, Securitas Direct and the other entities that held the "Securitas Direct" business became wholly owned indirect subsidiaries of the Issuer. The financial information included in this offering memorandum for the Successor periods is that of the Issuer and its consolidated subsidiaries. Due to the accounting impact of the Acquisition Transactions and other items, such as the increased interest expense resulting from the Acquisition Transactions, our results for the Successor periods are not directly comparable to those for the Predecessor periods presented in this offering memorandum. See "—Impact of the Acquisition Transactions on Our Historical Financial Information".

Various numbers and percentages set forth in this offering memorandum have been rounded and accordingly may not total exactly.

Financial Statements and Other Financial Information

This offering memorandum includes:

- the audited consolidated financial statements of Securitas Direct and its subsidiaries as of and for the years ended December 31, 2008, 2009 and 2010 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS");
- the audited consolidated financial statements as of August 31, 2011 of the Predecessor and December 31, 2011 of the Successor and for the period from January 1, 2011 through August 31, 2011 of the Predecessor and for the period from September 1, 2011 to December 31, 2011 of the Successor prepared in accordance with IFRS; and
- the unaudited condensed consolidated interim financial statements of the Issuer as of and for the nine months ended September 30, 2012 prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34").

The unaudited condensed consolidated interim financial statements as of and for the nine months ended September 30, 2012 include, as a comparative period, the Successor period from September 1, 2011 to September 30, 2011, reflecting one month of operations and the Predecessor period from January 1, 2011 to August 31, 2011, reflecting eight months of operations. The historical financial information of the Predecessor and Successor set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this offering memorandum has been extracted from the financial statements set forth above.

Unaudited Pro Forma Financial Information

In the sections entitled "Summary—Summary Consolidated Historical and Pro Forma Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", we have presented unaudited pro forma condensed consolidated financial data for the nine months ended September 30, 2011 and for the twelve months ended December 31, 2011, which represent, respectively, the mathematical addition of the Predecessor's results of operations for the eight months ended August 31, 2011 and the Successor's results of operations for the one month ended September 30, 2011 (in the case of the data for the nine months ended September 30, 2011), the Predecessor's results of operations for the eight months ended August 31, 2011 and the Successor's results for the four months ended December 31, 2011 (in the case of the data for the twelve months ended December 31, 2011), in each case with certain adjustments to give pro forma effect to the Acquisition Transactions as if they had occurred on January 1, 2011.

We believe that presenting the results of operations and the discussion of these periods in this manner promotes the overall usefulness of the comparison given the complexities involved in comparing significantly different periods. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable and we believe such pro forma adjustments are directly attributable to the Acquisition Transactions, expected to have a continuing impact on the Successor and factually supportable. However, the unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would have been had the Acquisition Transactions actually occurred on January 1, 2011, and they do not purport to project our results of operations or financial condition for any future period. In addition, due to the accounting impact of the Acquisition Transactions, in particular the acquisition accounting-related adjustments that affect our Successor results, and other items, such as the increased interest expense resulting from the Acquisition Transactions, these pro forma results are not directly comparable to the Predecessor results presented in this offering memorandum.

In "Summary—Summary Consolidated Historical and Pro Forma Financial and Other Data" we have also presented pro forma as adjusted data which give effect to the issuance of the New Series A Notes and the application of the net proceeds therefrom as set forth under the heading "Use of Proceeds". These pro forma as adjusted data have been provided for illustrative purposes only and do not purport to represent what our actual data would have been if this offering had occurred on March 31, 2012, in the case of income statement data, and September 30, 2012, in the case of balance sheet data, and do not purport to project the results of operations for any future period.

Changes in Accounting Polices

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Results" for various other items that affect the comparability of our financial results.

Customer Acquisition Costs

Effective January 1, 2012, we have changed our accounting policy for capitalizing customer acquisition costs. In the nine months ended September 30, 2012, as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs compared to the previous accounting policy applied in the periods before adoption resulted in increased cash outflows from investing activities, increased net income and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012. It is impracticable to retrospectively apply the cumulative effect of the change in accounting policy to our opening and closing statements of financial position and the comparative consolidated financial statements for periods presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 are not comparable to the periods beginning before that date or to the unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and for the year ended December 31, 2011 discussed below and included elsewhere in this offering memorandum. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Change in Presentation Currency

Effective January 1, 2012, we also changed the presentation currency of our consolidated financial statements from SEK to the euro, which we believe more accurately reflects the current profile of our revenue and cash flows, which are now primarily generated in euro. We believe that this change provides greater alignment of our presentation currency with our most significant operating currency and underlying financial performance. The change in presentation currency has been applied for periods beginning on or after January 1, 2012. Therefore, the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 use the euro as the presentation currency and the comparative period included therein has been restated to reflect a consistent presentation currency. However, the annual consolidated financial statements of the Predecessor and the Successor included elsewhere in this offering memorandum have not been restated or amended to reflect the change in the presentation currency to the euro and are not comparable to the unaudited interim condensed consolidated financial information.

Unless otherwise indicated, we have, solely for your convenience, translated SEK amounts into euro at an exchange rate of SEK9.02683 to €1.00 in respect of the unaudited pro forma consolidated financial data for the year ended December 31, 2011 and SEK9.01756 to €1.00 in respect of the unaudited pro forma consolidated financial data for the nine months ended September 30, 2011. The translation of income statement transactions expressed in SEK using such rates may result in the presentation of euro amounts that differ from the euro amounts that would have been obtained by translating SEK into euro at the exchange rate prevailing when such transactions were recorded. See "Exchange Rate Information" for information regarding exchange rates between the SEK and the euro for the periods specified therein.

We have engaged PricewaterhouseCoopers AB as our independent registered public accounting firm to audit our consolidated financial statements for periods beginning after January 1, 2012. Deloitte AB ("Deloitte") had previously been engaged to audit our consolidated financial statements. This change in auditors was approved by our board of directors. The reports of Deloitte on our consolidated financial statements did not contain any adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

Impact of the Acquisition Transactions on Our Historical Financial Information

Our IFRS consolidated financial statements for our Successor periods are not, and in the future will not be, comparable to the Predecessor's consolidated financial statements contained in this offering memorandum. We accounted for the Acquisition using the acquisition method of accounting, which requires that the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the Completion Date fair values of the assets transferred to us plus the liabilities incurred by us to the former owners of the acquired entities and the equity interests issued by us in exchange for control of the acquired entities. Acquisition-related costs were generally recognized in profit or loss as incurred. The identifiable assets acquired and the liabilities and contingencies of the acquired entities were recognized at their fair value at the Completion Date.

Where the sum of the consideration transferred, any non-controlling interests and Completion Date fair value of previously held equity interest exceeded the Completion Date fair value of identifiable net assets of the acquired entities, we recognized the difference as goodwill in our consolidated statement of financial position.

In connection with the Acquisition Transactions, we also incurred certain non-recurring transaction costs, as described in note 8 of the audited consolidated financial statements as of August 31, 2011 of the Predecessor and December 31, 2011 of the Successor and for the period from January 1, 2011 through August 31, 2011 of the Predecessor and for the period from September 1, 2011 to December 31, 2011 of the Successor included elsewhere in this offering memorandum (the "Transaction Costs"), the impact of which is reflected in our Successor's results for periods following the Completion Date.

In addition to changes to our financial statements resulting from the application of the acquisition method of accounting, due to the effects of the increased borrowings to finance the Acquisition, our interest expense has increased significantly following the Acquisition. As a result, the financial information for periods beginning on or after September 1, 2011 for the Successor may not be comparable to the financial information of the Predecessor for periods prior to this date.

Non-IFRS Financial and Operating Information

Certain financial measures and ratios related thereto in this offering memorandum, including Adjusted EBITDA, annualized Adjusted EBITDA, Adjusted EBITDA from Portfolio Services, annualized Adjusted EBITDA from Portfolio Services, Adjusted EBITDA from Customer Acquisition, Adjusted EBITDA from Customer Acquisition excluding Transaction Costs, Adjusted EBITDA from Portfolio Services excluding Transaction Costs and Adjusted EBITDA excluding Transaction Costs (collectively, the "EBITDA Metrics"), are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this offering memorandum because we believe that they and similar measures are widely used in our industry as a means of evaluating a company's operating performance and financing structure. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, and you should not consider such items as alternatives to net income (loss), operating income or any other performance measures derived in accordance with IFRS, and they may be different from similarly titled measures used by other companies. Our management believes this information, along with comparable IFRS measures, is useful to investors because it provides a basis for measuring the operating performance in the periods presented. These measures are used in the internal management of our business, along with the most directly comparable IFRS financial measures, in evaluating the operating performance.

The EBITDA Metrics have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations the EBITDA Metrics should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only supplementally to evaluate our performance. See "Summary—Summary Consolidated Historical and Pro Forma Financial and Other Data", "Selected Consolidated Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum.

For a description of how our EBITDA Metrics are calculated from our consolidated result from operations and a reconciliation of Adjusted EBITDA to our results for the period presented in this offering memorandum and a calculation of our other EBITDA Metrics see "Summary—Summary Consolidated Historical and Pro Forma Financial and Other Data" and "Certain Non-IFRS Operating Data".

In this offering memorandum we also present certain performance indicators for each of our segments, which we refer to as "operating metrics". Certain of the operating metrics are not specifically defined under IFRS. These measures are presented in this offering memorandum because we believe that they and similar measures are widely used in our industry as a means of evaluating a company's operating performance and financing structure. We have defined each of the metrics and shown their calculation in "Certain Non-IFRS Operating Data". The metrics may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles. These non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only supplementally to evaluate our performance.

Market and Industry Information

This offering memorandum includes market share and industry information that was obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. These include information published by Berg Insight (2010), En Toute Sécurité: Le Marché de la Télésurveillance (2011), Parks Associates Industry Report: Home Systems: Home Security—Analysis and Forecasts 2010 and DBK Análisis de Sectores (2007 and 2010). In addition, we have used the results of surveys carried out on our behalf as part of the sale process for Securitas Direct in 2011. We have also used data derived and extrapolated from national statistical resources in various countries. The aforementioned third-party sources generally state that the information they contain has been obtained from sources believed to be reliable. However, these third-party sources also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. Because we do not have access to the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third-party sources, we are unable to verify such information and cannot guarantee its accuracy or completeness. We also do not have access to the facts and assumptions underlying the projections made in these reports and various economic and other factors may cause actual results to differ from these projections.

In addition, certain information in this offering memorandum is not based on published data obtained from independent third parties, or extrapolations thereof, but are information and statements reflecting our best estimates based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we compete, as well as information published by our competitors. Such information is based on the following: (i) in respect of our market position, information obtained from trade and business organizations and associations and other contacts within the industries in which we compete; (ii) in respect of industry trends, our senior management team's business experience and experience in the industry and the local markets in which we operate; and (iii) in respect of the performance of our operations, our internal analysis of our own audited and unaudited information. We cannot assure you that any of the assumptions that we have made in compiling this data are accurate or correctly reflect our position in our markets.

Certain Definitions

Unless otherwise specified or the context requires otherwise in this offering memorandum references to:

"Acquisition"	the acquisition by wholly owned subsidiaries of the Issuer of the entire share capital of Securitas Direct and ESML SD Iberia Holding, S.A.U., a subsidiary of Securitas Direct, which was completed on September 2, 2011;
"Acquisition Transactions"	the Acquisition and the financing thereof and the issuance and sale of the Existing Notes and the application of the net proceeds therefrom;
"Adjusted EBITDA"	net results for the period before finance costs (net), income tax expense and depreciation and amortization and the other items set forth in footnote 6 to the financial table "Summary—Summary Consolidated Historical and Pro Forma Financial and Other Data";
"Bain Capital"	Bain Capital, Ltd. and, where applicable, the funds and limited partnerships owned or advised by them;
"Collateral"	the collateral with respect to the New Series A Notes as described in "Description of the Notes—Security". The validity and enforcement of the Collateral is subject to certain restrictions under applicable laws. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests";
"company", "us", "Group", "our", "we", and "Securitas"	except where the context otherwise requires or where otherwise indicated, prior to the completion of the Acquisition, Securitas Direct and its subsidiaries, and following the completion of the Acquisition; the Issuer and its consolidated subsidiaries;
"Completion Date"	September 2, 2011;
"DKK"	the Danish krone, the lawful currency of Denmark;
"EU"	the European Union;
"euro" or "€"	the lawful currency of the European Monetary Union;
"Existing Notes"	collectively, the Existing Series A Notes and the Series B Notes;
"Existing Series A Notes"	collectively, the €500.0 million aggregate principal amount of 8.75% Senior Secured Fixed Rate Notes, Series A, due 2018 and the €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018;
"H&F"	Hellman & Friedman LLC and, where applicable, the funds and limited partnerships owned or advised by them;
"Indenture"	the indenture governing the Notes, as amended from time to time, dated February 15, 2012 among the Issuer, the Guarantors and the Trustee, the authenticating agent, the transfer agent, the registrar, the calculation agent and the Security Agent;
"initial purchasers"	collectively, Morgan Stanley & Co. International plc, Goldman Sachs International and Nomura International plc;
"Intercreditor Agreement"	the intercreditor agreement dated August 15, 2011 (as amended and restated from time to time) and effective as of the Completion Date, by and among, *inter alios*, the lenders and agents under the

	Revolving Credit Facility, certain hedge counterparties, the Issuer and the Security Agent, and that was acceded to by the Trustee on February 15, 2012, which is described in more detail in "Description of Certain Indebtedness—Intercreditor Agreement";
"Issue Date"	, 2013;
"Issuer"	Verisure Holding AB (publ), a public limited liability company existing under the laws of Sweden with registration number 556854-1410;
"kronor", "krona" or "SEK"	the lawful currency of Sweden;
"Mezzanine Loan"	the secured subordinated mezzanine term loan facility, entered into on August 15, 2011 and effective as of the completion of the Acquisition, under the Mezzanine Loan Agreement, which is described in more detail in "Description of Certain Indebtedness—Mezzanine Loan Agreement";
"Mezzanine Loan Agreement"	the secured subordinated mezzanine facility agreement entered into on August 15, 2011 (as amended and restated from time to time) by and among, *inter alios*, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Mezzvest Luxembourg II s.a.r.l., Morgan Stanley Bank International Limited, Nomura International plc, Nordea Bank AB (publ) and Partners Group (Guernsey) Limited as mandated lead arrangers, the financial institutions named therein as original lenders, The Bank of New York Mellon as agent and Nordea Bank AB (publ) as security agent;
"NOK"	Norwegian kroner, the lawful currency of Norway;
"Notes Guarantees"	has the meaning ascribed to it in "Summary—The Offering—Guarantees";
"Notes Guarantors"	has the meaning ascribed to it in "Summary—The Offering—Guarantees";
"Predecessor"	Securitas Direct and its consolidated subsidiaries;
"Predecessor periods"	each of the periods ending prior to the completion of the Acquisition, including the eight months ended August 31, 2011;
"Pro Forma 2011"	the information qualified by this term gives pro forma effect to (a) the mathematical addition of the Predecessor's results for the eight months ended August 31, 2011 and the Successor's results for the four months ended December 31, 2011 and (b) the completion of the Acquisition Transactions, as if those transactions had been completed, unless otherwise indicated, on January 1, 2011. See "Unaudited Pro Forma Condensed Consolidated Financial Information";
"Pro Forma Basis"	the information qualified by this term gives pro forma effect to (a) the mathematical addition of the Predecessor's results for the eight months ended August 31, 2011 and the Successor's results for the month ended September 30, 2011 and (b) the completion of the Acquisition Transactions, as if those transactions had been completed, unless otherwise indicated, on January 1, 2011. See "Unaudited Pro Forma Condensed Consolidated Financial Information";
"Revolving Credit Facility"	the revolving credit facility entered into on August 14, 2011 and effective as of the completion of the Acquisition, under the

	Revolving Credit Facility Agreement, which is described in more detail in "Description of Certain Indebtedness—Revolving Credit Facility";
"Revolving Credit Facility Agreement"	the senior revolving credit facility agreement entered into on August 14, 2011 (as amended and restated from time to time) by and among, *inter alios*, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nordea Bank AB (publ) and Nomura International plc as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent and security agent;
"Securitas Direct"	Securitas Direct AB, a public limited company existing under the laws of Sweden with registration number 556222-9012;
"Security Agent"	Nordea Bank AB (publ);
"Senior Loan"	the senior secured bridge term loan facility, entered into on August 14, 2011 and effective as of the Completion Date, under the Senior Loan Agreement dated August 14, 2011 (the "Senior Loan Agreement");
"Series A Fixed Rate Notes"	the Issuer's outstanding €500.0 million in aggregate principal amount of 8.75% Senior Secured Series A Fixed Rate Notes due 2018;
"Series A Indebtedness"	has the meaning ascribed to it in "Description of the Notes";
"Series A Notes"	collectively, the Series A Floating Rate Notes and the Series A Fixed Rate Notes;
"Series A Senior Loan"	the €50.0 million Series A Senior Loan under the Series A Senior Loan Agreement;
"Series A Senior Loan Agreement"	the amended and restated senior secured bridge facility agreement entered into on August 14, 2011 (as amended and restated on February 15, 2012 in connection with the repayment of €871.5 million of the Senior Loan) by and among, *inter alios*, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nomura International plc and Nordea Bank AB (publ) as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent and security agent;
"Series B Indebtedness"	has the meaning ascribed to it in "Description of the Notes";
"Series B Notes"	the €271.5 million aggregate principal amount of 8.75% Senior Secured Notes, Series B, due 2018;
"Shareholder Funding Instruments"	means the €450.0 million of preferred equity certificates issued to the direct parent of the Issuer on the completion of the Acquisition;
"Sponsors"	together, Bain Capital and H&F;
"Successor"	means the Issuer and its consolidated subsidiaries;
"Successor periods"	each of the periods following the completion of the Acquisition;
"Topholding"	Verisure Topholding AB, a private limited liability company existing under the laws of Sweden with registration number 556856-0808 and an indirect parent of the Issuer;

"Trustee"	Wilmington Trust, National Association, the trustee under the Indenture;
"U.S." and "United States"	the United States of America; and
"U.S. dollars" or "$"	the lawful currency of the United States.

EXCHANGE RATE INFORMATION

The table below sets forth, for the periods and dates indicated, the period end, average, high and low exchange rates, as published by Bloomberg (London Composite Rate). The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and the other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the SEK amounts actually represent such dollar or euro amounts or that such amounts would have converted at a particular rate, if at all.

On January 29, 2013, the exchange rate of the SEK compared to the U.S. dollar and euro was SEK6.3710 per U.S. dollar and SEK8.5873 per euro, respectively.

	SEK per U.S. dollar			
Year	**Period end**	**Average**	**High**	**Low**
2008	7.8555	6.5979	8.4927	5.8490
2009	7.1564	7.6481	9.2933	6.7765
2010	6.7250	7.2039	8.0730	6.5341
2011	6.8815	6.4930	7.0056	5.9989
2012	6.5040	6.7734	7.2769	6.5036
2013 (through January 29, 2013)	6.3710	6.4976	6.5615	6.3710

	SEK per U.S. dollar			
Month	**Period end**	**Average**	**High**	**Low**
July 2012	6.7981	6.9475	7.0494	6.7863
August 2012	6.6190	6.6773	6.8173	6.5868
September 2012	6.5592	6.6033	6.7429	6.5036
October 2012	6.6257	6.6430	6.7044	6.5457
November 2012	6.6620	6.7074	6.7949	6.6135
December 2012	6.5040	6.5915	6.6921	6.5040
January 2013 (through January 29, 2013)	6.3710	6.4976	6.5615	6.3710

	SEK per euro			
Year	**Period end**	**Average**	**High**	**Low**
2008	10.9625	9.6315	11.2311	9.2777
2009	10.2561	10.6220	11.6565	10.0538
2010	8.9891	9.5411	10.2662	8.9658
2011	8.9192	9.0312	9.3222	8.7074
2012	8.5828	8.7064	9.1538	8.1850
2013 (through January 29, 2013)	8.5873	8.6241	8.7021	8.5241

	SEK per euro			
Month	**Period end**	**Average**	**High**	**Low**
July 2012	8.3656	8.5391	8.7431	8.3202
August 2012	8.3206	8.2833	8.3461	8.1850
September 2012	8.4449	8.4982	8.6384	8.4290
October 2012	8.5932	8.6179	8.6856	8.4923
November 2012	8.6611	8.6073	8.6746	8.5239
December 2012	8.5828	8.6513	8.7720	8.5828
January 2013 (through January 29, 2013)	8.5873	8.6241	8.7021	8.5241

On January 29, 2013, the exchange rate of the U.S. dollar compared to the euro was $1.3480 per euro, respectively.

	U.S. dollar per euro			
Year	**Period end**	**Average**	**High**	**Low**
2008	1.3953	1.4709	1.5990	1.2452
2009	1.4331	1.3944	1.5094	1.2543
2010	1.3387	1.3266	1.4513	1.1923
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2003
2013 (through January 29, 2013)	1.3480	1.3274	1.3480	1.3049

	U.S. dollar per euro			
Month	**Period end**	**Average**	**High**	**Low**
July 2012	1.2306	1.2291	1.2612	1.2053
August 2012	1.2571	1.2405	1.2577	1.2164
September 2012	1.2876	1.2871	1.3121	1.2561
October 2012	1.2970	1.2974	1.3119	1.2875
November 2012	1.3002	1.2833	1.3002	1.2710
December 2012	1.3197	1.3126	1.3245	1.2937
January 2013 (through January 29, 2013)	1.3480	1.3274	1.3480	1.3049

SUMMARY

The following summary highlights selected information from this offering memorandum. The following summary does not contain all of the information you should consider before you invest in the Notes and should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this offering memorandum. See the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional factors that you should consider before investing in the Notes.

Overview

We are the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We design, sell and install alarms and provide ongoing monitoring services across nine countries in Europe, and have recently begun operations in Latin America. Our management currently believes that we hold either the first or second market position in eight of the nine European countries in which we operate. Since our company was founded in 1988, we have continually expanded our subscriber base, growing at a compound annual growth rate ("CAGR") of 21% from 2000 to Pro Forma 2011, and as of September 30, 2012, had approximately 1.5 million subscribers. In Pro Forma 2011, our residential households accounted for 72% of our subscribers, while small businesses accounted for 28%. Based on our historical trends, we currently estimate that our residential subscribers remain with us, on average, between 11 and 16 years and our small business subscribers remain with us, on average, between six and eight years. As a result, we believe that our Portfolio Services revenues, representing 83% of our Pro Forma 2011 net sales, provide us with a high-margin, stable source of recurring cash flow. For Pro Forma 2011, we generated net sales of €668.6 million and Adjusted EBITDA of €179.1 million, and for the nine months ended September 30, 2012, we generated net sales of €565.0 million and Adjusted EBITDA of €186.2 million.

We operate a subscription-based service business, which consists of selling and installing alarm systems and monitoring these systems on an ongoing basis in exchange for an upfront installation fee and recurring monthly subscription fees. We conduct our business through two operating segments:

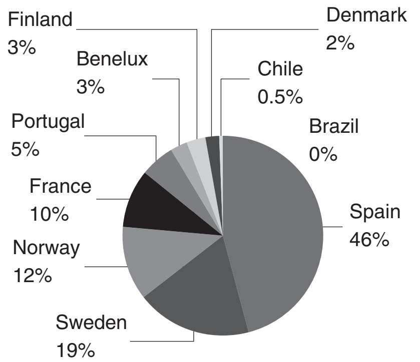
- **Portfolio Services.** Our Portfolio Services segment provides monitoring services to our existing subscribers for a monthly subscription fee. We typically enter into self-renewing monitoring agreements with our subscribers at the time of installation, and the majority of our subscribers pay via direct debit. We then monitor our installed base of alarms through ten dedicated monitoring centers located throughout Europe and Latin America to verify alarms and initiate an appropriate response when an alarm is triggered. We also provide customer service and technical support for all our installed systems. We have had low subscriber cancellation rates of approximately 8% annually over the last five years, contributing to the stable and recurring cash flow the segment generates. The substantial cash flow generated from our Portfolio Services segment allows us to fund the investments required to grow our subscriber base through our Customer Acquisition segment. In Pro Forma 2011, our Portfolio Services segment generated net sales of €557.3 million (representing 83% of our total net sales) and Adjusted EBITDA of €311.7 million (representing a 56% Adjusted EBITDA margin), and for the nine months ended September 30, 2012, our Portfolio Services segment generated net sales of €473.0 million (representing 84% of our total net sales) and Adjusted EBITDA of €253.7 million (representing a 54% Adjusted EBITDA margin).
- **Customer Acquisition.** Our Customer Acquisition segment sells to, and installs our alarm systems for, new subscribers in return for a sales and installation fee. This installation fee typically only covers a portion of the costs associated with marketing, selling, purchasing equipment and installing each alarm system. As a result, the segment represents an upfront investment in our business to acquire new subscribers, in turn driving revenue, Adjusted EBITDA and profitability growth in our Portfolio Services segment. Due to the discretionary nature of our customer acquisition activities, we are able to increase our sales, marketing and installation investment activities to generally create positive growth in our subscriber base, or, alternatively, reduce our investment in such activities to maximize our cash on hand, over the short to medium term.

We offer a range of alarm systems with a variety of features, ranging from simple break-in detectors to more complex alarms with premium features, such as sophisticated cameras, home environment monitoring capabilities (smoke, temperature, etc.) and two-way audio communication. These alarm systems are connected to our monitoring centers and, in some cases, can also be linked to our subscribers' personal computers or mobile communication devices (such as iPhones). The majority of our products are sold under our Securitas Direct brand, which we believe is known as a high quality brand for security and alarm products. We have recently developed and launched a premium line of products, which represent our newest technology and most advanced features, which we sell under the Verisure brand.

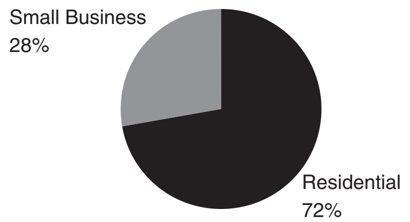
Our Operating Markets

We operate in nine European countries (Spain, Sweden, Norway, France, Portugal, Finland, Denmark, Belgium and the Netherlands) and Chile. We hold a first or second market position in all our European markets except Belgium, where we are the third-leading provider. Our management believes that we hold the number one market position in markets that comprised almost 84% of our net sales in Pro Forma 2011. We estimate that based on our weighted average number of subscribers for 2010 in the countries in which we operate, we are approximately 3.5 times larger than our nearest competitor. Generally, competition in our individual country markets is relatively consolidated, with the top three providers accounting for over 50% of the market share in most of our markets. Our largest markets in terms of subscribers are Spain, Sweden, Norway and France, which combined to make up 86% of our total subscribers as of December 31, 2011. Spain is our largest market and represented 46% of our subscribers in 2011. In Pro Forma 2011, residential households accounted for 72% of our subscribers, while small businesses accounted for 28%. The charts below show our 2011 subscriber base by geographic breakdown and by subscriber type:

2011 Subscriber Breakdown by Country



2011 Subscriber Breakdown by Subscriber Type



We have also recently launched limited operations in Brazil. All our expansions into new markets since we were founded in Sweden have been achieved through organic growth, complemented with selective add-on acquisitions to bolster our position in existing markets.

Our History

We were founded in 1988 as a division of Securitas AB, initially focusing on the Swedish residential home security market. During our first ten years of operation, we expanded our platform internationally to Norway, Spain, France and Finland, with subsequent expansion to Portugal and the Netherlands in 2001 and 2005, respectively. In September 2006, we separated from Securitas AB and were listed on the OMX Stockholm Nordic Exchange, before being taken private in an acquisition by EQT in August 2008. In 2009, we entered the Latin American market by establishing operations in Chile. In June 2011, Bain and H&F agreed to acquire us. The closing of that transaction occurred on September 2, 2011.

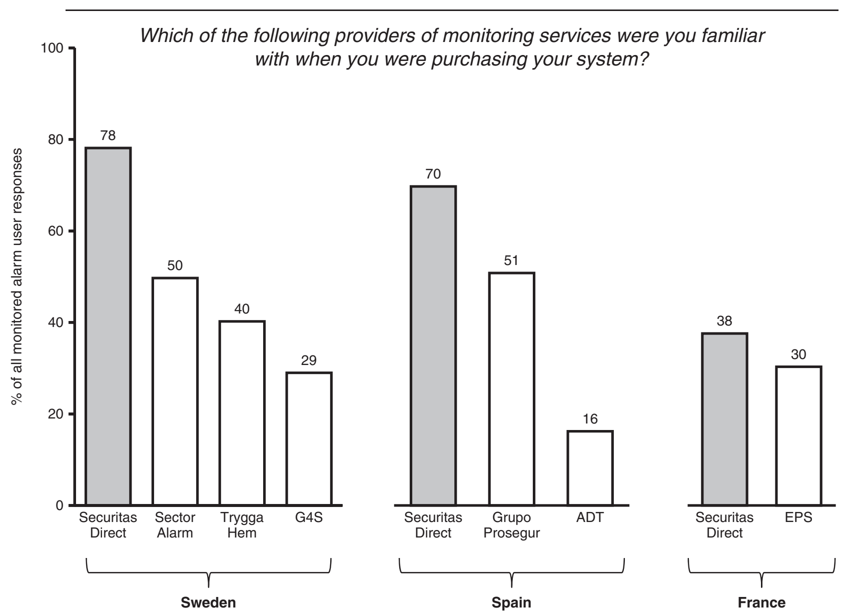
Our Strengths

We have identified several strengths that we believe have enabled our success historically and are key factors in our efforts to deliver profitable future growth.

Market Leader in an Industry Where Scale is Important

Our size and access to substantial resources has allowed us to become the leading provider of high quality, proprietary monitored alarm solutions in Europe. We are the number one provider in our three largest markets and we either hold the first or second market position in eight out of the nine European countries in which we operate. As of December 31, 2010, in the markets in which we operate we believe we accounted for approximately 39% of the overall monitored RHSB market in terms of subscribers. Our strong market position is further strengthened by us having the highest brand awareness in our core markets, according to a survey commissioned by us in connection with the Acquisition, as shown in the following chart:

Prompted Brand Awareness



As the largest pan-European monitored alarm products and service provider in our markets, we can invest substantial resources in product development to drive the introduction of new technologies and features into our alarm systems. In 2011, we devoted approximately 70 employees to research and development. As a result of our efforts, we have been successful in introducing new products and technologies to enhance our value proposition to our customers. Our scale also enables us to dedicate substantial resources to marketing, advertising and selling activities to further sustain and grow brand awareness and our subscriber base. For example, management estimate that our sales force in Spain of over 1,500 employees is several times larger than our closest competitor, which we believe has allowed us to continue gaining market share and acquiring new subscribers faster than our competitors. Finally, the depth and scale of our activities provides us with a significant advantage in competing for talented employees, by allowing us to offer a growing international career platform.

Ability to Flexibly Manage Growth to Maximize Cash Flow Generation

Our Portfolio Services segment generates substantial cash flow, with Adjusted EBITDA of €311.7 million in Pro Forma 2011 (representing a 56% Adjusted EBITDA margin). The profitability of the segment results from its relatively low operating cost and capital expenditure requirements (maintenance capital expenditures amounted to 4% of Portfolio Services net sales in Pro Forma 2011). While our subscriber growth is dependent on our Customer Acquisition segment, we have a degree of discretion when to invest in acquiring new subscribers to either replace cancelling subscribers or grow our existing subscriber base. As such, we have flexibility in how we invest the substantial cash flow generated by the Portfolio Services segment. In Pro Forma 2011, we invested 71% of our Adjusted EBITDA from the Portfolio Services segment to acquire new subscribers and used the remaining 29% of our Adjusted EBITDA primarily to service our debt and for maintenance capital expenditures and other general corporate purposes. As a result of the discretionary nature of our Customer Acquisition segment, we are able to reduce our growth, which reduces our costs and capital expenditure requirements, allowing us to use additional cash flow for debt service requirements or other purposes. If, on the other hand, we invest our additional cash flow to acquire new customers, it allows us to potentially grow our Adjusted EBITDA in the long term.

Operations in Markets with Low Penetration Rates and Compelling Growth Opportunities

We believe that there is substantial potential for further penetration in the RHSB monitored alarm market, which we anticipate will continue to provide us with compelling growth opportunities. Monitored alarm penetration rates remain relatively low in the markets in which we operate. According to third-party reports, the average penetration by country in the European RHSB market in 2009 was estimated to be approximately 3% to 4%, compared to approximately 18% in the residential sector of the more-developed U.S. market. We believe that the primary driver of the different penetration rates between the United States and Europe is historically lower marketing spending in Europe and, as a result, less consumer awareness of the benefits of security systems. As we have focused on increasing product awareness, our European markets have shown strong growth. From 2007 to 2011 we grew our subscriber base in Europe at a CAGR of 11%. In addition, we believe that there are attractive growth opportunities outside of our existing markets, including in Latin America.

Diversified and Resilient Subscriber Base with Low Turnover

We have a geographically diversified portfolio of approximately 1.5 million subscribers as of September 30, 2012. Our focus on markets throughout Europe, including Scandinavia and Southern Europe, helps mitigate the risks of localized economic downturns. Our residential subscribers tend to be middle to higher income households with assets to protect. In order to ensure subscriber loyalty, we charge upfront fees of several hundred euro or more, which helps screen for more-committed subscribers and we believe increases the likelihood of subscribers continuing to use our system over the long term. The resilience of the demand for our security systems is underpinned by the nature of the services we offer, as we address the safety of our subscribers' families and property, and we believe subscribers view our solutions as less discretionary than other expenditures. As such, we believe that subscribers are less prone to cancel our services during economic downturns. Consequently, we currently estimate that our residential subscribers, which in 2011 represented 72% of our total subscribers, have an expected subscription life of between 11 and 16 years. Our diversified and resilient subscriber base has allowed us to maintain relatively steady cancellation rates, and consequently, steady revenue and cash flow generation.

Track Record of Profitable Growth and Increasing Cash Flow in Economic Downturns

Our core strengths have enabled us to establish a track record of profitable growth over the past several years despite an economic crisis in many of our markets. For example, from 2008 to 2011, we were able to grow our net sales by an aggregate of 32%, while also increasing our Adjusted EBITDA margin from 22% to 27% and our Portfolio Services Adjusted EBITDA margin from 51% to 56%. Both in Spain and Portugal, where the economic downturn has been among the most severe in Europe, we continued to expand our subscriber base, profits and margins. In Spain, our subscriber base, net sales, Adjusted EBITDA from Portfolio Services and Adjusted EBITDA margin, as measured in local currency, grew by a total of 12.5%, 20.6%, 40.5% and 42.5%, respectively, from 2008 to 2011. In Portugal our subscriber base, net sales, Adjusted EBITDA from Portfolio Services and Adjusted EBITDA margin, as measured in local currency, grew by a total of 74.1%, 67.8%, 104.8% and 115.1%, respectively from 2008 to 2011. Our profitable growth has allowed us to de-lever from net debt (of our indirect parent) as of December 31, 2008 that was approximately 6.9 times Adjusted EBITDA for 2008 to net debt (of our indirect parent) as of June 30, 2011 that was approximately 3.8 times Adjusted EBITDA for the twelve months ended June 30, 2011, despite the economic recession.

Excellent Management Team with a Proven Record of Successfully Managing Our Growth

Our Chief Executive Officer, Dick Seger, and our President of South and Latin America, Luis Gil, together have over 30 years of relevant operating experience, and have worked with the Securitas business since 1984 and 1993, respectively. Our Chief Executive Officer was one of the company's founders, and most members of our senior management team have a long operating history with our company. Under their leadership we have delivered growth in subscribers, net sales and Adjusted EBITDA over the last decade despite the recent economic recession, including following the acquisition by EQT, where we successfully de-levered our company.

Our Strategies

Building on our core strengths, we intend to continue developing our business over the coming period by pursuing the following strategies:

Continue to Achieve Profitable Organic Growth in Existing Markets

We believe there remains significant growth opportunity in our existing markets. We plan to further expand our subscriber base in these regions in a measured manner by continuing to target potential subscribers who meet our demographic criteria. We believe many of these potential subscribers are not yet familiar with the benefits of having a monitored alarm system. Thus, we plan to use our large sales force, strong brand and broad product offerings to grow our subscriber base. For example in France, a market with low penetration of only 3% in 2009, we grew our new installations by a CAGR of 46.1% between 2007 and Pro Forma 2011. Growing our subscriber base should enable us to increase our profit margins, because we will be able to benefit from the economies of scale associated with our relatively fixed cost base in our Portfolio Services segment.

Grow Revenue and Profitability Through Up-selling Add-on Features and Services to Existing Subscribers

We believe that there is potential to grow our sales with limited additional investment through up-selling new products and services to our existing subscribers. Some examples of add-on options include smoke, humidity and moisture detectors and temperature control devices. It is our experience that subscriber loyalty increases as subscribers purchase additional products and services, resulting in lower cancellation rates and higher returns on our initial investment in the acquisition of the subscriber. Furthermore, our profit margins tend to increase as we increase the number of services that we provide to a subscriber. Many of these add-on features and services may be installed with little additional cost to us, allowing for highly profitable revenue growth. In certain of our markets, our subscribers are generally able to order and install certain additional services and sensors on a do-it-yourself basis by ordering and activating the features easily using our online subscriber support sites.

Continue to Invest in Product Development to Drive Product Innovation

Our in-house development teams cooperate closely with our network of equipment manufacturers to design and deliver new products and services to our subscribers. Our disciplined focus on research and development allows us to efficiently manage our new product development costs and strategically invest where we expect the returns will be the highest. We believe that our scale provides us with a significant competitive advantage in investing in product innovation, and we have historically introduced a number of successful product innovations (including our Verisure "MyControl" home automation platform, which enables the customer to access remotely their premises through a smartphone or a computer). We plan to continue to develop new products in order to further enhance the value we provide to our subscriber base.

Expand into Selected Complementary Markets

We believe a large portion of our core business model can be efficiently replicated in complementary markets. We view a complementary market as one with low market penetration, a sound regulatory framework, a large number of households living in single-family dwellings, a perceived need for security and the ability to afford our solutions. We currently view parts of Latin America as complementary markets and plan to selectively replicate our success in Chile in other markets, where we can leverage our competencies (including language capabilities) and product platforms to profitably grow our subscriber base at relatively low upfront costs. For example, we have recently launched operations in Brazil. We are also evaluating the possibility of expanding into adjacent European markets in which we are not currently active.

Trading Update

Financial statements for the quarter and year ended December 31, 2012 are not yet finalized, and our year-end audit is not yet complete. The information below is subject to change as our financial statements are reviewed by us and our auditors. Our consolidated financial statements for 2012 will not be available to you until after this offering is completed.

For the year ended December 31, 2012, we currently expect to report net sales and Adjusted EBITDA that reflect a modest increase compared to those items that we reported for Pro Forma 2011. The increase was primarily due to the increasing subscriber base, increases in recurring monthly subscription fee rates, our new accounting policy for capitalizing customer acquisitions costs and, to some extent, add-on equipment sales. Our subscriber base grew from 1,437,864 subscribers on December 31, 2011 to 1,524,621 subscribers on December 31, 2012, primarily as a result of our continued customer acquisition efforts. We believe that our cancellation rates for 2012 were moderately higher than in 2011, primarily due to the weakness in the Spanish economy and its impact on our small business customers in that country.

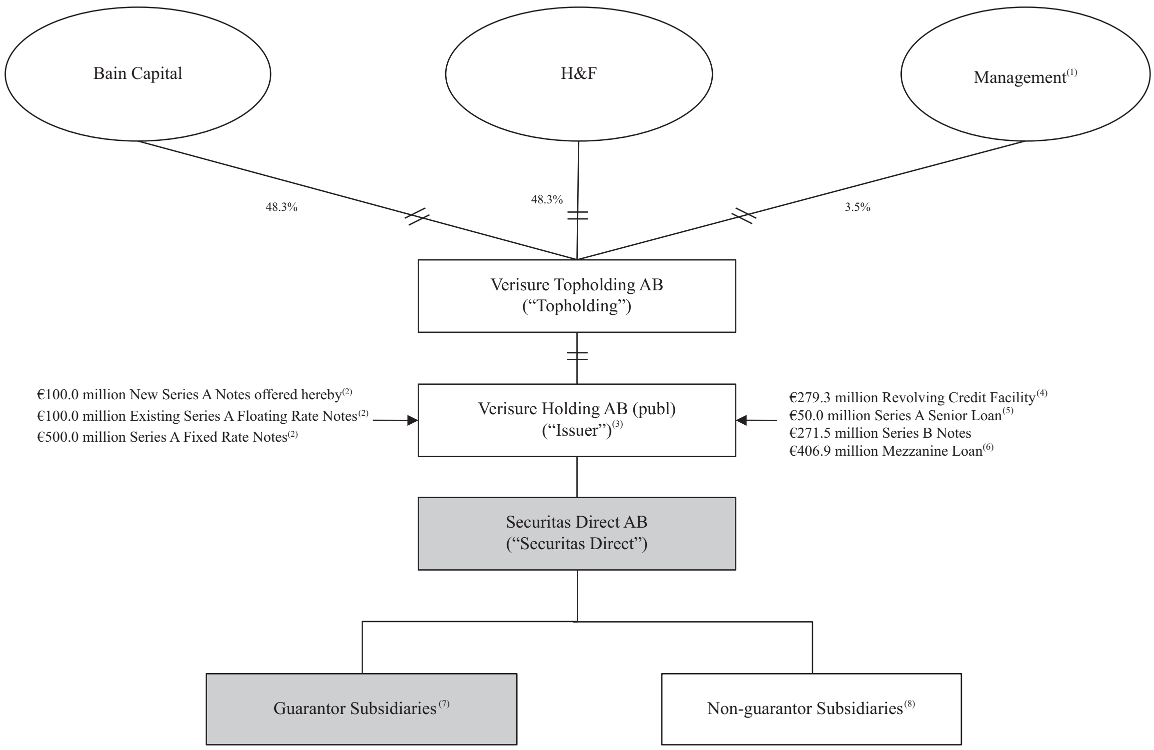
The Sponsors

Bain Capital, Ltd. is a leading global private investment firm, whose affiliates manage several pools of capital, including private equity, venture capital, public equity, global macro and leveraged debt assets. Since its inception in 1984, Bain Capital and its affiliated funds have completed over 370 transactions in a broad set of industries, including such leading consumer companies as Edcon, Toys "R" Us, Burger King, Staples, Burlington Coat Factory, Domino's Pizza, Michaels and Gymboree. Headquartered in Boston, Bain Capital has offices in New York, London, Munich, Mumbai, Hong Kong, Shanghai and Tokyo. Funds affiliated with Bain Capital currently indirectly own approximately 48.3% of the outstanding shares of the Issuer.

Hellman & Friedman LLC is a leading private equity investment firm with offices in San Francisco, New York and London. Since its founding in 1984, H&F has raised and, through its affiliated funds, managed over $25.0 billion of committed capital. H&F focuses on investing in superior business franchises and serving as a value-added partner to management in select industries including internet & digital media, software, business & marketing services, financial services, insurance, media, healthcare and energy & industrials. The firm is currently investing its seventh fund, Hellman & Friedman Capital Partners VII, L.P., with $8.9 billion of committed capital. For more information on Hellman & Friedman LLC, visit www.hf.com. Funds affiliated with H&F currently indirectly own approximately 48.3% of the outstanding shares of the Issuer.

Summary Corporate and Financing Structure

The following diagram shows a summary of our corporate and principal financing structure as of September 30, 2012 after giving effect to this offering of the New Series A Notes. For a summary of debt obligations indentified in this diagram, see the sections entitled "Description of the Notes", "Description of Certain Indebtedness" and "Capitalization". See also "Principal Shareholders" and "Related Party Transactions".



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(1) Our management participates in an equity incentive plan whereby they receive common equity of Topholding. See "Management—Executive Compensation—Equity Ownership Plans and Incentive Awards".

(2) The Notes are senior obligations of the Issuer and are guaranteed by Securitas Direct and its subsidiaries organized in Sweden, Norway, Portugal and Spain (with the exception of one operationally dormant subsidiary in Sweden).

The Notes are secured (subject to certain exceptions and limitations) by a first-priority security interest in the same assets that secure, on a super-priority basis, the Revolving Credit Facility. However, under the terms of the Intercreditor Agreement, the proceeds from any enforcement of the Collateral or the Notes Guarantees will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes. See "Description of Certain Indebtedness—Intercreditor Agreement". For more information on the security granted, see "Description of the Notes—Security".

The laws of certain jurisdictions in which the Guarantors are organized limits the amount of obligations that may be guaranteed, the enforceability of certain guarantees and the rights to the security securing the Notes and the Notes Guarantees. For more information on limitations to the validity and enforceability of the Notes Guarantees and the security and the liability of each Notes Guarantor, see "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

(3) In connection with the Acquisition, the Issuer issued €450.0 million of Shareholder Funding Instruments to its direct parent, the aggregate principal amount of which (including capitalized interest) was €509.6 million as of September 30, 2012. The Shareholder Funding Instruments, which constitute Subordinated Shareholder Funding for purposes of the Indenture, bear interest at a fixed rate, which will accrue and be carried forward and treated as part of the principal for purposes of calculating interest due in succeeding periods. Payments on the preferred equity certificates are subordinated to other existing and future indebtedness. See "Related Party Transactions—Shareholder Funding Instruments".

(4) The Revolving Credit Facility provides for aggregate borrowings of up to approximately €279.3 million. The Issuer, Securitas Direct, ESML SD Iberia Holding, S.A.U. and Securitas Direct España, S.A.U. are borrowers under this facility. Securitas Direct and the other Notes Guarantors are guarantors under the facility. See "Description of Certain Indebtedness—Revolving Credit Facility". As of September 30, 2012, on a pro forma basis giving effect to the use of proceeds in this offering and non-cash utilizations and bank guarantees in the amount of approximately €8.0 million, we would have had approximately €259.7 million available for borrowing under our Revolving Credit Facility. The initial purchasers or their respective affiliates are lenders and arrangers under the Revolving Credit Facility. The net proceeds from this offering will be used to repay borrowings under the Revolving Credit Facility.

(5) The Series A Senior Loan is secured (subject to certain exceptions and limitations) by a first-priority security interest in the same assets that secure, on a super-priority basis, the Revolving Credit Facility and on a *pari passu* basis, the Notes. Under the terms of the

Intercreditor Agreement, the proceeds from any enforcement of the Collateral or the guarantees of the Series A Senior Loan will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Series A Senior Loan and will be shared ratably with the Series A Notes. See "Description of Certain Indebtedness—Intercreditor Agreement".

(6) The Mezzanine Loan is secured (subject to certain exceptions and limitations) by second-priority security interests in the same assets that secure, on a super-priority basis, the Revolving Credit Facility and, on a senior basis, the Notes. The proceeds from any enforcement of the Collateral or the guarantees of the Mezzanine Loan will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility, the Notes and the Series A Senior Loan in priority to the Mezzanine Loan. See "Description of Certain Indebtedness—Intercreditor Agreement". For more information on the security granted under the Mezzanine Loan, see "Description of Certain Indebtedness—Mezzanine Loan Agreement". The aggregate principal amount of €406.9 million includes €13.4 million of capitalized interest as of September 30, 2012.

(7) The Notes Guarantors accounted for 79% of our total net sales and 90% of our Adjusted EBITDA for the nine months ended September 30, 2012 and held 89% of our total assets as of September 30, 2012.

The Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor will be subject to limitations, including financial assistance rules in Spain, Norway and Portugal and, with respect to the Notes Guarantees, Sweden described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

Certain of the Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor will be of limited or no value. See "Risk Factors—Risks Related to the Notes—Certain Collateral will not initially secure the Notes", "Risk Factors—Risks Related to the Notes—Each Notes 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" and "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

(8) The subsidiaries not guaranteeing the Notes accounted for 21% of our total net sales and 10% of our Adjusted EBITDA for the nine months ended September 30, 2012 and held 11% of our total assets as of September 30, 2012.

THE OFFERING

The following summary of the offering contains basic information about the Notes, the Notes Guarantees and the Collateral. It is not intended to be complete and is subject to important limitations and exceptions. It may therefore not contain all the information that is important to you. For a more complete understanding of the Notes, the Notes Guarantees and the Collateral, including certain definitions of terms used in this summary, see the sections of this offering memorandum entitled "Description of the Notes" and "Description of Certain Indebtedness—Intercreditor Agreement".

Issuer	Verisure Holding AB (publ).
Notes Offered	€100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018 (the "New Series A Notes"). The New Series A Notes constitute a further issuance of, and will form a single series with, the Issuer's outstanding €100.0 million principal amount of Senior Secured Floating Rate Notes, Series A, due 2018 issued on February 15, 2012 (the "Existing Series A Floating Rate Notes" and, together with the New Series A Notes, the "Series A Floating Rate Notes"). The New Series A Notes will initially be issued bearing temporary ISINs and common codes. See "Description of the Notes". On and from the applicable consolidation date, the New Series A Notes will be consolidated and fully fungible with the Existing Series A Floating Rate Notes. The consolidation date for New Series A Notes sold outside the United States in reliance on Regulation S under the U.S. Securities Act will be 40 days after the later of the date of the original issue of these New Series A Notes and the last date on which we or any of our affiliates were the owner of such New Series A Notes. The consolidation date for New Series A Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be one year after the later of the date of the original issue of these New Series A Notes and the last date on which we or any of our affiliates were the owner of such New Series A Notes. The New Series A Notes offered hereby will have substantially the same terms as those of the corresponding series of Existing Series A Notes. The New Series A Notes offered hereby, together with the corresponding series of Existing Series A Notes, will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to the New Series A Notes.
Maturity Date	September 1, 2018.
Issue Date	, 2013.
Issue Price	%, plus accrued and unpaid interest from December 1, 2012.
Interest Rate	The interest rate on the Series A Floating Rate Notes will be three-month EURIBOR plus 6.50%.
Interest Payment Dates	Quarterly in arrears on each March 1, June 1, September 1 and December 1, commencing on March 1, 2013. Interest will accrue from December 1, 2012.

Form and Denomination	Global notes in denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. Notes in denominations less than €100,000 will not be available.
Ranking of the Notes	The Notes: • will be general, senior obligations of the Issuer, secured as set forth under "—Security"; • will rank *pari passu* in right of payment with any existing or future indebtedness of the Issuer that is not subordinated to the Notes (including the obligations of the Issuer under the Revolving Credit Facility and the Series A Senior Loan); • will rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated to the Notes, including the Mezzanine Loan; • will be effectively subordinated to any existing or future secured indebtedness or obligation (including obligations to trade creditors) of the Issuer and its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness; and • will be effectively subordinated to any existing or future indebtedness of subsidiaries of the Issuer that does not guarantee the Notes.
Guarantees	On the Issue Date, the Issuer's obligations under the Notes will be guaranteed (the "Notes Guarantees") on a senior basis by each of our subsidiaries organized in Sweden, Norway, Portugal and Spain (with the exception of one operationally dormant subsidiary in Sweden). The validity and enforceability of the Notes Guarantees will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests". The entities that will be guarantors under the Notes are referred to in this offering memorandum as the "Notes Guarantors".
Ranking of the Guarantees	Each of the Notes Guarantees will be a senior obligation of the respective Notes Guarantor. Accordingly, each of the Notes Guarantees: • will rank *pari passu* in right of payment with any existing or future indebtedness of such Notes Guarantor that is not subordinated to such Notes Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and the Series A Senior Loan, provided the creditors and counterparties under the Revolving Credit Facility will be entitled to priority of payment from the proceeds of any enforcement of such guarantee; • will rank senior in right of payment to any existing or future obligation of such Notes Guarantor that is expressly subordinated to the Notes, including the Mezzanine Loan; • will benefit from the security as set forth below under "—Security"; and • will be effectively subordinated to any existing or future indebtedness of such Notes Guarantor that is secured by property or assets that do not secure such Notes Guarantee, to the extent of the value of the property or assets securing such indebtedness.

The Notes Guarantees will be subject to the terms of the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, recoveries in respect of the Notes Guarantees will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes. See “Description of Certain Indebtedness—Intercreditor Agreement”. The validity and enforceability of the Notes Guarantees and the liability of each Notes Guarantor will be subject to the limitations described in “Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests”.

The Notes Guarantees will be subject to release under certain circumstances. See “Description of the Notes—Releases of the Guarantees”.

Security . . . . The obligations of the Issuer and the Notes Guarantors under the New Series A Notes, the Notes Guarantees and the Indenture will be secured by a first-priority security interest in the same assets that secure the Existing Notes. These are the following assets, subject to certain agreed security principles: (i) all issued shares of the Issuer; (ii) all issued equity certificates of the Issuer and Securitas Direct; (iii) all loans to Securitas Direct of the proceeds from the Senior Loan and the Mezzanine Loan as well as an intercompany loan by Securitas Direct to a subsidiary in Norway; (iv) all issued shares of those subsidiaries of the Issuer organized in Sweden, Norway, Portugal and Spain (with the exception of one operationally dormant subsidiary in Sweden); and (v) certain assets of the Issuer and those of its subsidiaries organized in Sweden, Norway, Portugal and Spain that have also been pledged to secure the Revolving Credit Facility and the Series A Senior Loan, including intellectual property rights, rights under insurance policies, intragroup loans, accounts receivables, bank accounts and certain other operating assets.

We currently expect that the security interests in the shares and certain assets of our Spanish subsidiaries as well as certain intercompany loans to these subsidiaries will not cover the New Series A Notes on the Issue Date. After the Issue Date, we will take steps to grant and perfect any such remaining Collateral for the benefit of the New Series A Notes. We will agree with the initial purchasers in the purchase agreement related to the New Series A Notes that we will use reasonable best efforts to grant and perfect within 40 days following the Issue Date any liens for the benefit of the New Series A Notes. However, we may not be successful in procuring or perfecting such liens at all or in a timely manner. As a result, the holders of the New Series A Notes may not benefit from the full Collateral package for a period following the Issue Date or at all, which may limit the ability of holders of New Series A Notes to recover amounts due to them under the Notes.

The Revolving Credit Facility and the Series A Senior Loan are also secured by first-ranking liens granted over the same assets (subject to certain exceptions) that secure the Notes. Under the terms of the Intercreditor Agreement, however, proceeds from the enforcement of the security will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes. Any Series B Indebtedness (including the €271,500,000 aggregate principal amount of 8.75% Senior

	Secured Notes, Series B, due 2018 (the "Series B Notes" and, together with the Series A Notes, the "Notes")) shall rank below any Series A Indebtedness (including the Series A Notes and the Series A Senior Loan) in right and priority of payment. See "Description of Certain Indebtedness—Revolving Credit Facility", "Description of Certain Indebtedness—Series A Senior Loan Agreement" and "Description of Certain Indebtedness—Intercreditor Agreement". The Mezzanine Loan is secured by second-ranking liens granted on a subordinated basis over the same assets (subject to certain exceptions) that secure the Notes. See "Description of Certain Indebtedness—Intercreditor Agreement" and "Description of Certain Indebtedness—Mezzanine Loan Agreement". The validity and enforceability of the security will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests". The pledges and assignments securing the Notes, the Mezzanine Loan Agreement, the Series A Senior Loan and the Revolving Credit Facility may be released under certain circumstances. See "Risk Factors—Risks Related to the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically and under which the Notes Guarantees will be released automatically, without your consent or the consent of the Trustee", "Description of Certain Indebtedness—Intercreditor Agreement" and "Description of the Notes—Security—Release of Liens".
Additional Amounts	Any payments made by any of the Issuer or the Notes Guarantors with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any of the Issuer or Notes Guarantors is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, such relevant Issuer or Notes Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "Description of the Notes—Withholding Taxes".
Optional Redemption	Prior to September 1, 2014, the Issuer will be entitled at its option to redeem all or a portion of the Series A Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this offering memorandum and accrued and unpaid interest to the redemption date. On or after September 1, 2014, the Issuer will be entitled at its option to redeem all or a portion of the Series A Floating Rate Notes at the redemption prices set forth under the heading "Description of the Notes—Optional Redemption", plus accrued and unpaid interest to the redemption date. In addition, at any time during the twelve-month period commencing on September 1, 2013 the Issuer may redeem up to 10% of the original principal amount of the Notes issued (including any additional Notes) at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid

interest thereon, if any, to the applicable 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.

Prior to September 1, 2014, the Issuer will be entitled at its option on one or more occasions to redeem the Series A Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 108.75% of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the original aggregate principal amount of the Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the date of the relevant equity offering.

In the case of redemptions of the Notes using the net proceeds of certain equity offerings or of a principal amount of up to 10% of the Notes at a price of 103%, as described in the fourth and fifth paragraphs of this section, the Issuer will be required to redeem, prepay, repay or repurchase the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes pro rata based on the aggregate principal amount of the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes then outstanding.

The Issuer may only make "make-whole" redemptions and optional redemptions at set redemption prices on or after December 1, 2014, in respect of Series B Notes (in each case as permitted by the Indenture) if either (1) no Series A Notes (including any Existing Series A Notes) are outstanding, (2) the Issuer has the capacity to make certain restricted payments under the covenant described in "Description of the Notes—Certain Covenants—Limitation on Restricted Payments" or (3) the Issuer first makes an offer to redeem the Series A Notes and the Series A Senior Loan. See "Description of the Notes—Optional Redemption" and "Description of the Notes—Order of Redemption".

Optional Redemption for Tax Reasons . . . . In the event of certain developments affecting taxation or certain other circumstances, 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, if any, and additional amounts, if any, to the date of redemption. See "Description of the Notes—Redemption for Taxation Reasons".

Qualified Reopening . . . . For U.S. federal income tax purposes, the Issuer intends to treat the New Series A Notes as issued pursuant to a "qualified reopening" of the Existing Series A Floating Rate Notes. Debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under this treatment, all of the New Series A Notes issued pursuant to this offering will be deemed to have the same issue date, the same issue price (93.000%) and the same adjusted issue price as the Existing Series A Floating Rate Notes even though, considered separately, the New Series A Notes offered hereby might be considered to be issued at a premium or discount. See "Tax Considerations—U.S. Federal Income Taxation".

Original Issue Discount	Since the Issuer intends to treat the New Series A Notes as issued pursuant to a qualified reopening of the Existing Series A Floating Rate Notes, the issue price of the New Series A Notes will be the same as the issue price of the Existing Series A Floating Rate Notes, which were issued with original issue discount ("OID") for U.S. federal income tax purposes. However, U.S. Holders (as defined in "Tax Considerations—U.S. Federal Income Taxation") who purchase the New Series A Notes for the price set forth on the cover of this offering memorandum will not be required to report any OID income on the New Series A Notes. See "Tax Considerations—U.S. Federal Income Taxation".
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all 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 purchase. See "Description of the Notes—Change of Control".
Certain Covenants	The Indenture, among other things, restricts the ability of the Issuer and the restricted subsidiaries of the Issuer to: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or incur certain liens; • make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries; • prepay or redeem subordinated debt or equity; • make certain investments; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to such Issuer or any of its restricted subsidiaries; • sell, lease or transfer certain assets including stock of restricted subsidiaries; • engage in certain transactions with affiliates; • enter into unrelated businesses or engage in prohibited activities; • consolidate or merge with other entities; • impair the security interests for the benefit of the holders of the Notes; and • amend certain documents. Each of these covenants is subject to significant exceptions and qualifications. See "Description of the Notes—Certain Covenants".
Additional Notes	Additional Notes may be issued from time to time under the Indenture and, if issued, would benefit from the security interests described under "—Security". Any such additional Notes may form the same series with and will be governed by the Indenture. The New Series A Notes offered hereby constitute Additional Notes (as defined under the Indenture).

Listing	Application will be made to list the New Series A Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF market thereof.
Transfer Restrictions	The Notes and the Notes Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "Transfer Restrictions". We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
No Prior Market	The New Series A Notes will be new securities for which there is currently no established trading market. Although the initial purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Governing Law	The Indenture, the Notes and the Notes Guarantees are governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law. The security documents are governed by the applicable law of the jurisdiction under which the security interests are granted.
ISIN and Common Codes	The New Series A Notes will initially have temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the corresponding Existing Series A Floating Rate Notes. Once the New Series A Notes have become freely tradable, they will share the same ISINs and common codes as the corresponding Existing Series A Floating Rate Notes and will thereafter be fully fungible with the Existing Series A Floating Rate Notes. The New Series A Notes will become freely tradable in the case of New Series A Notes offered hereby in reliance on Regulation S, at the earlier of (1) 40 days after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws and, in the case of the New Series A Notes offered hereby in reliance on Rule 144A, at the earlier of (i) one year after the Issue Date and (ii) the earliest date or dates permitted under U.S. federal securities laws.
Trustee	Wilmington Trust, National Association.
Principal Paying Agent and Transfer Agent	Citibank N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Luxembourg Listing Agent	Wilmington Trust SP Services (Luxembourg) S.A.
Calculation Agent (for the Series A Floating Rate Notes)	Citibank N.A., London Branch.
Security Agent	Nordea Bank AB (publ).
Risk Factors	Investing in the Notes involves substantial risks. See "Risk Factors" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL AND OTHER DATA

The following table presents our summary consolidated historical and pro forma financial and other data as of and for the dates indicated below. The historical financial information of the Predecessor as of and for the years ended December 31, 2009 and 2010 presented below has been extracted from the Predecessor's audited consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010, which are included elsewhere in this offering memorandum.

The historical financial information of the Predecessor as of August 31, 2011 and for the period from January 1, 2011 to August 31, 2011 and the historical financial information of the Successor as of December 31, 2011 and for the period from September 1, 2011 to December 31, 2011 presented below has been extracted from the audited consolidated financial statements as of August 31, 2011 of the Predecessor and December 31, 2011 of the Successor and for the period from January 1, 2011 to August 31, 2011 of the Predecessor and for the period from September 1, 2011 to December 31, 2011 of the Successor, which are included elsewhere in this offering memorandum.

The historical unaudited condensed consolidated financial information as of September 30, 2012 and the nine-month period ended September 30, 2012 of the Successor presented below has been extracted from the Issuer's unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012, which are included elsewhere in this offering memorandum.

We have changed our accounting policy for capitalizing customer acquisition costs. In the nine months ended September 30, 2012, as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs compared to the previous accounting policy applied in the periods before adoption resulted in increased cash outflows from investing activities, increased net income and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012. It is impracticable to retrospectively apply the cumulative effect of the change in accounting policy to our opening and closing statements of financial position and the comparative consolidated financial statements for periods presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 are not comparable to the periods beginning before that date or to the unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and for the year ended December 31, 2011 discussed below and included elsewhere in the offering memorandum.

Effective January 1, 2012, we also changed the presentation currency of our consolidated financial statements from the SEK to the euro, which we believe more accurately reflects our current profile of our revenue and cash flows, which are now primarily generated in foreign operations with euro functional currencies. We believe that this change provides greater alignment of our presentation currency with our most significant operating currency and underlying financial performance. The change in presentation currency has been applied for periods beginning on or after January 1, 2012. Therefore, the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 use the euro as the presentation currency and the comparative period included therein has been restated to reflect a consistent presentation currency. However, the annual consolidated financial statements of the Predecessor and Successor included elsewhere in this offering memorandum have not been restated or amended to reflect the change in presentation currency to the euro and are not comparable to the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012. We have, however, included in this offering memorandum translations of certain SEK amounts into euro at specified rates solely for your convenience.

See "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Results".

Other than the change in accounting policy for customer acquisition costs and the change in presentation currency described above, the unaudited condensed consolidated financial statements as of and for the nine-month period ended September 30, 2012 of the Successor have been prepared using the same accounting principles on the same basis as the audited consolidated financial statements, included elsewhere in this offering memorandum, and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented.

We have also presented summary unaudited pro forma condensed consolidated financial and other data for the nine months ended September 30, 2011 and the twelve months ended December 31, 2011, which have been prepared to give effect to the Acquisition Transactions in the manner described under “Unaudited Pro Forma Condensed Consolidated Financial Information” and the notes thereto as if they had occurred on January 1, 2011. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and the year ended December 31, 2011 has not been adjusted for the change in the accounting policy related to the capitalization of customer acquisition costs and the change in the presentation currency outlined above and therefore is not prepared on a comparable basis to the unaudited interim condensed consolidated financial statements as of and for the nine-month period ended September 30, 2012. The summary unaudited pro forma consolidated financial and other data are for informational purposes only and do not purport to represent what our results of operations or other financial information actually would have been if the Acquisition Transactions had occurred at any date, and such data do not purport to project the results of operations for any future period. In addition, due to the accounting impact of the Acquisition Transactions and the acquisition accounting-related adjustments that affect our Successor results and other items, such as the increased interest expense resulting from the Acquisition Transactions, the pro forma results are not directly comparable to our Predecessor’s results presented in this offering memorandum.

We have also presented below pro forma as adjusted data which give effect to the issuance of the Notes and the application of the net proceeds therefrom, as set forth under the heading “Use of Proceeds”. The pro forma as adjusted data have been provided for illustrative purposes only and do not purport to represent what our actual data would have been if the offering had occurred on March 31, 2012, in the case of income statement data, and September 30, 2012, in the case of balance sheet data.

The table below also presents certain key operating metrics, in addition to our IFRS measures, used by our management to evaluate, monitor and manage our business. None of these terms are measures of financial performance under IFRS, and so they should not be considered to be alternatives to our IFRS results. These terms may not be comparable to similar terms used by competitors or other companies. See “Presentation of Financial and Other Information”.

Prospective investors should read the summary data presented below in conjunction with “Use of Proceeds”, “Capitalization”, “Unaudited Pro Forma Condensed Consolidated Financial Information”, “Selected Consolidated Historical Financial Data”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. For a presentation of the Successor’s historical unaudited interim condensed consolidated financial information for the period from September 1, 2011 to September 30, 2011, see the Issuer’s unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 included in this offering memorandum.

	Historical					Pro Forma			
	Predecessor			Successor					
	As of and for the year ended December 31,		As of and for the eight months ended August 31,	As of and for the four months ended December 31,	As of and for the nine months ended September 30,	For the nine months ended September 30,		For the year ended December 31,	
	2009	2010	2011	2011	2012	2011	2011	2011	2011
	(SEK millions)			*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*(1)	*(SEK millions)*	*(euro millions)*(1)
Consolidated Income Statement Data:									
Net sales	5,485	5,510	3,926	2,109	565.0	4,452	493.7	6,035	668.6
Cost of sales	(3,423)	(3,282)	(2,219)	(1,290)	(303.3)	(2,518)	(279.2)	(3,437)	(380.8)
Gross profit	2,063	2,228	1,707	819	261.7	1,934	214.5	2,598	287.8
Selling and administrative expenses	(1,345)	(1,400)	(949)	(1,200)	(253.7)	(1,983)	(219.9)	(2,789)	(309.0)
Operating profit	718	828	758	(381)	8.0	(49)	(5.4)	(191)	(21.2)
Finance income(2)	20	31	160	26	4.3	165	18.3	186	20.6
Finance costs(3)	(466)	(673)	(206)	(807)	(182.0)	(1,834)	(203.3)	(1,746)	(193.3)
Result before tax	272	185	712	(1,162)	(169.7)	(1,718)	(190.4)	(1,751)	(193.9)
Income tax expense	(103)	(57)	(203)	121	16.1	447	49.6	371	41.1
Result for the period	**169**	**128**	**509**	**(1,041)**	**(153.6)**	**(1,271)**	**(140.8)**	**(1,380)**	**(152.8)**
Consolidated Financial Position Data:									
Cash and cash equivalents	341	358	300	109	4.7				
Inventories(4)	570	483	559	510	69.7				
Trade receivables(5)	430	381	425	466	60.1				
Property, plant and equipment	1,921	1,919	2,246	2,348	292.2				
Total assets	5,011	4,712	5,116	25,320	2,805.2				
Trade payables	399	363	617	527	54.6				
Liabilities to credit institutions and shareholders	4,831	4,186	4,232	15,755	1,886.6				
Total liabilities	7,159	6,079	6,048	21,296	2,506.0				
Total equity attributable to equity holders of the parent company	(2,148)	(1,367)	(932)	4,024	299.2				
Consolidated Cash Flow Data:									
Cash flow from operating activities	1,657	1,307	1,118	(3)	150.7				
Cash flow from investing activities	(859)	(868)	(787)	(16,629)	(119.1)				
Cash flow from financing activities	(547)	(411)	(390)	16,750	(39.3)				

	Historical					Pro Forma			
	Predecessor			Successor					
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,	For the nine months ended September 30,		For the year ended December 31,	
	2009	2010	2011	2011	2012	2011	2011	2011	2011
	(SEK millions)			*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*(1)	*(SEK millions)*	*(euro millions)*(1)
Other Financial Data:									
Portfolio Services segment:									
Net sales	4,498	4,599	3,275	1,756	473.0	3,717	412.2	5,031	557.3
Adjusted EBITDA(6) (7)	2,333	2,515	1,866	785	253.7	2,104	233.3	2,814	311.7
Adjusted EBITDA margin(8)	52%	55%	57%	45%	54%	57%	57%	56%	56%
Customer Acquisition segment:									
Net sales	988	910	651	353	92.0	735	81.5	1,004	111.2
Adjusted EBITDA(6) (7)	(1,010)	(1,069)	(745)	(544)	(67.5)	(859)	(95.3)	(1,197)	(132.6)
Capital expenditures(9)	703	695	511	283	98.4	581	64.4	794	88.0
Consolidated:									
Net sales	5,485	5,510	3,926	2,109	565.0	4,452	493.7	6,035	668.6
Adjusted EBITDA(6)	1,323	1,445	1,121	240	186.2	1,245	138.1	1,616	179.1
Adjusted EBITDA margin(10)	24%	26%	29%	11%	33%	28%	28%	27%	27%
Capital expenditures(11)	952	879	648	365	119.1	737	81.7	1,013	112.2
Capital expenditures as a percentage of net sales(12)	17%	16%	20%	21%	21%	17%	17%	17%	17%

	As of and for the six months ended September 30, 2012
	(euro millions)
Pro Forma As Adjusted Financial Data:	
Pro forma as adjusted last two quarters annualized Adjusted EBITDA[13]	246.6
Pro forma as adjusted last two quarters annualized Adjusted EBITDA from Portfolio Services[13]	339.4
Total funded indebtedness[14]	1,440.4
Ratio of total funded indebtedness/pro forma as adjusted last two quarters annualized Adjusted EBITDA	5.8x
Ratio of total funded indebtedness/pro forma as adjusted last two quarters annualized Adjusted EBITDA from Portfolio Services	4.2x

(1) The consolidated income statement data, consolidated cash flow data and other financial data for these periods have been translated for convenience only at the rate of SEK9.02683 to €1.00 in respect of the unaudited pro forma consolidated financial data for the year ended December 31, 2011 and SEK9.01756 to €1.00 in respect of the unaudited pro forma consolidated financial data for the nine months ended September 30, 2011. See "Presentation of Financial and Other Information".

(2) Finance income consists of gains from currency and interest rate derivatives, interest income and positive exchange rate changes (net).

(3) Finance costs include interest expense, exchange rate differences, fair value changes in currency and certain other items.

(4) Inventories primarily include alarm systems and components (materials and consumables) that are purchased for installation at subscriber locations.

(5) Trade receivables includes all receivables due to us, net of provisions for bad debt.

(6) Adjusted EBITDA is a supplemental measure of financial performance that is not required by, or presented in accordance with, IFRS. We define "Adjusted EBITDA" as the result for the period before net finance costs, income tax expense, depreciation and amortization, retirement of assets (which relates to the retirement of installed equipment due to subscriber cancellations) and integration costs. In evaluating Adjusted EBITDA, you should be aware that, as an analytical tool, Adjusted EBITDA is subject to certain limitations; see "Presentation of Financial and Other Information". Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) gross profit or operating profit (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flow for the period as a measure of our ability to meet our cash needs or (c) any other measure of performance or liquidity under IFRS. We present Adjusted EBITDA because we believe that it is a measure commonly used by investors and it is a measure that we use in managing our business. Adjusted EBITDA, as presented in this offering memorandum, however, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

The following table provides a reconciliation of Adjusted EBITDA to net result for the periods indicated:

	Historical					Pro Forma			
	Predecessor			Successor					
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,	For the nine months ended September 30,		For the year ended December 31,	
	2009	2010	2011	2011	2012	2011	2011	2011	2011
	(SEK millions)			*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*
Result for the period	169	128	509	(1,041)	(153.6)	(1,271)	(140.8)	(1,380)	(152.8)
Net finance costs[(a)]	446	642	47	781	177.7	1,669	185.0	1,560	172.7
Income tax expense/(benefit)	103	57	203	(121)	(16.1)	(447)	(49.6)	(371)	(41.1)
Depreciation and amortization	450	463	251	554	143.4	1,165	129.2	1,629	180.5
Retirement of assets	155	154	111	67	18.9	128	14.2	178	19.8
Integration costs[(b)]	—	—	—	—	15.9	—	—	—	
Adjusted EBITDA[(c)]	**1,323**	**1,444**	**1,121**	**240**	**186.2**	**1,245**	**138.1**	**1,616**	**179.1**

(a) Net finance costs consists of finance costs net of finance income.

(b) Reflects management, consulting and advisory fees for various transition projects implemented by us in connection with the Acquisition.

(c) Effective January 1, 2012, we changed our accounting policy regarding customer acquisition costs. As a result, in the nine months ended September 30, 2012 we had an increase in investing activities of €36.9 million resulting from our change in accounting policy, which in previous periods would have increased cost of sales. This change has not been retroactively applied to periods beginning before January 1, 2012. See "Presentation of Financial and Other Information".

(7) We evaluate the performance of our operating segments and allocate resources to those segments based on our analysis of Adjusted EBITDA for each of our segments. "Adjusted EBITDA for our segments" is defined as net sales (including external and internal sales) minus cost of sales (including external and internal costs) and selling and administrative expenses. This calculation does not reflect eliminations due to intercompany sales. Segment Adjusted EBITDA is not a measure of financial condition or performance determined in accordance with IFRS and is not calculated in the same manner as our consolidated Adjusted EBITDA. Adjusted EBITDA from Portfolio Services reflects the cash generative segment of our business. Adjusted EBITDA from Customer Acquisition is negative in each period and reflects investment in our business. See "Certain Non-IFRS Operating Data" for a derivation of Adjusted EBITDA from Portfolio Services.

(8) Adjusted EBITDA margin from Portfolio Services is calculated by dividing Adjusted EBITDA from Portfolio Services by net sales from Portfolio Services.
(9) Represents amounts spent for capital expenditures incurred to acquire new subscribers. “Capital expenditures” is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.
(10) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net sales.
(11) Represents capital expenditures incurred to recruit new subscribers as well as maintenance capital expenditures spent to support our Portfolio Services segment. “Capital expenditures” is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.
(12) Capital expenditures as a percentage of net sales is calculated by dividing capital expenditures by net sales.
(13) Reflects our last two quarters of Adjusted EBITDA, multiplied by two, which is the method used to calculate our Adjusted EBITDA for purposes of certain of our covenants, including debt incurrence, in the Indenture.
(14) This pro forma as adjusted data reflect (a) the issuance of the €100.0 million aggregate of New Series A Notes in this offering and (b) the repayment of €97.0 million of our existing indebtedness outstanding under our Revolving Credit Facility. Total funded indebtedness does not include finance leases that totaled €6.7 million as of September 30, 2012 or €509.6 million of Shareholder Funding Instruments that were issued by the Issuer in connection with the Acquisition Transactions. The Shareholder Funding Instruments do not require cash interest payments, do not have covenants and will not mature until one year following the maturity of the Notes. See “Related Party Transactions—Shareholder Funding Instruments”.

RISK FACTORS

You should carefully consider the risks described below as well as the other information contained in this offering memorandum before making an investment decision. Any of the following risks may have a material adverse effect on our business, financial condition or results of operations, and as a result you may lose all or part of your original investment. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition or results of operations.

Risks Related to Our Business and Industry

We operate in a highly competitive industry and our results may be adversely affected by this competition.

The market for monitored alarms sold to residential households and small businesses ("RHSB") in Europe (the "RHSB market") is highly fragmented at the pan-European level and subject to significant competition and pricing pressures. We compete with several established major security monitoring service companies on a pan-European basis (such as ADT, UTC and G4S), as well as a large number of regional competitors (such as Prosegur, EPS and Sector Alarm) and many local competitors. Any of our existing competitors may expand their current product and service offerings more rapidly, adapt to new or emerging technologies more quickly, take advantage of acquisitions or devote greater resources to the marketing and sale of their products and services, than we do. Our competitors may also price their products and services more aggressively than we price ours in an effort to increase their subscriber base and win market share. For example, we often charge a higher installation fee than our competitors. Consumers may find the lower installation fees of our competitors attractive, which could have a significant effect on our ability to maintain or grow our subscriber base. Likewise, if our competitors charge lower ongoing monitoring fees than we do, it may cause our existing subscribers to switch their service or cause us to reduce the monitoring fees that we charge. These competitive actions by our competitors could impact our ability to attract new subscribers, subject us to pricing pressure or erode our existing subscriber portfolio, each of which could have a material adverse effect on our business, financial condition and results of operations.

The success of our business depends, in part, on our ability to respond to the rapid changes in our industry and provide subscribers with technological features that meet their expectations.

Our success and competitive position depends, in large part, on our ability to develop and supply innovative products and keep pace with technological developments in the security alarm industry. The availability of any new features developed for use in our industry (whether developed by us or otherwise) can have a significant impact on a subscriber's initial decision to choose our or a competitor's products. Furthermore, the quality and efficacy of our monitoring services depends on the technology (hardware and software) used in security alarm systems. Accordingly, the success of our business depends, in part, on our ability to continue to enhance our existing products and services and anticipate changing subscriber requirements and industry standards.

We may not be able to develop or partner with third-party suppliers to gain access to technical advances before our competitors, match technological innovations made by our competitors or design systems that meet subscribers' requirements. Alternatively, we may not have the financial resources required to successfully develop or implement such new technologies. If we are unable, for technological, legal, financial or other reasons, to adapt to changing market conditions or subscriber requirements in a timely manner, we could lose existing subscribers, encounter trouble recruiting new subscribers, or become subject to increased pricing pressures. Should we experience any of these technology related challenges, our business, financial condition and results of operations could be materially adversely affected.

We are susceptible to economic downturns, particularly those impacting the housing market or consumer spending.

Our financial performance depends primarily on residential consumers in single-family dwellings and small businesses. Periods of economic downturn, particularly those impacting the housing market or consumer discretionary spending, can negatively impact our ability to make sales of new alarm systems and increase our cancellation rates among existing subscribers. For example, subscriber cancellation rates increased across our business in 2009 compared to 2008 because of the global economic crisis. In the residential segment, a proportion of subscribers discontinued our service in order to reduce their recurring costs, while others moved from their homes and did not re-subscribe to our service. In the small business segment, subscribers were particularly impacted by the economic downturn and sought to reduce their costs or were forced to close their businesses, and thus we had a more significant increase in cancellation rates in our small business portfolio compared to our residential subscribers. A renewed or future recession or period of economic uncertainty could lead to resumed increases in our cancellation rate and could reduce the inflow of new subscribers purchasing our products. Demand for our products and services could also be adversely affected by unfavorable economic disruptions, particularly those that affect Europe. The outlook for the world economy remains uncertain. General market volatility has resulted from uncertainty about sovereign debt and fear that the governments of countries such as Greece, Portugal, Spain and Italy will default on their financial obligations. In addition, continued hostilities in the Middle East and North Africa could adversely affect the economies of the markets in which we operate. Any change in economic conditions in our markets that negatively impacts our subscribers could have a material adverse effect on our business, financial condition and results of operations.

Attrition of subscriber accounts or failure to continue to acquire new subscribers in a cost effective manner could adversely affect our operations.

We incur significant upfront cost for each new alarm system that we install. The initial installation fee that we charge only partially covers these costs. We do not require our subscribers to enter into long-term contracts with punitive cancellation clauses. Thus, after any contractual notice period (typically one to three months), a subscriber may cancel a subscription without penalty. Reasons subscribers may cancel their subscriptions with us include moving out of their residence or place of business, dissatisfaction with our customer service or pricing or financial distress. Our cancellation rates on a twelve-month trailing basis were 8.6%, 8.2%, 7.9% and 8.7% in 2009, 2010, Pro Forma 2011 and the period ended September 30, 2012, respectively. We believe that our cancellation rates for 2012 were moderately higher than in 2011, primarily due to the weakness in the Spanish economy and its impact on our small business customers in that country. As we continue to expand, including into new markets, our new subscribers may have different economic and other characteristics from our current subscribers, which may lead to increased cancellation rates. The loss of subscribers, particularly prior to the time when the fees paid by that subscriber cover the net cost to install an alarm system, has a negative effect on our business.

In addition, subscriber cancellations reduce our monthly subscription fees and cause us to incur additional costs to replace the cancelled subscribers. Our costs of obtaining new subscribers increased from 2008 to 2009, and in the future it may be even more difficult to recover the initial costs we invest in each new subscriber if our costs increase, or if the installation fees or monthly subscription fees we charge decrease, which would then cause the subscription period required for us to recapture our upfront costs to become even longer. A significant increase in our cancellation rate would reduce our net sales, and may require us to incur unanticipated costs to replace subscribers lost to cancellation. Therefore, if a significant number of our subscribers cancel or do not renew their contracts, our business, financial condition and results of operations could be materially adversely affected.

Certain elements of our operating model rely on our subscribers' selection of telecommunications services (both wireless and wired), which we use to communicate with our monitoring operations. In order to continue to service our subscribers, our systems need to be able to interface with the technology existing in our subscribers' residences or businesses. Advances in technology may require subscribers to upgrade to alternative, and often more expensive, technologies to transmit alarm signals. Such higher costs may reduce the market for new subscribers of alarm systems, or cause existing customers to cancel service with us. Additionally, in the future we may not be able to successfully implement new technologies or adapt existing technologies to changing market demands, and in any event we may be required to incur significant additional costs to upgrade to improved technology. Continued shifts in technology or subscribers' preferences regarding telecommunications services could have a material adverse affect on our business, financial condition and results of operations.

Certain of our potential competitors may seek to expand their market share by bundling their existing offerings with additional products and services.

We may not be able to compete effectively with companies that integrate or bundle security offerings similar to ours with other general services they provide. For example, home insurance companies (many of which offer reduced premiums for homes with security alarms) and telecommunications or utility companies (both of which may already have a relationship with our potential subscribers) may decide to expand into alarm monitoring services and bundle their existing offerings with monitored security services. The existing access to and relationship with subscribers that these companies have could give them a substantial advantage over us, especially if they are able to offer subscribers a lower price by bundling these services. These potential competitors may subject us to pricing pressure, slower growth in our subscriber base, higher costs and increased cancellation rates among our subscribers. If we are unable to sufficiently respond to these competitors or otherwise meet these competitive challenges, we may lose subscribers or experience a decrease in demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, in many locations, we work with guarding companies to respond to triggered alarms. If the guarding companies were to successfully expand into the alarm monitoring and installation market, they would become direct competitors with us. This development would also force us to have to find alternative first responders in the affected regions, which may not be available on a timely basis or on commercially attractive terms. The costs and difficulties associated with finding alternative providers, as well as any potential decrease in our market share in the relevant region from the presence of these new entrants, could have a material adverse effect on our business, financial condition and results of operations.

We have incurred and may continue to incur significant expenses in connection with developing our brands.

We make significant expenditures to market our "SECURITAS DIRECT" brand and increase brand awareness among consumers. In addition, from time to time we seek to develop new brands, and often make significant investments to develop these brands. In 2009, we developed a new brand called "Verisure" for use with our premium products. In doing so, we have incurred costs associated with developing this new brand and will incur additional costs in continuing to build recognition of this new brand. As we continue to build the "Verisure" brand name, there is some risk that the volume of new installations and our cancellation rate could be adversely impacted, as potential subscribers and existing subscribers may not associate this new brand name with our historical reputation as a quality service provider. We may not be successful in achieving an acceptable level of recognition for our brands and, if so, this could have a material adverse effect on our business, financial condition and results of operations.

We regard our brand names as critical to our success. Failure to protect our brand names or to prevent unauthorized use by third parties, or termination of the agreements granting our license, could harm our reputation, affect the ability of subscribers to associate our quality service with our company and cause substantial difficulty in soliciting new subscribers, which could have a material adverse effect on our business, financial condition and results of operations.

Potential competition with our former parent or disputes over our primary brand name may negatively impact our results of operations.

We do not own the "SECURITAS" brand name or trademark. Instead, we license the "SECURITAS" brand name and trademark from Securitas AB for most of our operating geographic locations. Securitas AB is our former parent company from whom we were divested in 2006. Historically, Securitas AB has primarily focused on the business segment of the security market. However, in the future, Securitas AB may choose to compete directly against us, including using a form of the "SECURITAS" brand name in the markets in which we operate. In that case, consumers may become confused between our brand and their brand. Additionally, consumers may prefer the products or services that Securitas AB would offer over our products or services.

Our current license expires in December 2029. After that date, we may not be able to continue to license the "SECURITAS" brand on commercially reasonable terms, if at all. Additionally, in accordance with the agreements granting our license, Securitas AB may terminate the agreement under certain circumstances, including if we are acquired by or enter into a joint venture with a competitor of Securitas AB. Our license does not provide exclusive use of the "SECURITAS" brand name or trademark even in the countries where we have operations. As a result, there could be significant brand confusion in markets where Securitas AB or its sub-licensees use the same trademark to sell alarm systems or provide other security services. Any resulting brand confusion among our subscribers could harm our reputation or reduce the value of our brand. For example, Securitas AB currently competes with us in Spain, Sweden, Belgium, the Netherlands, Finland, Norway and France, under the name "SECURITAS ALERT SERVICES". The license does not extend beyond our current countries of operation in Europe. We would have to obtain the consent of Securitas AB to use the "SECURITAS" brand name in any other country in which we choose to commence operations. Securitas AB is under no obligation to grant such consent.

We may face difficulties in increasing our subscriber base or our subscription fees or up-selling new products to our current subscribers, and these difficulties may cause our operating results to suffer.

We have experienced strong revenue growth recently. However, our future rate of growth may slow compared to the last several years. Our recent revenue growth is primarily due to the growth of our subscriber base and increases in our subscription fees (including certain increases beyond the increase in consumer price indices). We may not be able to sustain the level of subscriber growth, and further increases in subscription fees may meet customer resistance and lead to increases in subscriber cancellation rates. If we are unable to execute our business strategy, the RHSB market does not continue to grow as we expect, or we encounter other unforeseen difficulties in acquiring new subscribers or selling additional products and services to existing subscribers, we may experience a material adverse effect on our business, financial condition and results of operations. Our subscriber base includes long-time legacy customers, and it is a challenge to sell additional services to such customers.

Additionally, we may be forced to spend additional capital to continue to acquire subscribers at our present rate or, during certain periods in the future, we may seek to increase the rate at which we acquire additional subscribers. Either such strategy would cause us to expend additional amounts to purchase inventory and to market those products. As a result of these increased investments, our profitability would decrease. In addition, we may evaluate complementary business opportunities, adding subscriber acquisition channels and forming new alliances with partners to market our alarm systems. Any of these new opportunities, subscriber acquisition channels or alliances could have higher cost structures than our current arrangements, which could reduce profit margins. Should we increase our efforts to acquire new subscribers and incur the additional costs, our business, financial condition and results of operations could be materially adversely affected.

Our substantial concentration of sales in Spain makes us more vulnerable to negative developments in Spain.

At December 31, 2011, approximately 46% of our subscribers lived in Spain, and the Spanish market represented 46% of our Pro Forma 2011 net sales. In light of this concentration, our business is particularly sensitive to developments that materially impact the Spanish economy or otherwise affect our operations in Spain. In particular, growth in our subscriber base has been affected by higher cancellations in certain parts of our Spanish business, which may persist due to disruptive economic events in Spain. We have a higher percentage of small business subscribers in Spain than in our other markets, and these small business subscribers tend to be more sensitive to economic conditions. Since 2008 the Spanish economy has been affected by the global economic downturn, which has been exacerbated by a real estate crisis and pressures stemming from a relatively high fiscal deficit and foreign indebtedness. The unemployment rate in Spain has been increasing and is now approximately 25%. The Spanish government has undertaken an ambitious program of fiscal austerity, which has curtailed spending, thereby affecting consumption and investment decisions of individuals. Spain’s public debt was downgraded by rating agencies in 2010, 2011 and 2012. If the Spanish government’s current fiscal austerity program continues to have, or if any other development in the Spanish economy has, negative effects on domestic demand in Spain, this may decrease our subscriber growth rate, adversely affect our ability to increase prices or increase our costs of acquiring new subscribers. An extended recession, or public perception that economic conditions are deteriorating, could substantially decrease the demand for our products and adversely affect our business. While the impact of a continued economic slowdown or recession on our business in Spain is uncertain, it could result in a decline in our net sales which could have a material adverse effect on our business, financial condition and results of operations.

An increase in labor costs in the jurisdictions in which we operate, especially in Spain, may adversely affect our business and profitability.

Our business is labor intensive, with labor costs representing 37% of our total operating costs on a twelve-month trailing basis for December 31, 2011. Any increase in labor costs, particularly in Spain where 56% of our employees are located, could adversely affect our business and profitability. Most of our employees operate under collective bargaining agreements. These existing collective bargaining agreements may not be able to be extended or renewed on their current terms, and we may be unable to negotiate collective bargaining agreements in a favorable and timely manner. We may also become subject to additional collective bargaining agreements in the future or our non-unionized workers may unionize, all of which may have a material adverse effect on our costs, operations and business. In the event that we experience a significant or material increase in labor costs and are not able to pass some or all of those incurred costs to our subscribers, it could have a material adverse effect on our business, financial condition and results of operations.

Privacy concerns, such as consumer identity theft and security breaches, could hurt our reputation and revenues.

As part of our operations, we collect a large amount of private information from our subscribers, including credit card information, images and voice recordings. If we were to experience a breach of our data security, we may put private information of our subscribers at risk of exposure. To the extent that any such exposure leads to credit card fraud or identity theft, we may experience a general decline in consumer confidence in our business, which may lead to an increase in our cancellation rate or make it more difficult to attract new subscribers. If consumers become reluctant to use our services because of concerns over data privacy or credit card fraud, our ability to generate revenues would be impaired. In addition, if technology upgrades or other expenditures are required to prevent security breaches of our network, boost general consumer confidence in our business, or prevent credit card fraud and identity theft, we may be required to make unplanned capital expenditures or expend other resources. Any such loss of confidence in our business or additional capital expenditure requirement could have a material adverse effect on our business, financial condition and results of operations.

Any significant or prolonged disruption of our monitoring centers could constrain our ability to effectively respond to alarms and serve our subscribers.

A disruption to one or more of our monitoring facilities could constrain our ability to provide alarm monitoring services and serve our subscribers, which could have a material adverse affect on our business. Our alarm systems are linked to our monitoring centers by a variety of connection platforms (both wired and wireless). It is critical that the communication platforms supporting our monitoring activities function properly and allow us to provide our full range of security solutions. We are exposed to various risks ranging from outages and interruptions in the connections between our alarms and our monitoring facilities as well as larger-scale power failures or other catastrophes with respect to our monitoring centers. In addition, because our customer service operators often are in the same location as our monitoring staff, damage or a protracted outage in telecommunication traffic in a specific area or a wide range of areas that affect more than one of our monitoring stations could cause a significant disruption in our sales as well as monitoring operations. For example, if any of our monitoring centers were to be affected by earthquake, flood, fire or other natural disaster, act of terrorism, power loss or other catastrophe, our operations and subscriber relations could be, in turn, materially and adversely affected. We attempt to mitigate this risk by maintaining auxiliary facilities that can support full monitoring capabilities. Nevertheless, such facilities may not remain operational or we may not be able to transfer our monitoring function in a timely manner. In addition, an auxiliary facility typically does not have all the same capabilities and functionalities as the main center, such as invoicing. Any significant disruption to our operations could have a material adverse effect on our business, financial condition and results of operations.

Our reputation as a supplier and service provider of high quality security offerings may be adversely affected by product defects or shortfalls in our customer service.

Our business depends on our reputation and our ability to maintain good relationships with our subscribers, suppliers, employees and local regulators. Our reputation may be harmed either through product defects, such as the failure of one or more of our alarm systems, or shortfalls in our customer service, such as a failure to provide reliable product maintenance. Any harm done to our reputation or business relationships as a result of our actions or the actions of third parties could have a significant negative effect on us. Our relationships with our subscribers are of particular importance. Subscribers generally judge our performance through their interactions with the staff at our monitoring centers, the reliability of our products and our maintenance performance for any products that require repair. Any failure to meet our subscribers' expectations in such customer service areas could have a material impact on our cancellation rates or make it difficult to recruit new subscribers. Moreover, we may be exposed to product liability claims in the event that any of our products is alleged to contain a defect and we may incur liability costs for the entire damage or loss claimed. Any claims could divert resources from operating the business and may adversely affect our reputation with our subscribers as a provider of quality solutions. Any harm to our reputation caused by any of these or other factors could have a material adverse effect on our business, financial condition and results of operations.

We may face liability for our failure to respond adequately to alarm activations.

The nature of the services we provide potentially exposes us to risks of liability for operational failures. If we fail to respond effectively to an alarm, our subscribers could be harmed, their items could be stolen or their property could be damaged. Our alarm monitoring agreements and other agreements pursuant to which we sell our products and services typically contain provisions limiting our liability to subscribers and third parties in the event that certain failures lead to a loss due to a system failure or an inadequate response to an alarm activation. However, these provisions may be inadequate to protect us from potential liability. In addition, if a claim is brought against us, these limitations may not be enforced or enforceable. Any significant or material claim related to the failure of our products or services could lead to significant litigation costs, including the payment of monetary damages, reputational damage or both, which could have an adverse effect on our business, financial condition and results of operations.

Our business operates in a regulated industry, and noncompliance with regulations could expose us to fines, penalties and other liabilities and negative consequences.

Our operations and employees are subject to various laws and regulations. While we currently benefit from an exemption to the EU's Service Directive, which typically governs service providers in the European Union, we remain subject to local laws, rules and regulations in the geographic regions in which we operate. These regulations govern our operations, from the sales and installation process through the monitoring and alarm verification process. Many European countries have regulations governing consumer sales methods such as door-to-door, telemarketing and online sales, as well as regulations governing trial periods during which subscribers may request a refund if they change their mind about wanting to purchase a given product or service. In order to install an alarm system, we generally must be licensed in the country where we are installing the system. Additionally, we generally must obtain operating certificates or permits for our monitoring centers, and provide certain levels of training to our employees at those centers. We are also governed by regulations relating to when we can forward alarms to emergency providers, and are subject to certain consequences if we forward false alarms to such emergency providers. Any failure to comply with the laws, rules or regulations (local or otherwise) in which we operate may result in fines, penalties or a suspension or termination of our right to sell, install and monitor alarm systems in the relevant jurisdiction.

Additionally, changes in laws or regulations in the jurisdictions in which we operate or the introduction of EU regulation could cause us to incur significant costs and expenses to comply with such laws or regulations, or become unable to operate in the alarm sale, installation or monitoring market within the localities in which such laws or regulations are implemented. Such changes may also result in delays in commencement or completion of services to our subscribers or the need to modify completed installations. Any limitation on our ability to operate our business due to legal or regulatory reasons could have a material adverse effect on our business, financial condition and results of operations.

Increased adoption of false alarm ordinances by local governments or other similar regulatory developments could adversely affect our business.

An increasing number of local governmental authorities have adopted, or are considering the adoption of, laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. These measures could include, among other things:

- requiring permits for the installation and operation of individual alarm systems and the revocation of such permits following a specified number of false alarms;
- imposing limitations on the number of times the police will respond to alarms at a particular location after a specified number of false alarms;
- requiring further verification of an alarm signal before the police will respond; and
- subjecting alarm monitoring companies to fines or penalties for transmitting false alarms.

Enactment of these measures could adversely affect our costs and our ability to conduct our activities. For example, concern over false alarms in localities adopting these ordinances could cause a decrease in the timeliness of emergency responders. As a result, consumers may be discouraged from purchasing or maintaining an alarm monitoring system. In addition, some local governments impose assessments, fines, penalties and limitations on either subscribers or the alarm companies for false alarms. Our alarm service contracts generally allow us to pass these charges on to subscribers. However, if more local governments impose assessments, fines or penalties, or if local governments increase existing requirements, our subscribers may find these additional charges prohibitive and be discouraged from using alarm monitoring services. If the adoption of such ordinances reduces the demand for our products or services or if we are unable to pass related assessments, fines and penalties on to our subscribers, we could experience a material adverse effect on our business, financial condition and results of operations.

We rely on third-party suppliers for our alarm systems and any failure or interruption in the provision of such products or failure by us to meet minimum purchase requirements could harm our ability to operate our business.

The alarm systems and other products that we install are manufactured by third parties. We are therefore susceptible to the interruption of supply or the receipt of faulty products from our suppliers. Difficulties encountered with suppliers may result in disruptions in our operations, loss of profitability and damage to our reputation, and in such instances our business, financial condition, results of operations and prospects could be adversely affected. For example, if suppliers for key components fail to deliver products or experience delays in delivery, such difficulties may prevent us from upgrading our equipment, delivering products to our subscriber on time, or otherwise hinder our ability to install and upgrade systems and provide replacement parts. This could result in higher costs to us and a potential decline in confidence in our products and services among our subscribers. We are particularly vulnerable to any disruptions in supply of our legacy systems or replacement parts for these systems, as these products may become obsolete and may be out of production. In Spain, we rely on a single supplier to supply us with all our new alarm systems, which subjects us to a higher risk of interrupted supply. We also must meet minimum purchase commitments with certain suppliers, which may require us to hold inventory in excess of our requirements. For example, in 2008, as the economy slowed significantly, so did the demand for our products and we were required to purchase and hold excess inventory to meet our minimum purchase requirements.

We also often partner with key suppliers to develop proprietary technologies and products used in our business. We use these partnerships to supplement our own internal product development team. If these suppliers fail to keep pace with technological innovations in the RHSB market, we may incur increased product development costs or lose subscribers to competitors with access to these technological innovations. Any interruption in supply, failure to produce quality products or inability to keep pace with technological innovation by a key supplier could adversely affect our operations, as it may be difficult for us to find alternatives on terms acceptable to us, which could have a material adverse effect on our business, financial condition and results of operations.

We may incur unexpectedly high costs as a result of meeting our warranty obligations.

Many of our subscriber agreements provide for warranties with longer coverage periods than the warranties offered to us from suppliers of our component parts. Therefore, we may be liable for defects in our suppliers' component parts that manifest after the term of the manufacturer's warranty expires. Further, our suppliers' warranties also have limitations on the extent of their liability for repairs or replacements. Additionally, we may encounter situations where we believe a product is defective, but the manufacturer may not honor the warranty either because they do not agree that the product is defective or because the manufacturer has financial difficulties. We recently encountered a situation with a supplier in Scandinavia that refused to honor a warranty claim as it did not agree with our assessment that the product was defective. Any significant incurrence of warranty expense in excess of our estimates for which we are unable to receive reimbursement from the supplier could have a material adverse effect on our business, financial condition and results of operations.

Our insurance policies may not fully protect us from significant liabilities.

We carry insurance of various types, including claims, general liability and professional liability insurance, in amounts management considers adequate and customary for our industry. Some of our insurance policies, and the laws of some of the jurisdictions in which we operate, may limit or prohibit insurance coverage for punitive or certain other types of damages, or liability arising from gross negligence. As such, our insurance policies may be inadequate to protect us against liability from the hazards and risks related to our business. Additionally, we may not be able to obtain adequate insurance coverage in the future at rates we consider reasonable. The occurrence of an event not fully covered by insurance, or an event that we did not carry adequate insurance for, could result in substantial losses and could have a material adverse effect on our business, financial condition and results of operations.

Unauthorized use of or disputes involving our proprietary technology and processes may adversely affect our business.

Our success and competitive position depends in part on a combination of trade secrets and proprietary know-how. We use our in-house development team to design proprietary products, including hardware and software protocols. We also cooperate with our network of manufacturing partners to jointly develop new proprietary products and solutions. In general, we have not sought or received patents covering such proprietary technologies and therefore the legal protections covering our proprietary technologies from infringement or other misuse may be inadequate. Likewise, the remedy for any breach of such protections may not be adequate to compensate us for the damages suffered. Any access to or use by competitors of our technology could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may be subject to claims of patent or other intellectual property rights infringement by third parties. In developing technologies and systems, we may not adequately identify third-party intellectual property rights or assess the scope and validity of these third-party rights. Accordingly, we may become subject to lawsuits alleging that we have infringed on the intellectual property rights of others and seeking that we cease to use the relevant technology. Intellectual property litigation could adversely affect the development or sale of the challenged product or technology or require us to pay damages or royalties to license proprietary rights from third parties. Licenses may not be available to us on commercially reasonable terms, if at all. Any such intellectual property litigation could represent a significant expense and divert our personnel's attention and efforts and could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to effectively manage our growth into new markets.

Our growth plan includes expansion into new markets, particularly in Latin America. Expanding into these new markets involves significant expenditures on development of monitoring and back-up centers, hiring and training of personnel, and marketing efforts to introduce our brand to the new market. We may not accurately predict such costs or accurately anticipate operational difficulties caused by local market conditions, and therefore may not achieve our financial and strategic objectives for our operations in the new markets. Accordingly, we may incur losses as we expand our operations. Some examples of the risks encountered in entering new markets include:

- costs associated with signing up subscribers who may not prove as loyal as our current subscriber base, which would cause our cancellation rate to increase;
- increased investment associated with understanding new markets and following trends in these markets in order to effectively compete;
- increased costs associated with adapting our products and services to different requirements in the local markets, which may decrease our margins and profitability;
- challenges relating to developing appropriate risk management and internal control structures for operations in new markets and understanding and complying with new regulatory schemes;
- reduced ability to predict our performance because we will have less experience in the new markets than in our existing markets;
- trade barriers such as export requirements, which could cause us to experience inventory shortages or an inability to offer our full set of products;
- tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;
- currency effects, such as future currency devaluations; and
- political and other local risks.

Both our failure to accurately predict or manage costs or any operational difficulties we encounter in expanding into new markets could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks associated with foreign currency fluctuations as we translate our financial results into euro, and these risks would increase if individual currencies are reintroduced in the eurozone.

We have changed our presentation currency to euro effective as of January 1, 2012 and will present our consolidated financial statements in euro following the completion of this offering. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of certain other currencies (the SEK and NOK in particular) against the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger euro will reduce the reported results of operations of the non-euro businesses and conversely a weaker euro will increase the reported results of operations of the non-euro businesses. Our primary exposure is to the SEK and NOK. In Pro Forma 2011, 68% of our net sales were denominated in euro, 16% of our net sales were denominated in SEK, 12% of our net sales were denominated in NOK and 4% of our net sales were denominated in other currencies. During 2009, 2010, 2011 and the first nine months of 2012, the euro/SEK exchange rate fluctuated significantly, as it averaged, SEK10.6220 = €1.00 in 2009, SEK9.5411 = €1.00 in 2010, SEK8.9450 = €1.00 in 2011 and SEK8.7548 = €1.00 in the nine months ended September 30, 2012. Foreign exchange rate fluctuations can significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. In addition, certain of our supply contracts in non-euro denominated countries contain clauses that reset the prices at which we buy our goods based on fluctuations in exchange rates, which can increase our costs if rates move in a manner that is unfavorable to us.

Where we are unable to match sales received in foreign currencies with costs paid in the same currency, our results of operations are impacted by currency exchange rate fluctuations and any unfavorable movement in currency exchange rates could have a material adverse effect on our business, financial condition and results of operations.

Recent economic events affecting the European economies, including the sovereign debt crisis in Greece, Italy, Spain and Portugal, have raised a number of questions regarding the stability and overall standing of the European Monetary Union. This credit risk in these countries and in other eurozone countries could have a negative impact on our activities in Europe. The departure or risk of departure from the euro by one or more eurozone countries and/or the abandonment of the euro as a currency could have major negative effects on both existing contractual relations and the fulfillment of obligations by us or could adversely affect our subscribers. In particular, the departure of one or more of the countries where we do business from the euro would increase our exposure to changes in currency rates. Any of these developments could have a significant negative impact on our business, financial condition and results of operations.

We are subject to increasing operating costs and inflation risks which may adversely affect our earnings.

We are subject to increasing operating costs. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs. While we aim to increase our subscription rates to offset increases in operating costs, we may not be successful in doing so. Some countries, such as France, require that our contracts specify the rate of any automatic price increases. We believe our subscriber contracts comply with such laws, but these terms may make it difficult to pass on additional price increases to our subscribers. Price increases are also associated with expenses, in particular, service costs. As a result, our operating costs may increase faster than associated revenues, resulting in a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal and arbitration proceedings, which could adversely affect our financial results and condition.

From time to time we are involved in legal and arbitration proceedings, the outcomes of which are difficult to predict. We could become involved in legal and arbitration disputes in the future which may involve substantial claims for damages or other payments. In the event of a negative outcome of any material legal or arbitration proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the costs related to litigation and arbitration proceedings may be significant. Even in case of a positive outcome in such proceedings, we may still have to bear part or all of our advisory and other costs to the extent they are not reimbursed by the opponent, which could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on our experienced senior management team, who would be difficult to replace.

Our Chief Executive Officer, Dick Seger, and our President of South and Latin America, Luis Gil, together have over 30 years of relevant operating experience, and have worked with the Securitas business since 1984 and 1993, respectively. The loss of either one of these executive officers could have a material impact on our business, and if such an event were to occur we may find it difficult and costly to replace them. If we were unable to effectively replace either of them, it could have a material adverse effect on our business, financial condition and results of operations. We also have recently hired a new Chief Financial Officer. Our failure to effectively integrate this new CFO and other new executive officers into our company could adversely effect our business. We also employ a number of other management and administrative personnel; if these officers were to leave our business we would have to conduct searches for new personnel and transition these new personnel into their roles within our company. Our failure to effectively hire or transition these new personnel could adversely affect our business, and we often incur costs to recruit and train these personnel.

Risks Related to Our Financing Arrangements

Our significant leverage may make it difficult for us to service our debt, including the Notes, and operate our business.

Upon consummation of the Acquisition Transactions and this offering of the New Series A Notes, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of September 30, 2012, giving effect to the completion of this offering, our total outstanding indebtedness would have been €1,447.1 million, excluding the Shareholder Funding Instruments. As of September 30, 2012, on a pro forma basis giving effect to the use of proceeds in this offering and non-cash utilizations and bank guarantees in the amount of approximately €8.0 million, we also would have had approximately €259.7 million available for borrowing under our Revolving Credit Facility. See “Description of Certain Indebtedness” and “Description of the Notes”.

Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from investing in customer acquisitions, growing our business, pursuing strategic acquisitions and exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt or dispose of assets to obtain funds for such purpose. We cannot assure you that refinancings or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments.

Despite our high level of indebtedness, we and our subsidiaries can incur significant additional debt, which would exacerbate the risks associated with our level of indebtedness.

We and our subsidiaries may be able to incur substantial additional debt in the future. As of September 30, 2012, on a pro forma basis giving effect to the use of proceeds in this offering and non-cash utilizations and bank guarantees in the amount of approximately €8.0 million, we would have had approximately €259.7 million available for borrowing under our Revolving Credit Facility, which the Indenture permits to be borrowed at any time. We also can incur additional indebtedness under the Indenture if our consolidated leverage ratio (as defined in the Indenture) is less than 6.0 to 1.0) and, in event the debt is secured, if our consolidated senior secured leverage ratio (as defined in the Indenture) is no greater than 4.5 to 1.0. We will also be able to incur additional Series A Indebtedness (as defined in the Indenture), if our consolidated Series A leverage ratio (as defined in the Indenture) is no greater than 3.25 to 1.0. There are also significant qualifications and exceptions to the restrictions on incurring additional indebtedness, and under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. The Indenture and the Revolving Credit Facility will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. If new debt is added to our and our subsidiaries' existing debt levels, the risks associated with our substantial indebtedness described above, including the possibility of us being unable to service our debt, will increase.

We are subject to restrictive covenants in our Revolving Credit Facility and the Indenture, which could impair our ability to run our business.

Restrictive covenants in the Revolving Credit Facility and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The Revolving Credit Facility and the Indenture contain negative covenants restricting, among other things, our ability to:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees;
- create security;

- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- transfer all or substantially all of our assets;
- make a substantial change to the general nature of our business;
- pay dividends and make other restricted payments;
- create or incur liens;
- make certain investments;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions;
- engage in sales of assets and subsidiary stock; and
- enter into transactions with affiliates.

In addition, the Revolving Credit Facility will require us to comply with certain affirmative covenants and certain specified financial covenants and ratios. See "Description of Certain Indebtedness—Revolving Credit Facility".

The restrictions contained in the Revolving Credit Facility 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 potential 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 organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Revolving Credit Facility or the Indenture.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross-defaults under our other debt instruments, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event.

We may not be able to generate sufficient cash to meet our debt service obligations.

Our ability to make cash interest payments on the Notes and to meet our other debt service obligations, including under the Revolving Credit Facility, or to refinance our debt, depends on our future operating and financial performance, which in turn depends on our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors that are beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including the Notes. In such an event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See "Description of Certain Indebtedness" and "Description of the Notes".

If we fail to meet our obligations under our financing agreements, our creditors could declare all amounts owed to them due and payable, which could lead to liquidity constraints.

Our ability to comply with the covenants and restrictions in our financing agreements, in particular the Revolving Credit Facility and the Indenture, may be affected by events beyond our control, including general economic, financial and industry related factors and conditions. If we breach any of the aforementioned covenants or restrictions, we could be in default under the Revolving Credit Facility, the Indenture and other relevant financing agreements.

In the event of a default under the Revolving Credit Facility or certain other defaults under any other agreement, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that we have borrowed under our credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. In addition, borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, including the Notes and the Revolving Credit Facility, may as a result also be accelerated and become due and payable. If the debt under the Revolving Credit Facility or the Notes or any other material financing arrangement that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the Notes in full. Any such actions could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under the Notes in such an event.

Risks Related to the Notes

Creditors under the Revolving Credit Facility are entitled to be repaid with recoveries from the enforcement of Notes Guarantee claims and proceeds from the enforcement of the Collateral in priority to the Notes.

The Trustee for the Notes acceded to the Intercreditor Agreement to which, among others, the lenders and agent under the Revolving Credit Facility, the lenders and agent under the Mezzanine Loan Agreement and the Security Agent are party. The Intercreditor Agreement includes provisions governing the sharing of recoveries from guarantee claims and proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events including acceleration of the Notes or Revolving Credit Facility. The Security Agent is required to pay turned over amounts and other recoveries by the Security Agent from enforcement actions to discharge obligations under the Revolving Credit Facility in priority to paying any such amounts to discharge the Notes. As such, in the event of a foreclosure of the Collateral or enforcement of the Notes Guarantees, you may not benefit from such recoveries if the then outstanding claims under the Revolving Credit Facility are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral or enforcement of the Notes Guarantees will, after all obligations under the Revolving Credit Facility have been discharged, be applied pro rata in repayment of the Notes.

Holders of the Notes may not control certain decisions regarding the Collateral.

The obligations under the Notes and the Notes Guarantees are secured on a first-ranking basis with security interests over the Collateral that also secure our obligations under the Revolving Credit Facility (the "Super Senior Liabilities"). The Indenture also permits the Collateral to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement. In general, the agent under the Revolving Credit Facility (instructed by over 66.67% of the aggregate of all outstanding liabilities under the Revolving Credit Facility (the "Majority Super Senior Creditors")) and the Trustee in relation to the Notes (instructed by holders of over 50% of the aggregate credit participation of the Notes and other *pari passu* debt (the "Majority Senior Secured Creditors")), may provide enforcement instructions to the Security Agent to enforce the Collateral. The Intercreditor Agreement provides that where there is an inconsistency between enforcement instructions provided by the Majority Super Senior Creditors and the Majority Senior Secured Creditors and relevant consultation procedures have been complied with, the instructions of the Majority Senior Secured Creditors will prevail. However, if and to the extent the obligations under the Super Senior Liabilities have not been fully discharged within six months of the later of such enforcement instructions first being issued and the first day enforcement action can be taken, the Security Agent has not commenced enforcement action within three months of enforcement instructions first being issued, certain insolvency events occurs or the Majority Senior Secured Creditors instructions do not comply with the security enforcement principles set forth in the Intercreditor Agreement, the enforcement instructions provided by the Majority Super Senior Creditors will prevail. As the lenders under the Revolving Credit Facility and lenders of any other future class of debt that ranks *pari passu* with the indebtedness under the Revolving Credit Facility recover proceeds from the enforcement of Collateral in priority to holders of the Notes and may otherwise have interests that are different from the interests of holders of the Notes, they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the security documents at a time or manner that would be disadvantageous for the holders of the Notes. See "Description of Certain Indebtedness—Intercreditor Agreement".

The Collateral may not be sufficient to secure the obligations under the Notes.

The Notes and the Notes Guarantees will be secured by security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the Revolving Credit Facility and certain hedging obligations. The assets comprising the Collateral also secure, on a second-priority basis, the Mezzanine Loan. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of holders of the Notes to the Collateral may be diluted by any increase in the first-priority debt secured by the Collateral or a reduction of the Collateral securing the Notes.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, whether or not the business is sold as a going concern, the condition of the economies in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity must first be satisfied, leaving little or no remaining assets in the entity.

All amounts received by the Trustee on behalf of the holders of the Notes from the realization or enforcement of all or any part of the Collateral or the Notes Guarantees will first be applied towards the discharge of any amounts owed to holders of the Series A Notes, then applied towards the discharge of any such amounts owed to holders of the Series B Notes.

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

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

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in Collateral. For example, under Swedish law, a pledgee of a security interest in any asset is, when exercising its rights as a secured party or liquidating a secured asset, under a fiduciary duty to protect the interest of the pledgor. This duty includes an obligation to notify the pledgor of any liquidation or sale of the Collateral, to account for the proceeds of such liquidation or sale, and to pay to the pledgor that portion of the proceeds of such liquidation or sale which exceeds the debt secured by such asset. There are provisions in the Swedish Contracts Act which prohibit an enforcing party from foreclosing a secured asset by assuming ownership of the secured asset without accounting for the value thereof. In case of realization of any Swedish law security interest created over trademarks and patents, all known parties concerned must, pursuant to the Swedish Trademarks Act and the Swedish Patent Act, respectively, be notified prior to such realization.

The Security Agent may also 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. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

In addition, our business requires a variety of national, state and local permits and licenses. The continued operation of properties that comprise part of the Collateral and that depend on the maintenance of such permits and licenses may be prohibited or restricted. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. In the event of foreclosure, the grant of permits and licenses may be revoked, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the Collateral may be significantly decreased.

The security interests in the Collateral have been granted to the Security Agent rather than directly to the holders of the Notes.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Notes Guarantors under the Notes Guarantees has not been granted directly to the holders of the Notes but has been granted only in favor of the Security Agent. The Indenture provides (along with the Intercreditor

Agreement) that only the Security Agent has the right to enforce the security documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. The legal concept of "security agent" does not exist under Spanish law. Therefore, validity and enforceability of the security over the collateral granted in favor of the Security Agent may be subject to a due and express power of attorney granted in favor of the Security Agent for such purpose, duly notarized and legalized.

The Issuer and the Notes Guarantors will have control over certain of the Collateral, and the operation of the business or the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents allow the Issuer and the Notes Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Notes Guarantors may, among other things, subject to the terms of the security documents, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Notes. To the extent these activities are allowed with regard to certain security interests, under Swedish law such security interests could be considered to be not validly perfected. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests—Sweden".

The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes and the Notes Guarantees.

The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. The Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations, through a combination of dividends, interest payments on the equity certificates and interest payments on proceeds loans. An interest payment on the equity interests is payable only to the extent (i) it is permitted to be paid under the Intercreditor Agreement, the Revolving Credit Facility, the Mezzanine Loan Agreement and the Indenture and (ii) it is declared payable by the board of directors of the entity that issued the equity interests. The obligations under the equity interests and proceeds loans will be junior obligations and will be subordinated in right of payment to all existing or future senior and senior subordinated indebtedness of the Issuer, including obligations under, or guarantees of obligations under, the Revolving Credit Facility, the Notes and the Mezzanine Loan Agreement.

If our subsidiaries do not fulfill their obligations under the equity certificates and proceeds 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.

Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In addition, the subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to any of the Notes.

The inability to transfer cash among entities within their respective consolidated groups may mean that, even though the subsidiaries of the Issuer, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

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

Under various circumstances, Collateral securing the Notes and the Notes Guarantees will be released automatically, including:

- in connection with any sale or other disposition of the property or assets constituting Collateral, if the sale or other disposition does not violate the "—Limitation of Sales of Assets and Subsidiary Stock" covenant as described in "Description of the Notes" or other provisions of the Indenture;

- in the case of a Notes Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and share capital, of such Notes Guarantor;
- if the Issuer designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and share capital, of such subsidiary;
- in accordance with the provisions of the Indenture set forth in "Description of the Notes—Amendments and Waivers";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the headings "Description of the Notes—Defeasance" and "Description of the Notes—Satisfaction and Discharge"; or
- in connection with an enforcement sale pursuant to the Intercreditor Agreement.

Subject to certain exceptions, the creditors under the Revolving Credit Facility may control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See "Description of the Notes—Security—Enforcement of Security Interest". In regard to perfected security interests governed by Swedish law, any release of such security interests requires the consent of the Security Agent in its reasonable discretion. See "Description of Certain Indebtedness—Intercreditor Agreement—Enforcement of Collateral".

Under various circumstances, the Notes Guarantees will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of that Notes Guarantor (including by way of merger or consolidation) or the share capital of that Notes Guarantor to a person that is not (either before or after giving effect to such transaction) the Issuer or a restricted subsidiary of the Issuer, if the sale or other disposition is otherwise permitted by the Indenture and applicable law;
- if the Issuer designates any restricted subsidiary that is a Notes Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;
- upon defeasance or satisfaction and discharge of the Indenture as provided under the headings "Description of the Notes—Defeasance" or "Description of the Notes—Satisfaction and Discharge", as applicable; and
- pursuant to a transaction permitted by the covenant described under the heading "Description of the Notes—Certain Covenants—Merger and Consolidation".

In addition, the Notes Guarantees will be subject to release upon an enforcement sale as contemplated under the Intercreditor Agreement. Unless consented to, the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the Notes Guarantees or security interests in the Collateral unless the relevant sale or disposal is made:

- pursuant to a public auction; or
- pursuant to a fairness opinion obtained from an internationally recognized investment bank or accounting firm selected by the Security Agent; and
- such that the proceeds of any such Sale or disposal are received in cash by the Security Agent.

See "Description of Certain Indebtedness—Intercreditor Agreement" and "Description of the Notes".

The Notes and each of the Notes Guarantees will each be structurally subordinated to the liabilities and preference shares (if any) of our non-guarantor subsidiaries.

Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of such subsidiary, will have priority with respect to the assets and earnings of that subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Notes Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Notes Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-guarantor subsidiaries for the Notes. On a consolidated basis, for the nine months ended September 30, 2012, our subsidiaries that will not provide a Notes Guarantee generated 21% of our total net sales. As of September 30, 2012, such non-guarantor subsidiaries collectively represented 11% of our total assets and had €76.7 million of our total liabilities.

Certain Collateral will not initially secure the Notes.

We currently expect that the security interests in the shares of our Spanish subsidiaries and any Collateral granted by these subsidiaries will not cover the New Series A Notes on the Issue Date. After the Issue Date, we will take steps to grant and perfect any such remaining Collateral for the benefit of the New Series A Notes. We will agree with the Initial Purchasers in the purchase agreement related to the New Series A Notes that we will use reasonable best efforts to grant and perfect within 40 days following the Issue Date any liens not in place on the Issue Date. However, we may not be successful in procuring or perfecting such liens at all or in a timely manner. As a result, the holders of the New Series A Notes may not benefit from the full Collateral package for a period following the Issue Date or at all, which may limit the ability of holders of New Series A Notes to recover amounts due to them under the Notes.

Each Notes 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 Notes Guarantors will guarantee the Notes on a senior basis. Each Notes Guarantee will provide the relevant holders of the Notes with a direct claim against the relevant Notes Guarantor. In addition, the Issuer and the Notes Guarantors will secure the payment of the Notes on a senior basis by granting security under the relevant security documents. However, the Indenture will provide that each Notes Guarantee and each security interest granted under a security document will be limited to the maximum amount that can be guaranteed or secured by the relevant Notes Guarantor or security provider without rendering the relevant Notes Guarantee or security interest voidable or otherwise ineffective under applicable law, and enforcement of each Notes Guarantee or security document will be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. The Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor will be subject to limitations including financial assistance rules in Spain, Sweden, Norway and Portugal described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests". These financial assistance rules in Spain, Norway and Portugal generally require that the obligations under the Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor be limited to indebtedness used to refinance non-acquisition related indebtedness (subject to certain additional limitations, particularly in Norway and Portugal, as further described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests"). Certain of the Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor will be of limited or no value. The limitations with respect to the Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor may not apply to the same extent to the guarantees and security provided under the Revolving Credit Facility. The limitations governing the Notes Guarantees, the liability of the Notes Guarantors and the security granted by each Notes Guarantor and the guarantees and security under the Revolving Credit Facility will depend on the specific factual circumstances. In general, the validity and enforceability of the Notes Guarantees and the security and the liability of each Notes Guarantor will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

Under fraudulent conveyance and other related laws, although laws differ among various jurisdictions, in general, a court could subordinate or void the Notes Guarantees or the security interest granted under the security documents and, if payment had already been made under a Notes Guarantee or enforcement proceeds applied under a security document, require that the recipient return the payment to the relevant Notes Guarantor or security provider, if the court found that:

- the amount paid or payable under the relevant Notes Guarantee or the enforcement proceeds under the relevant security document was in excess of the maximum amount permitted under applicable law;
- the relevant Notes Guarantee or security interest under a security document was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Notes Guarantor or security provider or, in certain jurisdictions, even when the recipient was simply aware that the Notes Guarantor or security provider was insolvent when it granted the relevant Notes Guarantee or security interest;

- the Notes Guarantor or security provider did not receive fair consideration or reasonably equivalent value for the relevant Notes Guarantee or security interest and the Notes Guarantor or security provider was: (i) insolvent or rendered insolvent because of the relevant Notes Guarantee or security interest; (ii) undercapitalized or became undercapitalized because of the relevant Notes Guarantee or security document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; or
- the relevant Notes Guarantees or security documents were held to exceed the corporate objects of the Notes Guarantor or security provider or not to be in the best interests or for the corporate benefit of the Notes Guarantor or security provider.

Your rights in the Collateral may be adversely affected by the delay in or failure to grant or perfect security interests in the Collateral.

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, the grantor of the security or both parties. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent, as applicable, fail or are unable to take the actions required to perfect any of these liens or if it has been agreed that such perfection steps shall not be taken on the basis such steps have undesirable effects. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified. Under Swedish law, a security interest over an asset can only be validly perfected if the grantor is deprived of its right to control and deal with the asset. For example, under the security over the proceeds loans and equity certificates, the security grantor will be allowed to collect interest until the occurrence of an enforcement event, and therefore security over the interest payments will not be perfected until an enforcement event has occurred. To the extent security granted by a Swedish company is granted or perfected later than on the date of the issuance of the Notes, the holders of the Notes will face a greater risk that such security would be subject to clawback in the event of the bankruptcy of Swedish security providers. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests—Sweden".

You may face interest rate risks by investing in the Notes, because certain of our existing borrowings bear, and the New Series A Notes will bear, interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

A substantial part of our indebtedness, including borrowings under the Revolving Credit Facility, Mezzanine Loan, the Existing Series A Floating Rate Notes and the Series A Senior Loan, bears interest at per annum rates equal to EURIBOR, LIBOR and similar benchmarks, in each case adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Although we currently hedge the interest rate with respect to a portion of our floating rate indebtedness, we may not be able to obtain such hedges, or replace such hedges, on terms that are acceptable to us, and any such hedge may not be fully effective, which would expose us to interest rate risk.

Changes in, or uncertainty relating to, the EURIBOR calculation process may adversely affect the value of the Notes.

The Series A Floating Rate Notes will bear interest at interest rates based on EURIBOR. Following allegations of manipulation of LIBOR, a different measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR may have been manipulating or attempting to manipulate EURIBOR. Actions by EURIBOR-EBF (the association setting the regulatory framework for the calculation of EURIBOR), other regulators or law enforcement agencies could result in changes to the manner in which EURIBOR is determined. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase or decrease in reported EURIBOR, which could have an adverse impact on the value of the Series A Floating Rate Notes. Uncertainty as to the nature of such potential changes may adversely affect the trading market for EURIBOR-based securities, including the Series A Floating Rate Notes.

Relevant insolvency laws in jurisdictions other than the United States may provide you with less protection than U.S. bankruptcy law.

We are incorporated under the laws of Sweden, and the Notes Guarantors are incorporated under the laws of various jurisdictions, including the laws of Spain, Sweden, Norway and Portugal. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests" for a description of the insolvency laws in Spain, Sweden, Norway and Portugal, which could limit the enforceability of the Notes Guarantees and the security interests.

In the event that the Issuer, the Notes Guarantors, any future Notes Guarantors, if any, or any other of our subsidiaries experienced 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. Notes Guarantees and Collateral provided by entities organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Notes Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a "change of control", the Issuer will be required to offer to repurchase all 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 purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility, the Intercreditor Agreement, the Mezzanine Loan or our other then existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit Facility, under certain circumstances, we are required to repay an equal amount of debt under our Revolving Credit Facility if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "Description of the Notes—Change of Control".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, 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 would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a 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 relevant Issuer's assets 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.

The New Series A Notes will be initially issued with temporary ISINs and common codes. In the event that we are unable to transfer the New Series A Notes to the permanent ISINs and common codes, the New Series A Notes will continue to trade under a separate ISIN and common code to the Existing Series A Floating Rate Notes, which may adversely affect the liquidity of the New Series A Notes and cause the New Series A Notes to trade at different prices than the Existing Series A Floating Rate Notes.

Once the New Series A Notes offered hereby have become freely tradable upon the expiration of the relevant restrictive period under Rule 144 and Regulation S under the Securities Act, we expect that the New Series A Notes will share a single ISIN and common code with the relevant Rule 144 and Regulation S Existing Series A Floating Rate Notes and the New Series A Notes and the Existing Series A Floating Rate Notes will thereafter be fungible. However, in the event that we are unable to transfer the New Series A Notes to the permanent ISINs and common codes, the New Series A Notes will continue to trade under separate ISINs and common codes to the Existing Series A Floating Rate Notes, which may adversely affect the liquidity of the New Series A Notes and cause the New Series A Notes to trade at different prices than the Existing Series A Floating Rate Notes.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the New Series A Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market, we cannot assure you that the New Series A Notes will become or remain listed. Although no assurance can be made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF market, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

You may face foreign exchange risks by investing in the Notes, which risk may be increased if the euro no longer exists or if the Notes are otherwise redenominated as a result of member states leaving the eurozone.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which 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 the investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. Holders (as defined in "Tax Considerations—U.S. Federal Income Taxation") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "Tax Considerations—U.S. Federal Income Taxation".

Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual euro member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

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

Each of the Issuer and the Notes Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Notes Guarantors are nonresidents of the United States. Although we and the Notes Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all the assets of the Issuer and the Notes Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Notes Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Norway, Portugal, Spain or Sweden. There is, therefore, doubt as to the enforceability in any of the foregoing jurisdictions of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment such jurisdiction. In addition, the enforcement in any such jurisdiction of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in any such jurisdiction would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdiction on the basis of U.S. securities laws violations. For further information, see "Enforceability of Judgments".

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 ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein 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.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Notes Guarantees have not been registered under, and we are not obligated to register the Notes or the Notes Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions". We have not agreed to or otherwise undertaken to register the Notes or the Notes Guarantees, and do not have any intention to do so.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes are in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The common depository (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to Citibank N.A., London Branch as principal paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be 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, we will have 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 in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your 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 will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under an Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

We have provided limited financial information for the Issuer, making it more difficult for you to evaluate our financial results and condition.

All financial information included in this offering memorandum for the Predecessor periods in "Management's Discussion and Analysis of Financial Condition and Results of Operations" is for Securitas Direct and its consolidated subsidiaries. That financial information does not reflect the impact of the Acquisition Transactions or the issuance of the Notes offered hereby. The financial statements issued to holders of Notes following completion of this offering will be issued by the Issuer. The acquisition accounting-related adjustments resulting from the Acquisition Transactions will affect our Successor results as will other items, such as the increased interest expense resulting from the Acquisition Transactions and this offering. As a result, the Predecessor financial information is not comparable to and will not be indicative of our results for the Successor period presented in this offering memorandum or any future periods. When reviewing the financial information included in this offering memorandum and our financial results, careful consideration needs to be given to these differences and how they will impact the Issuer and your investment in the Notes. In this offering memorandum we have presented unaudited pro forma condensed consolidated financial data for the nine months ended September 30, 2011 and twelve months ended December 31, 2011 which give pro forma effect to the Acquisition Transactions as if they had occurred on January 1, 2011. The unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would have been had the Acquisition Transactions actually occurred on January 1, 2011, and it does not purport to project our results of operations or financial condition for any future period. In addition, due to the accounting impact of the Acquisition Transactions, particularly the acquisition accounting-related adjustments that affect our Successor results, and other items, such as the increased interest expense resulting from the Acquisition Transactions, these pro forma results are not directly comparable to the Predecessor results presented in this offering memorandum.

The interests of our principal shareholders may conflict with your interests.

The funds affiliated with Bain Capital and H&F currently collectively own, indirectly, approximately 96.5% of the outstanding equity interests of the Issuer. As a result, Bain Capital and H&F have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. The interests of our shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. For example, the shareholders could vote to cause us to incur additional indebtedness or to sell certain material assets, in each case, as permitted under the Indenture. Any of these actions could adversely impact our ability to make payments on the Notes. In addition, our shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a holder of the Notes. Even if Bain Capital and H&F make divestitures such that they control less than a majority of capital stock of the Issuer, they may still be able to effectively control or strongly influence our decisions.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the New Series A Notes will be approximately €97.0 million after reflecting the initial purchasers' discount and offering transaction fees and expenses payable by us.

The following table sets forth the sources and intended uses of funds in connection with the offering of the New Series A Notes.

Sources of Funds		Uses of Funds	
	(euro millions)		
New Series A Notes offered hereby	100.0	Repayment of borrowings under Revolving Credit Facility	97.0
		Estimated fees and expenses	3.0
Total sources	**100.0**	**Total uses**	**100.00**

Borrowings under the Revolving Credit Facility mature on September 2, 2017 and bear interest at a specified base rate (such as EURIBOR) plus an applicable margin which ranges from 3.00% to 4.00% based on our ratio of net total debt to EBITDA (as defined in the Revolving Credit Facility Agreement). As of September 30, 2012 borrowings under the Revolving Credit Facility bore interest at 4.0992%. After giving effect to the completion of this offering and the application of the net proceeds as described above and non-cash utilizations and bank guarantees in an amount of approximately €8.0 million as of September 30, 2012, we would have had approximately €259.7 million available for borrowing under our Revolving Credit Facility. The initial purchasers or their respective affiliates are lenders and arrangers under the Revolving Credit Facility. The net proceeds from this offering will be used to repay borrowings under the Revolving Credit Facility.

CAPITALIZATION

The following table describes our cash and cash equivalents and our consolidated capitalization as of September 30, 2012 on a historical basis and on an as adjusted basis after giving effect to this offering. You should read this table in conjunction with "Use of Proceeds", "Unaudited Pro Forma Condensed Consolidated Financial Information", "Selected Consolidated Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes appearing elsewhere in this offering memorandum.

	As of September 30, 2012	
	Historical	As Adjusted for this Offering
	(euro millions)	
Cash and cash equivalents[(1)]	4.7	4.7
Long-term debt[(2)]:		
Revolving Credit Facility[(3)]	108.6	11.6
Finance leases[(4)]	6.7	6.7
Series A Fixed Rate Notes	500.0	500.0
Series A Floating Rate Notes	100.0	200.0
Series B Notes	271.5	271.5
Series A Senior Loan	50.0	50.0
Mezzanine Loan[(5)]	406.9	406.9
Other	0.4	0.4
Total long-term debt (including current portion but excluding Shareholder Funding Instruments)	1,444.1	1,447.1
Shareholder Funding Instruments[(6)]	509.6	509.6
Total long-term debt (including current portion)	1,953.7	1,956.7
Total equity	299.2	299.2
Total capitalization	2,252.9	2,255.9

(1) Historical cash and cash equivalents reflects our net cash and cash equivalents as of September 30, 2012.

(2) Long-term debt is reflected at its aggregate principal amounts plus capitalized interest, if applicable, and does not reflect capitalized debt issuance costs.

(3) The Revolving Credit Facility provides for aggregate borrowings of up to approximately €279.3 million. As of September 30, 2012, we had €108.6 million outstanding under the Revolving Credit Facility and had non-cash utilizations and bank guarantees in an amount of approximately €8.0 million. We intend to repay an aggregate principal amount of €97.0 million outstanding under the Revolving Credit Facility with the proceeds of the sale of the Notes and as of September 30, 2012 giving effect to such use of proceeds we would have had €259.7 million available for borrowing under Revolving Credit Facility. See "Description of Certain Indebtedness—Revolving Credit Facility".

(4) Represents the lease on our monitoring services center in Spain.

(5) Reflects aggregate principal amount outstanding under the Mezzanine Loan and includes €13.4 million capitalized interest as of September 30, 2012.

(6) The Shareholder Funding Instruments do not require cash interest payments, do not have covenants and will not mature until one year following the maturity of the Notes. As of September 30, 2012, we had accrued €5.0 million of interest on the Shareholder Funding Instruments which has not yet been capitalized, which we have treated as part of the principal. See "Related Party Transactions—Shareholder Funding Instruments".

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following pro forma financial information contains unaudited pro forma consolidated income statements for the twelve months ended December 31, 2011 and the nine months ended September 30, 2011. The unaudited pro forma consolidated income statements for the year ended December 31, 2011 and the nine months ended September 30, 2011 have been derived by the mathematical addition of the Predecessor's results for the eight months ended August 31, 2011, on a convenience basis representing the nearest month end as of the date of acquisition of September 2, 2011, and the Successor's results for the four months ended December 31, 2011 and the month ended September 30, 2011, respectively, and by then applying pro forma adjustments to give effect to the Acquisition Transactions as if they had occurred on January 1, 2011, including:

- the acquisition on September 2, 2011 by Dream Purchaser AB to acquire all of the outstanding stock of Securitas Direct AB and its subsidiaries and the ESML SD Iberia Holding, S.A.U. (the "Securitas Direct Business") for cash consideration of SEK12.1 billion plus the assumption of certain indebtedness, all of which was repaid at the closing of the acquisition. The acquisition was accounted for under IFRS 3(2008 Revised), *Business Combinations*, using the acquisition method of accounting. The Successor recognized SEK7.5 billion of goodwill on the acquisition of the Securitas Direct Business.
- the incurrence of indebtedness under the Senior Loan Agreement, which was used to finance a portion of the purchase price for the Acquisition;
- the incurrence of indebtedness under the Mezzanine Loan Agreement, which was used to finance a portion of the purchase price for the Acquisition;
- the incurrence of indebtedness under the Shareholder Funding Instruments, which was used to finance a portion of the purchase price for the Acquisition;
- our entry into the Revolving Credit Facility which we use to finance our ongoing operations; and
- the completion of the offering of the Existing Notes and the amendment and restatement of our Senior Loan as the Series A Senior Loan on February 15, 2012.

The unaudited pro forma consolidated financial information does not give effect to items of income and expense (including costs directly attributable to the Acquisition) that were incurred in connection with the Acquisition Transactions and that will not have a continuing impact for us beyond the twelve months following completion of the Acquisition Transactions. The unaudited pro forma adjustments do not reflect any other transactions since January 1, 2011, including this offering.

The unaudited pro forma consolidated financial information is presented for informational purposes only. The unaudited pro forma adjustments are based on currently available information and certain assumptions that we believe are reasonable under circumstances and supportable. The unaudited pro forma consolidated financial information does not purport to represent what our results of operations would have been had the Acquisition Transactions actually occurred on January 1, 2011, and they do not purport to project our results of operations or financial condition for any future period or date. The unaudited pro forma consolidated income statements should be read in conjunction with the information contained in "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the consolidated financial statements and related notes thereto appearing elsewhere in this offering memorandum.

Accounting Policy Changes

Effective January 1, 2012, we have changed our accounting policy for capitalizing customer acquisition costs. In the nine months ended September 30, 2012 as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs for the nine months ended September 30, 2012 as compared to the previous accounting policy applied in prior periods resulted in an increased cash outflows from investing activities, increased cash flows from operations, increased net income, and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012, as retrospective application is impracticable in determining the cumulative effect on the amounts in both the opening and closing statements of financial position and the comparative consolidated financial statements for each period presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 will not be comparable to the periods beginning before that date or to the unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and for the twelve months ended December 31, 2011 discussed below and included elsewhere in the offering memorandum.

Effective January 1, 2012, we have also changed the presentation currency of our consolidated financial statements from the SEK to the euro, which we believe more accurately reflects our current profile of our revenue and cash flows, which are now primarily generated in foreign operations with euro functional currencies. We believe that this change provides greater alignment of our presentation currency with our most significant operating currency and underlying financial performance. The change in presentation currency has been applied for periods beginning on or after January 1, 2012. As a result, the unaudited interim consolidated financial statements as at and for the nine months ended September 30, 2012 use the euro as the presentation currency and the comparative period included therein has been restated to reflect a consistent presentation currency. However, the annual consolidated financial statements of the Predecessor and Successor and the unaudited pro forma consolidated financial information for periods ending prior to January 1, 2012 included in the offering memorandum have not been restated or amended to reflect the change in presentation currency to the euro and therefore are not comparable to the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 . We have, however, included in this offering memorandum translations of certain SEK amounts into euro at specified rates solely for your convenience.

The Acquisition Transactions

We have accounted for the Acquisition as a business combination in accordance with accounting guidance for business combinations under IFRS 3 (Revised 2008) *Business Combination*, and, accordingly, have recognized, assets acquired and liabilities assumed at fair value as of the acquisition date. Since the Acquisition was completed on September 2, 2011, such assets and liabilities are reflected in our consolidated balance sheets as of dates after the date of the Acquisition, which are included elsewhere in this offering memorandum. Our unaudited pro forma consolidated income statements reflect adjustments to depreciation and amortization expense associated with the increase in fair value of historical assets and liabilities to their respective fair values during the Acquisition. Furthermore the effects of the financing incurred in conjunction with the Acquisition Transactions has been reflected in the pro forma income statements as an adjustment to finance costs. The aforementioned adjustments have been offset by the related tax effects, as applicable.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENTS

Twelve months ended December 31, 2011

	Successor	Predecessor	Pro Forma Adjustments	Pro Forma	
	For the four months ended December 31,	For the eight months ended August 31,		For the twelve months ended December 31,	
	2011	2011		2011	2011
		(SEK millions)		*(SEK millions)*	*(euro millions)*[(a)]
Net sales	2,109	3,926	—	6,035	668.6
Cost of sales	(1,290)	(2,219)	72[(f)]	(3,437)	(380.8)
Gross profit	819	1,707	72	2,598	287.8
Selling and administrative expenses	(1,200)	(949)	(640)[(b)(c)(e)]	(2,789)	(309.0)
Operating (loss)/profit	(381)	758	(568)	(191)	(21.2)
Finance income	26	160	—	186	20.6
Finance costs	(807)	(207)	(732)[(d)]	(1,746)	(193.3)
Result before tax	(1,162)	711	(1,300)	(1,751)	(193.9)
Income tax benefit/(expense)	121	(203)	453[(g)]	371	41.1
Result for the period	**(1,041)**	**508**	**(847)**	**(1,380)**	**(152.8)**

Nine months ended September 30, 2011

	Successor	Predecessor	Pro Forma Adjustments	Pro Forma	
	For the month ended September 30,	For the eight months ended August 31,		For the nine months ended September 30,	
	2011	2011		2011	2011
		(SEK millions)		*(SEK millions)*	*(euro millions)*[(a)]
Net sales	526	3,926	—	4,452	493.7
Cost of sales	(299)	(2,219)	—	(2,518)	(279.2)
Gross profit	227	1,707	—	1,934	214.5
Selling and administrative expenses	(376)	(949)	(658)[(b)(c)(e)]	(1,983)	(219.9)
Operating (loss)/profit	(149)	758	(658)	(49)	(5.4)
Finance income	5	160	—	165[(b)(c)(e)]	18.3
Finance costs	(144)	(207)	(1,483)[(d)]	(1,834)	(203.3)
Result before tax	(288)	711	(2,141)	(1,718)	(190.4)
Income tax benefit/(expense)	7	(203)	643[(f)]	447	49.6
Result for the period	**(281)**	**508**	**(1,498)**	**(1,271)**	**(140.8)**

(a) The unaudited pro forma consolidated income statement data have been translated for convenience only at the rate of SEK9.01756 = €1.00 for the nine months ended September 30, 2012 and SEK9.02683 = €1.00 for the twelve months ended December 31, 2011.

(b) Includes an adjustment to reflect the aggregate fee that would have been paid for the respective periods presented herein to affiliates of the Sponsors pursuant to the Consulting Services Agreement entered into in connection with the Acquisition. Pursuant to the Consulting Services Agreement, the Sponsors provide management and consulting services and financial and other advisory services for an aggregate advisory fee of SEK30 million per annum plus reimbursement for reasonable out-of-pocket expenses. As a result, for the purposes of this pro forma information, our selling and administrative expenses were increased by SEK23 million and SEK23 million, for the twelve months ended December 31, 2011 and the nine months ended September 30, 2011, respectively, which we have allocated equally between our Customer Acquisition segment and our Portfolio Services segment for segment reporting purposes, representing a pro forma adjustment of SEK11 million and SEK 11 million to each segment during the twelve months ended December 31, 2011 and the nine months ended September 30, 2011, respectively.

(c) Includes incremental amortization expense on a pro forma basis resulting from fair value adjustments to intangible assets acquired during the Acquisition. As a result of the Acquisition, we recognized additional intangible assets in the amount of approximately SEK15 billion with estimated useful lives of 10-18 years. As such, amortization expense in the pro forma consolidated income statements reflects amortization related to intangible assets of SEK1,274 and SEK956, for the twelve months December 31, 2011 and nine months ended September 30,2011. A portion of the additional intangible assets, amounting to SEK7.5 billion, is attributable to goodwill, which is not subject to amortization and which was recognized in connection with the Acquisition. Goodwill represented the excess of the aggregate of the purchase consideration over the identifiable assets and liabilities of Securitas Direct measured at the effective date of the Acquisition, as follows:

	(SEK Millions)
Consideration:	16,563
Less: identifiable assets and liabilities acquired:	(9,018)
Goodwill:	7,545

(d) Represents incremental interest expense on a pro forma basis resulting from new debt, including the amortization of debt issuance costs associated with the new debt and retirement of old debt. The pro forma adjustment consists of the following:

New Debt

Our new debt in connection with the Acquisition Transactions consisted initially of (i) the €921.5 million Senior Loan, (ii) the €393.5 million Mezzanine Loan, (iii) the €279.3 million Revolving Credit Facility and (iv) the €450.0 million Shareholder Funding. We have reflected the prepayment of €871.5 million of the outstanding amounts under the Senior Loan with the proceeds of the Existing Notes (which are the Existing Series A Notes and Series B Notes) and the amendment and restatement of the Senior Loan as the Series A Senior Loan. The adjustments relating to the Acquisition Transactions reflect the interest expense that would have been recognized during the eight months ended August 31, 2011 had the amounts drawn against the Mezzanine Loan and Shareholder Funding Instruments at respective period ends been outstanding from January 1, 2011. We have adjusted the pro forma consolidated financial information to exclude the interest expense that was recognized during the relevant period with respect to the Senior Loan and to give effect to the interest expense that would have been recognized had the Existing Notes been issued and the Series A Senior Loan been incurred on January 1, 2011. Our actual interest expense for the periods following September 1, 2011 for the Senior Loan, Mezzanine Loan, Revolving Credit Facility and Shareholder Funding Instruments are reflected in the Successor's results for each respective period.

Repayment of the Old Debt

We have adjusted the pro forma consolidated financial information to exclude the interest expense that was recognized during the relevant period with respect to our existing debt in place immediately prior to the Acquisition.

The pro forma adjustments to interest expense based on the events discussed above may be analyzed as follows:

	For the twelve months ended December 31,	**For the nine months ended September 30,**
	2011	**2011**
	(SEK millions)	***(SEK millions)***
Adjustments relating to new debt issuance		
Interest expense on new debt[(1)]	(1,660)	(1,120)
Amortization of debt issuance costs on new debt[(2)]	(70)	(64)
Total pro forma adjustments to interest expense, new debt	(1,730)	(1,184)
Adjustments relating to retirement of old debt		
Interest expense, historical, on retired debt[(3)]	854	249
Swap termination effect[(4)]	(55)	(55)
Total interest expense reversal on old debt	799	194
Total pro forma adjustments to interest expense	(931)	(990)
Total pro forma translation gain (loss) on remeasurement	199	(493)
Total pro forma adjustment to finance costs	(732)	(1,483)

(1) The total pro forma interest expense on the new debt has been calculated based on a contractual rate of interest for Series A Senior Loan, the Existing Series A Fixed Rate Notes, Series B Notes, Existing Series A Floating Rate Notes the Revolving Credit Facility, the Mezzanine Loan and the Shareholder Funding Instruments, adjusted for any hedging instruments that are directly attributable to the Acquisition Transactions. For the respective periods presented:

- the interest rate on the Series Loan A Senior Loan was assumed to be 8.06% which represents the sum of the three month EURIBOR and a margin of 6.50% and the outstanding amount of the Series A Senior Secured Loan was €50.0 million.
- the interest rate on the Existing Series A Fixed Rate Notes and Series B Notes was 8.75% and the outstanding amount of the Existing Series A Fixed Rate Notes was €500.0 million and the outstanding of the Series B Fixed Rate Notes was €271.5 million.
- the interest rate on the Existing Series A Floating Rate Notes was assumed to be 8.06% which represents the sum of the three month EURIBOR and a margin of 6.50, the amount outstanding amount of such Floating Rate Notes was €100.0 million.
- the pro forma interest expense for the Revolving Credit Facility is calculated as the aggregate of EURIBOR and an applicable margin which ranges from 3.00% to 4.00% based on our ratio of net total debt to EBITDA (as defined in the Revolving Credit Facility Agreement). We have reflected an assumed interest rate of 5.17% and an average drawing of €20.0 million as a projected average amount that would have been drawn down had the facility been in place throughout the applicable period, including commitment fee of 1.6% on not utilized credit. Our levels of borrowings will fluctuate in future periods depending upon short term cash needs. The interest rates under our Revolving Credit Facility are expected to fluctuate with changes in LIBOR/EURIBOR. Changes in the levels of borrowings and interest rates would impact interest expense.
- the interest rate on the Mezzanine Loan was 12.23%. The pro forma interest expense for the Mezzanine Loan is calculated on a compound basis as the aggregate of EURIBOR, a margin of 375 basis points and a pay-in-kind interest ("PIK") interest rate of 675 basis points. The amount outstanding to compute the pro forma interest expense for the Mezzanine Loan was €393.5million
- €450.0 million outstanding under our Shareholder Funding Instruments. The pro forma interest expense for the Shareholder Funding Instruments has been calculated at an annual rate of 12.0%, on a simple and not a compound basis, resulting in the interest expense adjustment of SEK487 million.

Our adjustments to interest expense on the new debt removes the interest expense that was recorded in the consolidated financial statements of the Successor for the period from September 1, 2011 through December 31, 2011 and the Predecessor for the period from January 1, 2011 through August 31, 2011. The amounts presented for the pro forma interest expense have been translated from euro at €1.00=SEK9.01756 for the nine months ended September 30, 2011 and €1.00=SEK9.02683 for the twelve months ended December 31, 2011, which reflects the average exchange rate for the respective periods.

The pro forma finance costs include amounts related to the foreign currency gain/loss on the remeasurement of our euro denominated new debt. The functional currency of the entity who issued the new debt was SEK, and so the euro denominated new debt is remeasured to SEK spot exchange rates at end balance sheet date with the changes recorded in consolidated income statement. For the nine month period ended September 30, 2011 the pro forma foreign currency loss was SEK472 million based on the exchange rate of €1.00=SEK9.002 at January 1, 2011 and €1.00=SEK9.269 at September 30, 2011. For the twelve months ended December 31, 2011 the pro forma foreign currency loss was SEK101 million based on the exchange rate of January 1, 2011 described above and €1.00=SEK8.945 at December 31, 2011.

(2) In connection with the Acquisition Transactions, we incurred aggregate debt issuance costs of SEK475 million which we deferred. Since these costs were directly attributable to the implementation of the debt facilities, they are being amortized to expense over the contractual lives of the respective debt facilities to which they relate. The related amortization has been reflected in the pro forma consolidated income statements in the amount of SEK64 million for the nine months ended September 30, 2011 and SEK70 million for the twelve months ended December 31, 2011.

(3) At September 2, 2011 we had SEK4,153 million outstanding under the Facility B loan and the Facility C loan of our senior credit facility with Nordea Bank AB (publ), which required the outstanding loans to be repaid in one installment in March 2015 and March 2016, respectively. Following the Acquisition, the principal amount outstanding under these facilities was fully repaid. Our credit facility bore interest at a weighted average rate of 6.0%. We have calculated the pro forma reduction in the interest expense due to the redemption of the credit facility based on the actual interest expense recognized for the period of January 1, 2011 to September 2, 2011.

(4) In connection with the completion of the Acquisition Transactions and repayment of the old debt, we recognized a loss of SEK29 million in connection with the termination of an interest rate swap. For purposes of our pro forma results, we have reversed the accumulated impact of the swap termination loss of SEK29 million and realized fair value gain of SEK84 million from our finance items, as the swaps will not have a continuing impact on our business.

(5) In connection with the completion of the Acquisition Transactions and repayment of the old debt, we recognized the impact of the release of the deferred financing costs that were attributed to the facility prior to the Acquisition in the amount of SEK44 million. As there is no continued impact on our business, the deferred financing costs have been reversed as a pro forma adjustment.

(e) Represents the reversal of costs and expenses included in the historical financial information associated with the Acquisition Transactions. Transaction costs, which include accounting and legal advice recognized by continuing operations in relation to the Acquisition during 2011, amounted to SEK153 million for the nine months ended September 30, 2011 and SEK 205 million for the twelve months ended December 31, 2011. As these amounts have been incurred in connection with the Acquisition Transactions and have no continuing impact on our operations, they have been reversed as a pro forma adjustment. We have allocated this pro forma adjustment equally between our Customer Acquisition segment and our Portfolio Services segment for segment reporting purposes, representing a pro forma adjustment of approximately SEK77 million to each segment.

A part of the above amount reflects the impact of the Transaction Services Agreements pursuant to which we receive certain advice and services related to transaction-specific functions. In connection with the agreements, we paid the Sponsors a fee of approximately €23.7 million on the Completion Date, of which €10.6 million (SEK98 million) has been recognized as an expense attributable to the Acquisition. The remaining amount of €13.1 million is attributable to the issuance of the Existing Notes, and has therefore been reflected in the deferred debt issuance costs. The effect of the amortization of such costs in the amount of SEK11.5 million is reflected in note (d)(2) above.

(f) Represents the reversal of the post business combination effects of a fair market value adjustment to deferred revenue. In conjunction with the accounting for the Acquisition, we reduced the value of deferred revenue recognized at inception by SEK 72 million and accordingly revenue in the Successor period was affected by the amount of the fair value adjustment. Given the nature of this non-recurring charge, which is not expected to effect income beyond one year, an adjustment has been made to reverse the effects of the fair value adjustment in the Successor periods. We have allocated this adjustment to our Portfolio Services segment for segment reporting purposes.

(g) Represents the effect of the pro forma adjustments on taxable income, including the effect on certain permanent items, using a combined tax rate of approximately 28.2% and 26.7% during the nine months ended September 30, 2011 and the twelve months ended December 31, 2011, respectively

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The following table sets forth selected consolidated historical financial data for the periods ended on and as of the dates indicated below. The historical financial information of the Predecessor as of and for the years ended December 31, 2009 and 2010 presented below has been extracted from the Predecessor's audited consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010, which are included elsewhere in this offering memorandum.

The historical financial information of the Predecessor as of August 31, 2011 and for the period from January 1, 2011 to August 31, 2011 and the historical financial information of the Successor as of December 31, 2011 and for the period from September 1, 2011 to December 31, 2011 presented below has been extracted from the audited consolidated financial statements as of August 31, 2011 of the Predecessor and December 31, 2011 of the Successor and for the period from January 1, 2011 to August 31, 2011 of the Predecessor and for the period from September 1, 2011 to December 31, 2011 of the Successor, which are included elsewhere in this offering memorandum.

The historical unaudited condensed consolidated financial information as of September 30, 2012 and the nine-month period ended September 30, 2012 of the Successor presented below has been extracted from the Issuer's unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012, which are included elsewhere in this offering memorandum.

We have changed our accounting policy for capitalizing customer acquisition costs. In the nine months ended September 30, 2012, as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs compared to the previous accounting policy applied in the periods before adoption resulted in increased cash outflows from investing activities, increased net income and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012. It is impractical to retrospectively apply the cumulative effect of the change in accounting policy to our opening and closing statements of financial position and the comparative consolidated financial statements for each period presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 are not comparable to the periods beginning before that date.

Effective January 1, 2012, we also changed the presentation currency of our consolidated financial statements from the SEK to the euro, which we believe more accurately reflects our current profile of our revenue and cash flows, which are now primarily generated in foreign operations with euro functional currencies. We believe that this change provides greater alignment of our presentation currency with our most significant operating currency and underlying financial performance. The change in presentation currency has been applied for periods beginning on or after January 1, 2012. Therefore, the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 use the euro as the presentation currency and the comparative period included therein has been restated to reflect a consistent presentation currency. However, the annual consolidated financial statements of the Predecessor and the Successor included elsewhere in the offering memorandum have not been restated or amended to reflect the change in presentation currency to the euro and are not comparable to unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012. We have, however, included in this offering memorandum translations of certain SEK amounts into euro at specified rates solely for your convenience.

See "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Results".

Other than the change in accounting policy for customer acquisition costs and the change in presentation currency described above, the unaudited condensed consolidated financial statements as of and for the nine-month period ended September 30, 2012 of the Successor have been prepared using the same accounting principles on the same basis as the audited consolidated financial statement included elsewhere in this offering memorandum and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented.

Prospective investors should read the summary data presented below in conjunction with "Presentation of Financial and Other Information", "Use of Proceeds", "Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. For a presentation of the Successor's historical unaudited interim condensed consolidated financial information for the period from September 1, 2011 to September 30, 2011, see the Issuer's unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 included in this offering memorandum.

	Predecessor			Successor	
	As of and for the year ended December 31,		As of and for the eight months ended August 31,	As of and for the four months ended December 31,	As of and for the nine months ended September 30,
	2009	2010	2011	2011	2012
		(SEK millions)		*(SEK millions)*	*(euro millions)*
Consolidated Income Statement Data:					
Net sales	5,485	5,510	3,926	2,109	565.0
Cost of sales	(3,423)	(3,282)	(2,219)	(1,290)	(303.3)
Gross profit	2,063	2,228	1,707	819	261.7
Selling and administrative expenses	(1,345)	(1,400)	(949)	(1,200)	(253.7)
Operating profit	718	828	758	(381)	8.0
Finance income	20	31	160	26	4.3
Finance costs	(466)	(673)	(206)	(807)	(182.0)
Result before tax	272	185	712	(1,162)	(169.7)
Income tax expense	(103)	(57)	(203)	121	16.1
Result for the period	**169**	**128**	**509**	**(1,041)**	**(153.6)**
Consolidated Financial Position Data:					
Cash and cash equivalents	341	358	300	109	4.7
Inventories	570	483	559	510	69.7
Trade receivables	430	381	425	466	60.1
Property, plant and equipment	1,921	1,919	2,246	2,348	292.2
Total assets	5,011	4,712	5,116	25,320	2,805.2
Trade payables	399	363	617	527	54.6
Liabilities to credit institutions and shareholders	4,831	4,186	4,232	15,755	1,886.6
Total liabilities	7,159	6,079	6,048	21,296	2,506.0
Total equity attributable to equity holders of the parent company	(2,148)	(1,367)	(932)	(4,024)	299.2
Consolidated Cash Flow Data:					
Cash flow from operating activities	1,657	1,307	1,118	(3)	150.7
Cash flow from investing activities	(859)	(868)	(787)	(16,629)	(119.1)
Cash flow from financing activities	(547)	(411)	(390)	16,750	(39.3)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the "Presentation of Financial and Other Data", "Selected Consolidated Historical Financial Data" and "Unaudited Pro Forma Condensed Consolidated Financial Information" sections of this offering memorandum and our financial statements and related notes included elsewhere in this offering memorandum. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the "Risk Factors" and "Forward-Looking Statements" sections of this offering memorandum. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

We sell and install proprietary alarm systems and related equipment and provide our subscribers with subscription-based monitoring services that protect their property and enhance their personal safety. We generally provide our products to customers for an upfront installation fee that does not cover our initial sales and installation costs, with the goal of recovering our investment through monthly alarm monitoring subscription fees. We operate our business through two segments: Portfolio Services and Customer Acquisition.

Portfolio Services

Our Portfolio Services segment provides monitoring services to our existing customers for a monthly subscription fee. We enter into monitoring services agreements with our customers, usually at the time of alarm installation. These agreements generally can be terminated by the customer with one to three months' notice. We provide our monitoring services through our ten dedicated monitoring centers (one in each country in which we operate) that filter and respond to our customers' alarms. We also provide customer service and support for all our installed systems. Our relatively low cancellation rates on a twelve-month rolling basis (8.6%, 8.2%, 7.9% and 8.7% in 2009, 2010, Pro Forma 2011 on a combined basis for the Predecessor and the Successor and for the period ended September 30, 2012, respectively) have historically allowed the segment to generate stable and recurring cash flow. The substantial cash flow from the Portfolio Services segment allows us to fund expenditures required to grow our subscriber base. In Pro Forma 2011, the segment generated net sales of €557.3 million (representing 83% of our total net sales on a pro forma basis) and Adjusted EBITDA of €311.7 million representing a 56% EBITDA margin on a pro forma basis. As of September 30, 2012, we had approximately 1.5 million subscribers, all of whom were connected to our alarm monitoring centers and, for the nine months ended September 30, 2012, this segment generated €473.0 million of net sales and €253.7 million of Adjusted EBITDA (representing a 54% Adjusted EBITDA margin).

The results and cash flow of our Portfolio Services segment during any period are primarily impacted by the average number of monitored alarm subscribers during that period, the average monthly subscription fee charged and the capital expenditures and other costs incurred in connection with our ongoing monitoring services. The average number of subscribers within any period is primarily affected by cancellation rates of existing subscribers and the number of new subscribers added during that period. We generally increase our subscription fees each year based on various consumer price indices. From time to time over the last several years, in certain markets we have implemented price increases in excess of those indices without a significant impact on our cancellation rates for those markets. We also increase subscription fees with respect to individual customers to the extent they add new services and features.

A significant majority of the costs incurred in our Portfolio Services segment are fixed or semi-fixed and primarily include labor costs associated with our monitoring and customer service activities (such as monitoring center operators and field technicians). The capital expenditures for Portfolio Services are generally low and primarily consist of the purchase of upgraded customer equipment and computer servers and other hardware and software at our monitoring centers. As a result, we are able to improve our operating margins and cash flow as we add new subscribers to our existing operations. For example, from January 1, 2008 to September 30, 2012 we increased our number of subscribers from 1.1 million to 1.5 million.

To monitor performance within our Portfolio Services segment, our management focuses on a number of key metrics including Average Revenue per User ("ARPU"), Monthly EBITDA per Customer ("EPC") and Cancellation Rate. These metrics are described in more detail under "—Key Operating Metrics".

Customer Acquisition

Our Customer Acquisition segment develops, sources, purchases, sells and installs our alarm systems for new subscribers in return for an installation fee. This installation fee typically only covers a portion of the costs associated with purchasing, marketing, selling and installing each alarm system. As a result, the segment's operations represent an upfront investment in our business to acquire new subscribers, consequently driving revenue growth in our Portfolio Services segment. Our Customer Acquisition segment generated €111.2 million of net sales and negative €132.6 million of Adjusted EBITDA for Pro Forma 2011 and €92.0 million of net sales, negative €67.5 million of Adjusted EBITDA and €98.4 million of capital expenditures for the nine months ended September 30, 2012.

The cost of acquiring a subscriber includes the cost of the alarm equipment installed at subscriber premises as well as marketing, sales, installation and other related activities. Our upfront investment (including the capital expenditures and other costs associated with originating a subscriber) is partially offset at the time of a sale by the installation fee paid by a new subscriber. We seek to subsequently recapture the remainder of our upfront investment through the monthly subscription fees, net of ongoing monitoring costs (EPC), generated by the subscriber.

The costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired subscribers as well as part of variable sales costs are capitalized to the extent that ownership is retained. As of January 1, 2012 we changed our accounting policy for capitalizing customer acquisition costs. In the first nine months of 2012, these capital expenditures represented approximately 60% of the net acquisition cost per new subscriber (CPA). The remaining costs of acquiring a subscriber include sales and related costs that are expensed when incurred, directly impacting our financial results for the period. From time to time we may also seek to enter into arrangements whereby third parties provide financing to our customers to allow them to finance a portion of the new equipment costs.

Our key operating metrics for the segment include the breakeven or payback periods for the investments we make to originate new subscribers. We look at our CPA, which represents the net investment required to acquire a new subscriber, and is defined as the average total cost and capital expenditures we incur in acquiring a new subscriber, net of the upfront sales and installation fees received on average per subscriber. By dividing CPA by the EPC generated within our Portfolio Services segment, we can approximate the minimum period we need to retain each subscriber in order to break even on our investment. Based on our results for the nine months ended September 30, 2012, a customer needed to remain a subscriber for 4.4 years in order for us to recover our net investment in acquiring that subscriber. We currently estimate that the average expected subscription life is between six and eight years for our small business customers and between 11 and 16 years for our residential customers.

A significant portion of the costs of our Customer Acquisition segment are variable, and primarily include expenditures relating to our sales and installation operations and purchases of new alarm equipment from third-party manufacturers. As a result we can, and to a certain extent do, vary the timing and the pace at which we make expenditures in order to acquire new subscribers. Because our Customer Acquisition segment uses a significant amount of cash generated by our Portfolio Services segment, a reduction in our customer acquisition activities and associated investments typically results in an increase in overall cash flow generated by us in the short to medium term. The decision whether to invest in subscriber acquisition is based on a variety of factors, including our overall business plan, subscriber cancellation rates, market opportunities, our net subscriber growth goals and debt service obligations.

Factors Affecting Our Business and Operations

General Market Conditions

Economic conditions in the geographic regions in which we operate affect the result of our operations. During periods of economic downturn, we generally experience higher cancellation rates, and may need to spend more on marketing and sales per new subscriber than in periods of economic growth, which may increase our CPA. Economic downturns have historically impacted our small business customers more than our residential customers, as small businesses often cut spending or are more likely to go out of business during economic downturns. We are generally required to spend more to acquire new customers during downturns, as potential customers seek to minimize their expenses. Our overall cancellation rates, on a twelve-month trailing basis were 8.6%, 8.2%, 7.9% and 8.7% in 2009, 2010, Pro Forma 2011 and for the period ended September 30, 2012, respectively. Spain, which is our largest market, representing 44% of our subscriber portfolio as of September 30, 2012, was the most severely impacted of the markets in which we operate by the economic recession, and in Spain we had cancellation rates, on a twelve-month trailing basis of 11.9%, 10.9%, 10.5% and 11.7% (9.4%, 8.6%, 8.8% and 9.4% for residential subscribers) in 2009, 2010, Pro Forma 2011 and for the period ended September 30, 2012, respectively. We view these cancellation rate increases as relatively modest in light of the macroeconomic environment in Spain, which we believe is due to the fact that our residential subscribers often view the services we provide as vital security solutions that help protect the safety and security of their homes and families. In Spain, during the economic crisis we grew our subscriber base, net sales (as measured in local currency) and profitability (as measured in local currency) during each of the years from 2008 to 2011.

Mix of Residential and Small Business Subscribers

Monthly subscription and installation fees generated from small businesses are generally slightly higher than from residential subscribers and we often are able to more easily raise monthly subscription fees for our small business subscribers. However, the average retention life of our residential subscribers is longer (currently estimated by us to be between 11 and 16 years) than that of our small business subscribers (between six and eight years). Over the long term, our return on invested capital from our residential subscribers has historically been higher than from our small businesses subscribers given such longer average retention life. As a result, changes in our subscriber mix will cause our results to fluctuate from period to period. Factors that impact our subscriber mix include our marketing focus and desire to grow our business with different types of customers in different regions and general economic conditions, which tend to cause more fluctuations in renewal rates among our small business subscribers.

Monthly Subscription Fees Charged by Us

The monthly subscription fees that we charge are reviewed annually, and we seek to increase them at minimum to remain in line with applicable inflation indices. Annual price increases in line with consumer price indices are generally provided for in our customer contracts. Price increases above the relevant consumer price index generally require one to two months' notice, while giving the customer the right to terminate the contract within the notice period. Potential increases in fees may vary from jurisdiction to jurisdiction depending on local conditions, and we have and will seek to continue to differentiate the pricing between residential and small business subscribers to compensate for the shorter life span of small business subscribers. Further, our pricing levels are also impacted by our ability to deliver quality products and services to our subscribers and by levels of competition in our market. From time to time over the last several years, in certain markets we have implemented price increases in excess of inflation indices without a significant impact on our cancellation rate.

Cost to Acquire New Subscribers

Key components of our net costs to sell and install our products include sales commissions, administration and marketing costs, the cost of security alarm equipment we source from our supplier network, labor costs related to new installations and the prices we charge for installations. Any increases in these costs or a reduction in our installation fees charged may increase the amount of time it takes us to recoup our upfront investment in acquiring customers. We generally choose not to increase installation fees to pass cost increases on to our subscribers and may not be able to increase installation fees. Further, competitive pressures or other factors may pressure us to decrease our installation fees. Any changes in the costs of sales and installations or the upfront installation fees we charge affects the amount of time a subscriber is required to remain in our network in order to pay back the upfront costs. Our costs to acquire new subscribers have increased over the last three years (ignoring the effects of currency fluctuations) due to increased prospecting costs resulting from challenging economic conditions in our markets.

Growth in Subscriber Portfolio

Growth in our subscriber portfolio results from our addition of subscribers in excess of our cancellation rate. We incur significant expenditures to grow our subscriber portfolio, including expenses to market our products and services and to purchase the equipment used in our security systems. We also incur costs to develop new products. Following any successful expansion of our subscriber portfolio, we expect to generate increased revenue from subscriber fees and, because most of the costs of our monitoring services are fixed, improvements in our profit margin. As a result, changes in our growth strategy impact our Adjusted EBITDA and cash flow from operations from period to period. In addition, if we choose to expand beyond our traditional customer base in certain markets, new customers may have a different willingness and ability to pay for our services, and our cancellation rates may fluctuate. Our subscriber growth will vary based on numerous factors, including actions by competitors in our markets and economic conditions, and we may not in the future grow as rapidly as we have done in the past.

Number of Subscriber Cancellations

Our cancellation rates are a key factor impacting our business, since the total sales derived by our Portfolio Services segment are directly related to the number of installed subscribers. We review our cancellation rates in order to determine our need to acquire new subscribers, and thus expend funds to market our products and services and invest in new subscribers.

Factors influencing customer cancellations often differ between our subscriber types and markets, and to a certain extent also vary over time. For residential subscribers, the main reasons for cancelling a subscription include factors such as moving to a new home, financial distress or dissatisfaction with our customer service or prices. For small businesses, cancellations are usually related to financial distress, the failure, closure or relocation of the business or dissatisfaction with our customer service or prices.

Our overall cancellation rate on a twelve-month trailing basis for the period ended September 30, 2012 was 8.7%, compared to 7.9%, 8.2% and 8.6% in Pro Forma 2011, 2010 and 2009, respectively. The higher number of cancellations in 2009 and 2012 was largely attributable to the Spanish market and was largely driven by the generally challenging economic conditions combined with a higher proportion of small business subscribers in Spain as compared to our other markets, as small business subscriber cancellation rates are more directly correlated with economic conditions than those of residential customers.

Fluctuations in Exchange Rates

We have changed our presentation currency to euro effective as of January 1, 2012 and have presented our condensed consolidated financial statements in euro as of and for the nine months ended September 30, 2012. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of certain other currencies (the SEK in particular) against the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger euro will reduce the reported results of operations of the non-euro businesses and conversely a weaker euro will increase the reported results of operations of the non-euro businesses. Our primary exposure is to the SEK and NOK. In Pro Forma 2011, 68% of our net sales were denominated in euro, 16% of our net sales were denominated in SEK, 12% of our net sales were denominated in NOK and 4% of our net sales were denominated in other currencies. During 2009, 2010, 2011 and the first nine months of 2012, the euro/SEK exchange rate has fluctuated significantly, as it averaged, SEK10.6220 = €1.00 in 2009, SEK9.5411 = €1.00 in 2010, SEK8.9450 = €1.00 in 2011 and SEK8.7548 = €1.00 in the nine months ended September 30, 2012. Foreign exchange rate fluctuations can significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. In addition, certain of our supply contracts in non-euro denominated countries contain clauses that reset the prices at which we buy our goods based on fluctuations in exchange rates, which can increase our costs if rates move in a manner that is unfavorable to us.

Changes in Local Regulations

Changes in laws or regulations in the jurisdictions in which we operate could cause us to incur significant costs and expenses. These changes may also result in delays in commencement or completion of services to our subscribers or the need to modify completed installations. These regulations govern our operations, from the sales and installation process through the monitoring and alarm verification process. New regulations could impact our go-to-market strategies, since authorities have increasingly sought to implement consumer protection requirements that could affect our business. An increasing number of local governmental authorities have adopted, or are considering the adoption of, laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. These measures could, among other things, require verification of an alarm signal before the police will respond and subject alarm monitoring companies to fines or penalties for transmitting false alarms. For example, new regulations implemented in Spain in August 2011 require that every alarm needs to be verified before emergency responders are dispatched. These changes will require security alarm providers to use third party guard services to verify alarms, install new monitoring equipment or upgrade existing equipment, and as a result we incurred additional expenditures during 2011 and 2012, which were in part passed on to our customers. If we cannot pass these costs through to our customers, they may affect our profit margins. Conversely, our subscriber cancellation rates may increase.

Factors Affecting Comparability of Our Financial Results

Impact of the Acquisition Transactions

Affiliate of the Sponsors acquired our business on September 2, 2011. As a result of the Acquisition, our financial statements for periods following the acquisition are not comparable to those for period ending prior to the acquisition.

Purchase Accounting Impact on Our Financial Statements

Our IFRS consolidated financial statements for the Successor periods are not, and in the future will not be, comparable to the historical consolidated financial statements for the Predecessor presented in this offering memorandum. We have accounted for the Acquisition using the acquisition method of accounting, which requires that the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by us plus the liabilities incurred by us to the former owners of the entities acquired by us and the equity interests issued by us in exchange for control of the business acquired. Acquisition-related costs are recognized in profit or loss as incurred. The identifiable assets acquired and the liabilities and contingencies of the entities acquired by us were recognized at their fair value at the Completion Date.

Where the sum of the consideration transferred, any non-controlling interests and Completion Date fair value of previously held equity interest exceeded the Completion Date fair value of identifiable net assets of the entities acquired by us; we recognized the difference as goodwill in our consolidated statement of financial position.

The allocation of the purchase price of the identifiable assets acquired in the Acquisition resulted in an increase in amortization and depreciation expense relating to acquired identifiable intangible assets and property and equipment currently carried at amortized cost due to remeasurement of the basis in the respective tangible and intangible assets to fair value at the date of acquisition and reconsideration of the remaining depreciable lives based on the policies of the Purchasers. We recognized a substantial amount of goodwill in connection with the Acquisition. In addition, as result of the Acquisition, the authorization of the deferred revenue fair value adjustment has impacted the results presented for periods after the Acquisition.

Increased Leverage

As of September 30, 2012, we had €1,947.1 million of outstanding indebtedness (excluding our finance leases). We also had, on a pro forma basis giving effect to the use of proceeds in this offering and non-cash utilizations and bank guarantees in the amount of approximately €8.0 million, approximately €259.7 million available for borrowing under our Revolving Credit Facility. As a result of the Acquisition Transactions we are a highly leveraged company and our interest expense has increased significantly in the periods following the consummation of the Acquisition. We are also permitted to incur additional debt under the Revolving Credit Facility and the Indenture, which debt may be used to fund acquisitions or for other purposes. Our large amount of indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities, since a substantial portion our cash flow from operations will be dedicated to the servicing of our indebtedness, and this may place us at a competitive disadvantage as some of our competitors are less leveraged. Our leverage may make us more vulnerable to a downturn in our business, industry or the economy in general. See "Risk Factors—Risks Related to Our Financing Arrangements—Despite our high level of indebtedness, we and our subsidiaries can incur significant additional debt, which would exacerbate the risks associated with our level of indebtedness".

Customer Acquisition Costs

Effective January 1, 2012, we changed our accounting policy for capitalizing customer acquisition costs. In the nine months ended September 30, 2012, as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs compared to the previous accounting policy applied in the periods before adoption resulted in increased cash outflows from investing activities, increased net income and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012. It is impracticable to retrospectively apply the cumulative effect of the change in accounting policy to our opening and closing statements of financial position and the comparative consolidated financial statements for each period presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 will not be comparable to the periods beginning before that date or to the unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and for the year ended December 31, 2011 discussed below and included elsewhere in this offering memorandum. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Change in Presentation Currency in Our Financial Statements

Effective January 1, 2012, we also changed the presentation currency of our consolidated financial statements from the SEK to the euro, which we believe more accurately reflects the current profile of our revenue and cash flows, which are now primarily generated in euro. We believe that this change provides greater alignment of our presentation currency with our most significant operating currency and underlying financial performance. The change in presentation currency has been applied for periods beginning on or after January 1, 2012. Therefore, the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 use the euro as the presentation currency and the comparative period included therein has been restated to reflect a consistent presentation currency. However, the annual consolidated financial statements of the Predecessor and the Successor included elsewhere in this offering memorandum have not been restated or amended to reflect the change in presentation currency to the euro and are not comparable to the unaudited interim condensed consolidated financial information.

Unless otherwise indicated, we have, solely for your convenience, translated SEK amounts into euro at an exchange rate of SEK9.02683 to €1.00 in respect of the unaudited pro forma consolidated financial data for the year ended December 31, 2011 and SEK9.01756 to €1.00 in respect of the unaudited pro forma consolidated financial data for the nine months ended September 30, 2011. The translation of income statement transactions expressed in SEK using such rates may result in presentation of euro amounts that differ from the euro amounts that would have been obtained by translating SEK into euro at the exchange rate prevailing when such transactions were recorded. See "Exchange Rate Information" for information regarding exchange rates between the SEK and the euro for the periods specified therein.

2009 Existing Credit Facility Transfer

During 2009 a restructuring was carried out whereby ownership of our subsidiaries in Spain, Portugal and France was transferred to a newly formed Spanish holding company. As part of this transaction, external bank loans of SEK4.1 billion were transferred from Securitas Direct's then parent company, Securitas Direct Holding AB, to the Spanish holding company. Interest rate swaps related to the loans that had a then fair market value of SEK154 million were also included in the transfer.

Change in Alarm Equipment Estimated Life

As of January 1, 2009, we changed the estimated useful life of our residential alarm equipment from five years to ten years, resulting in a decrease of SEK219 million in depreciation expense for 2009. As of January 1, 2011, we changed the estimated average useful life of our residential alarm equipment from ten years to a range of 11 to 16 years for residential customers and the estimated average useful life for our small business customers from five years to a range of six to eight years, resulting in a decrease of SEK149 million in depreciation expense for Pro Forma 2011, compared to what our depreciation expense would have been in the absence of such a change. In each of these periods, the estimated useful life changed because our estimates of the length of time during which our subscribers would subscribe to our services increased based on a longer operating history with our subscriber base.

Acquisition of Homesafety

We acquired Homesafety, a Dutch monitored alarm service provider, in March 2011. The cash paid in the acquisition amounted to SEK167 million at the completion of the transaction. We recognized goodwill from acquisition in the amount of SEK21 million in the consolidated statement of financial position as of March 31, 2011. Homesafety had approximately 21,000 subscribers in March 2011.

Key Operating Metrics

Our management uses a number of key operating metrics, in addition to our IFRS financial measures, in order to evaluate, monitor and manage our business. The non-IFRS operational and statistical information related to our operations included in this section is unaudited and has been derived from internal reporting systems. Although none of these metrics are measures of financial performance under IFRS, we believe that these metrics provide important insight into the operations and strength of our business. These metrics may not be comparable to similar terms used by competitors or other companies, and from time to time we may change our definitions of these metrics. These metrics include the following:

Adjusted EBITDA. "Adjusted EBITDA" is defined as the result for the period before net finance costs, income tax expense, depreciation and amortization, retirement of assets (which relates to the retirement of installed equipment due to subscriber cancellations) and integration costs.

Adjusted EBITDA for our segments. "Adjusted EBITDA for our segments" is defined as net sales (including external and internal sales) minus cost of sales (including external and internal costs) and selling and administrative expenses. Our calculation of segment Adjusted EBITDA does not include the impact of depreciation and amortization, retirement of assets, financial items or income tax expense because these items are allocated at the Group level. In addition, it does not reflect eliminations due to intercompany sales.

Adjusted EBITDA Margin. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by net sales.

Adjusted EBITDA Margin from Portfolio Services. Adjusted EBITDA Margin from Portfolio Services is calculated by dividing Adjusted EBITDA from Portfolio Services by net sales from Portfolio Services.

Average Revenue per User. ARPU is our Portfolio Services segment revenue consisting of monthly average subscription fees and sales of additional products and services divided by the average number of subscribers during the relevant period.

Monthly Adjusted EBITDA per Subscriber. EPC is calculated by dividing the total monthly Adjusted EBITDA from managing our existing subscriber portfolio (which is our Adjusted EBITDA from Portfolio Services) by the average number of subscribers.

Cancellation Rate. Our cancellation rate is the number of terminated subscriptions to our monitoring service in the last twelve months divided by the average number of subscribers for the last twelve months.

Cash Acquisition Cost per New Subscriber. Cash acquisition cost per new subscriber (CPA) is the net investment required to acquire a subscriber, including costs related to the marketing and sales process, installation of the alarm system, costs of alarm system products and overhead expenses for the customer acquisition process. The metric is calculated net of any revenues from installation fees charged to the subscriber and represents the sum of Adjusted EBITDA plus capital expenditures in our Customer Acquisition segment on average for every subscriber acquired.

Payback Period. Payback period represents the time in years required to recapture the initial capital investment made to acquire a new subscriber and is calculated as CPA divided by EPC, divided by 12.

The following table shows those key operating metrics for each of our segments as of and for the periods set forth below. These metrics are presented in this offering memorandum because we believe that these metrics provide a clearer picture of our results generated by our core operating activities, thus enabling our management to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) other measures that are calculated in accordance with IFRS. The metrics may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles. Our non-IFRS operating metrics have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS operating metrics only supplementally to evaluate our performance. See "Presentation of Financial and Other Information". The unaudited pro forma consolidated financial and other data for the nine months ended September 30, 2011 and Pro Forma 2011 has been prepared to give effect to the Acquisition Transactions in the manner described under "Unaudited Pro Forma Consolidated Financial Information" and the notes thereto as if they had occurred on January 1, 2011. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The accounting policy changes as outlined in "Selected Consolidated Historical Financial Data" have not been reflected in the unaudited consolidated pro forma financial information and therefore the unaudited pro forma financial information for the nine months ended September 30, 2011 and the year ended December 31, 2011 are not comparable nor are they prepared on a consistent basis with respect to the customer acquisition capitalization policy or the presentation currency as the unaudited condensed consolidated financial statements as of and for the nine months ended

September 30, 2012 included elsewhere in this offering memorandum. The summary unaudited pro forma consolidated financial information and other data are for informational purposes only and do not purport to represent what our results of operations or other financial information actually would have been if the Acquisition Transactions had occurred at any date, and such data do not purport to project the results of operations for any future period.

We have defined each of the measures and shown their calculation in “Certain Non-IFRS Operating Data”.

	Historical			Pro Forma			
	Predecessor		Successor				
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,		For the year ended December 31,	
	2009	2010	2012	2011	2011	2011	2011
	*(SEK millions)**		*(euro millions)**	*(SEK millions)**	*(euro millions)**	*(SEK millions)**	*(euro millions)**
Portfolio Services Segment:							
Unaudited Operating Data							
Total subscribers (end of period)	1,212,662	1,304,587	1,504,238	1,408,712	1,408,712	1,437,865	1,437,865
Cancellations (number of subscribers)	100,417	103,222	97,267	79,361	79,361	108,386	108,386
Cancellation rate	8.6%	8.2%	8.7%	7.8%	7.8%	7.9%	7.9%
Net subscriber growth (number of subscribers)(1)	84,221	91,925	66,373	104,125	104,125	133,278	133,278
Subscriber growth rate, net	7.5%	7.6%	6.7%	8.6%	8.6%	8.6%	8.6%
Monthly ARPU	322	305	35.7	304	33.7	306	33.9
Monthly Adjusted EBITDA per subscriber or EPC	166	167	19.2	172	19.1	171	18.9
Non-IFRS and IFRS Financial Data							
Net sales	4,498	4,599	473.0	3,717	412.2	5,031	557.3
Adjusted EBITDA	2,333	2,515	253.7	2,104	233.3	2,813	311.7
Adjusted EBITDA margin	52%	55%	54%	57%	57%	56%	56%
Customer Acquisition segment:							
Unaudited Operating Data							
New subscribers added (gross)	184,409	195,988	163.465	161,937	161,937	220,645	220,645
Cash acquisition cost per new subscriber (CPA)	9,290	9,000	1,015	8,892	986	9,025	1,000
Non-IFRS and IFRS Financial Data							
Net sales	988	911	92.0	735	81.5	1,004	111.2
Adjusted EBITDA	(1,010)	(1,069)	(67.5)	(859)	(95.3)	(1,197)	(132.6)
Capital expenditures	703	695	98.4	581	64.4	794	88.0
Consolidated:							
Unaudited Operating Data							
Payback period (in years)	4.7	4.5	4.4	4.3	4.3	4.4	4.4
Non-IFRS and IFRS Financial Data							
Net sales	5,485	5,510	565.0	4,452	493.8	6,035	668.6
Sales adjusted for FX							
Adjusted EBITDA	1,323	1,445	186.2	1,245	138.1	1,616	179.1
Adjusted EBITDA margin	24%	26%	33%	28%	28%	27%	27%
Capital expenditures	952	879	119.1	737	81.8	1,013	112.2
Change in working capital	266	88	(15.3)				

* Unless indicated otherwise.

(1) Differences in reconciliation with end of period subscriber data is due to geographical and other variations in subscriber databases.

Description of Key Items in Our Income Statement

Net Sales

Net sales consists of the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts and after eliminating intercompany sales. Net sales consist of revenues from our Portfolio Services and Customer Acquisition segments, which derive from:

- ***Alarm monitoring***. Income from alarm monitoring services is recognized during the period to which the service relates.
- ***Installation fees***. As part of alarm installation, subscribers pay an installation fee and, in certain cases, payment for products sold. This fee is recognized as income on the installation date.

Net sales also consists of other revenue, which is derived primarily from new products and services sold to customers in our existing installations.

Cost of Sales

Cost of sales includes cost of materials (excluding material costs that are capitalized), salaries, commissions, depreciation, amortization, bad debt expense, cost due to retirement of alarms and other costs directly attributable to installation of new alarms or alarm monitoring. We currently capitalize the costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired subscribers to the extent we retain ownership of the equipment, and these costs are not reflected as cost of sales. For periods beginning prior to January 1, 2012, we expensed such costs related to the acquisition of customer contracts and included such costs in cost of sales. Our new policy is to capitalize these costs as intangible assets and amortize them over their useful life, as they fulfill the requirement in IAS 38 Intangible Assets of internally generated intangible assets. Therefore our accounting policies for periods presented commencing on January 1, 2012 are not comparable to periods prior to January 1, 2012. See "Factors Affecting Comparability of Our Financial Results".

Our installers typically both sell systems to new customers and then install the systems when the sale is made. As a result, the costs of both selling and installing the systems are included in costs of sales because they cannot be accurately separated. Thus, "cost of sales" includes some costs that are actually selling expenses but cannot be separately allocated to a specific selling and administrative function.

Selling and Administrative Expenses

Selling and administrative expenses includes salaries, commissions, depreciation and amortization, cost due to retirement of property, plant and equipment as used in selling and administrative functions, rents and other indirect costs for sales supervision, sales branches, subscriber support supervision, information technology services and other overhead such as finance and human resources and management.

Finance Income

Finance income primarily includes income earned from our currency and interest rate derivatives, interest income and any positive exchange rate changes (net).

Finance Costs

Finance costs relates mainly to exchange rate differences, interest expenses, losses from currency derivatives, changes in fair value of interest rate swaps and other finance costs. External and intra-Group loan balances denominated in currencies other than the functional currency of the respective entity are revalued at the end of each reporting period and adjusted for currency fluctuations.

Income Tax Expense

Income taxes include current and deferred tax. Current taxes payable or receivable is based on taxable result for the years. These taxes are calculated according to each country's tax rate in effect at the end of a reporting period. Current tax is tax that is paid or received during the current year and includes adjustments of current tax for prior periods. The most significant component of our income tax expense is the income tax expense in our various subsidiaries. Our income tax expense is offset by deferred tax income on tax losses in some countries to the extent permitted by law and applicable accounting requirements. A valuation allowance is established for the component of deferred tax asset not expected to be realized.

Basis of Presentation

We believe that the most meaningful way to discuss our statements of operations for the nine months ended September 30, 2012 is to compare (i) our results of operations for the nine months ended September 30, 2012 with (ii) our results of operations on a Pro Forma Basis for the nine months ended September 30, 2011. We believe that the most meaningful way to discuss our statements of operations is to compare (i) our results of operations for Pro Forma 2011 with (ii) the Predecessor's results of operations for the twelve months ended December 31, 2010. We believe that presenting the discussion and analysis of the results of operations in this manner promotes the overall usefulness of the comparison given the complexities involved with comparing periods of differing lengths and the impact of the Acquisition on the Successor's financial statements. In addition, we have provided a separate discussion of the results of Predecessor's operations for the years ended December 31, 2010 and 2009.

The Acquisition was accounted for using the acquisition method of accounting, as discussed above. As a result, we allocated the aggregate acquisition consideration to the tangible and intangible assets acquired and liabilities assumed based on their respective fair values estimated as of the Completion Date, which resulted in an increase in the accounting bases of some our tangible and intangible assets. In addition, due to the effects of the increased borrowings to finance the Acquisition, our interest expense increased significantly in periods following the Acquisition. Our selling and administrative expenses also increased due to the annual management and consulting fees incurred in connection with the Acquisition Transactions and increased depreciation and amortization as a result of the fair value step-up. As a result, the Issuer's results of operations on a Pro Forma Basis for the nine months ended September 30, 2011 and for Pro Forma 2011 and periods beginning after the Completion Date are not directly comparable to the financial information of the Predecessor for periods ending prior to this date.

As a result of the change in accounting policies for customer acquisition capitalization and the change in presentation currency from SEK to euro, the historical consolidated financial statements for the periods prior to January 1, 2012 and the unaudited consolidated pro forma financial information for the nine months ended September 30, 2011 and the year ended December 31, 2011 have not been restated and therefore are not prepared or presented on a consistent basis with respect to these items. See "Selected Consolidated Historical Financial Data".

Analysis of Operating Results

The table below sets forth consolidated income statement data for the periods indicated:

	Historical					Pro Forma			
	Predecessor			Successor					
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,	For the nine months ended September 30,		For the year ended December 31,	
	2009	2010	2011	2011	2012	2011	2011	2011	2011
	(SEK millions)			*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*	*(SEK millions)*	*(euro millions)*
Consolidated Income Statement Data:									
Net sales	5,485	5,510	3,926	2,109	565.0	4,452	493.7	6,035	668.6
Cost of sales	(3,423)	(3,282)	(2,219)	(1,290)	(303.3)	(2,518)	(279.2)	(3,437)	(380.8)
Gross profit	2,063	2,228	1,707	819	261.7	1,934	214.5	2,598	287.8
Selling and administrative expenses	(1,345)	(1,400)	(949)	(1,200)	(253.7)	(1,983)	(219.9)	(2,789)	(309.0)
Operating profit	718	828	758	(381)	8.0	(49)	(5.4)	(191)	(21.2)
Finance income	20	31	160	26	4.3	165	18.3	186	20.6
Finance costs	(466)	(673)	(206)	(807)	(182.0)	(1,834)	(203.3)	(1,746)	(193.3)
Result before tax	272	185	712	(1,162)	(169.7)	(1,718)	(190.4)	(1,751)	(193.9)
Income tax expense	(103)	(57)	(203)	121	16.1	447	49.6	371	41.1
Result for the period	169	128	509	(1,041)	(153.6)	(1,271)	(140.8)	(1,380)	(152.8)

The table below sets forth consolidated income statement data expressed as a percentage of net sales for the periods indicated:

	Historical					Pro Forma	
	Precessor			Successor			
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,	For the nine months ended September 30,	For the year ended December 31,
	2009	2010	2011	2011	2012	2011	2011
Consolidated Income Statement Data:							
Net sales	100%	100%	100%	100%	100%	100%	100%
Cost of sales	(62)%	(60)%	(57)%	(61)%	(54)%	(57)%	(57)%
Gross profit	38%	40%	43%	39%	46%	43%	43%
Selling and administrative expenses	(25)%	(25)%	(24)%	(57)%	(45)%	(45)%	(46)%
Operating profit	13%	15%	19%	(18)%	1%	(1)%	(3)%
Finance income	0%	1%	4%	1%	1%	4%	3%
Finance costs	(8)%	(12)%	(5)%	(38)%	(32)%	(41)%	(29)%
Result before tax	5%	3%	18%	(55)%	(30)%	(39)%	(29)%
Income tax expense	(2)%	(1)%	(5)%	6%	3%	10%	6%
Result for the period	3%	2%	13%	(49)%	(27)%	(29)%	(23)%

The discussions set forth below provide a separate analysis of each of the line items that comprise our statement of income for each of the periods described below. Changes in foreign currency rates have had a significant translation impact on our reported operating results in the periods presented below, since a significant portion of our operations have functional currencies other than our applicable presentation currency. In preparing our financial statements, translations in currencies other than our functional currency are recognized at the rates of exchange prevailing at the dates of transaction. Accordingly, our results for each of the periods presented have been impacted by fluctuations in foreign exchange rates ("FX"). We have removed the effects of FX changes in our discussion of net sales and segment net sales by re-translating non-SEK denominated results for each period prior to January 1, 2012 using the rates in effect at September 2, 2011 (the Acquisition Date), which were SEK9.1734 = €1.00, SEK1.1719 = NOK1.00, SEK1.2300 = DKK1.00, and SEK0.0135 = CLP1.00 and for the nine months ended September 30, 2012 by re-translating each period's non-euro denominated results using the rates in effect at September 2, 2011, which were EUR0.10901 = SEK1.00, EUR0.12775 = NOK1.00, EUR0.13408 = DKK1.00 and EUR0.001474 = CLP1.00. The euro weakened against the SEK in 2010, which had the effect of decreasing our net sales and expenses from what they would have been during that period had FX rates remained at 2009 levels. The euro was also weaker in 2011 compared to 2010 and in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, causing our net sales and expenses to decrease from what they would have been had FX rates remained at the same levels as the prior year.

Years Ended December 31, 2009 and 2010 and Pro Forma 2011

Net Sales

The following table shows the split of our net sales by market segment and geographic region for the years ended December 31, 2009 and 2010 and Pro Forma 2011:

	2009	Percent of net sales	2010	Percent of net sales	Pro Forma 2011	Percent of net sales
		(SEK millions, other than percentages)				
Net sales by segment						
Portfolio Services	4,498	82%	4,599	83%	5,031	83%
Customer Acquisition	988	18%	910	17%	1,004	17%
Net sales by geography						
Spain	2,883	53%	2,725	49%	2,806	46%
Sweden	810	15%	874	16%	984	16%
Other	1,793	33%	1,911	35%	2,246	37%

Net sales increased 9.5%, or SEK525 million, to SEK6,035 million for Pro Forma 2011 from SEK5,510 million for 2010. Excluding FX, our net sales increased by 13.9%. The increase was primarily due to an increasing subscriber base, increases in recurring monthly subscription fee rates and to a lesser extent add-on equipment sales. Our subscriber base grew from approximately 1.3 million at December 31, 2010 to approximately 1.4 million at December 31, 2011, primarily as a result of our acquisition of Homesafety, our continued customer acquisition efforts and economic recoveries in most of our markets, resulting in increased subscriber growth and a reduced cancellation rate.

Net sales increased by 0.5%, or SEK25 million, to SEK5,510 million in 2010 from SEK5,485 million in 2009. Excluding FX, our net sales increased by 9.1%. This increase was primarily due to a larger subscriber base, price increases and, to a lesser extent, sales of add-on equipment. Our subscriber base grew from approximately 1.2 million at December 31, 2009 to 1.3 million at December 31, 2010, primarily as a result of our continued customer acquisition efforts and economic recoveries in most of our markets. Beginning in April 2010, the markets in which we operate continued to stabilize and our cancellation rates began to decline, contributing to our subscriber growth. Our subscription rate increases resulted from our implementation of both typical consumer price index ("CPI") increases and additional price increases in many of our markets during 2010.

Net sales for Portfolio Services increased 9.4%, or SEK432 million, to SEK5,031 million for Pro Forma 2011 from SEK4,599 million for 2010. Excluding FX, our net sales for Portfolio Services increased by 13.7%. The increase was primarily due to an increased number of subscribers, price increases in recurring monthly subscription fees and to lesser extent add-on equipment sales.

Net sales for our Portfolio Services segment increased by 2.3%, or SEK101 million, to SEK4,599 million in 2010 from SEK4,498 million in 2009. Excluding FX, our Portfolio Services net sales increased by 10.7%. This increase was primarily due to a larger subscriber base, sales of add-on equipment and price increases.

Net sales for Customer Acquisition increased 10.3%, or SEK94 million, to SEK1,004 million for Pro Forma 2011 from SEK910 million in 2010. Excluding FX, our net sales for Customer Acquisition increased by 15.4%. The increase was primarily due to the increased number of new subscribers acquired during the period, primarily due to our renewed customer acquisition efforts as a result of improvements in the economies in some of our markets.

Net sales for our Customer Acquisition segment decreased by 7.9%, or SEK78 million, to SEK910 million in 2010 from SEK988 million in 2009. Excluding FX, our Customer Acquisition net sales increased by 1.8%. This increase was primarily due to renewed acquisition efforts as a result of improvements in the economies in our markets and increased Customer Acquisition spending in France, as we continued to increase our market presence there.

Cost of Sales

Cost of sales increased by 4.7%, or SEK155 million, to SEK3,437 million for Pro Forma 2011 from SEK3,282 million for 2010. This increase was primarily due to increased installations during the period as a result of our growing subscriber base.

Cost of sales decreased by 4.1%, or SEK141 million, to SEK3,282 million in 2010 from SEK3,423 million in 2009. This decrease was primarily due to decreased customer acquisition investments in Spain, partially offset by our increased customer acquisition investments in France. We were able to spend less in the second half of 2010 to acquire subscribers as economic conditions in many of our markets improved. Cost of sales as a percentage of net sales was 59.6% in 2010 compared to 62.4% in 2009.

Selling and Administrative Expenses

Selling and administrative expenses increased by 99.2%, or SEK1,389 million, to SEK2,789 million for Pro Forma 2011 from SEK1,400 million for 2010. This increase was primarily due to an increase on a Pro Forma Basis of SEK824 million of our amortization expense resulting from the amortization of intangible assets acquired in the Acquisition. In addition, our selling and administrative expenses increased in local currency, due primarily to increased sales incentives paid to our local sales management teams as a result of increased installations during the period.

Selling and administrative expenses increased by 4.1%, or SEK55 million, to SEK1,400 million in 2010 from SEK1,345 million in 2009. This increase was primarily due to investments made in our sales force in France, such as establishing branch offices and retaining administrative personnel.

Finance Income

Finance income increased by SEK155 million to SEK186 million for Pro Forma 2011 from SEK31 million for 2010. The increase was primarily due to positive exchange rate changes (net) and realized gains on our interest rate swaps.

Finance income increased by 55.0%, or SEK11 million, to SEK31 million in 2010 from SEK20 million in 2009. This increase was due to an increase in the fair value of our interest rate swap.

Finance Costs

Finance costs increased by 159.3%, or SEK1,073 million to SEK1,746 million for Pro Forma 2011 from SEK673 million for 2010. This was primarily due to an increase in interest expense resulting from the new long-term debt obligations incurred to finance the Acquisition, including the amortization of debt issuance costs associated with the new debt and retirement of the old debt. This increase was partially offset by a SEK199 million reduction in finance costs resulting from the foreign currency remeasurement of our euro denominated debt in Pro Forma 2011.

Finance costs increased by 44.4%, or SEK207 million, to SEK673 million in 2010 from SEK466 million in 2009. This increase was primarily due to currency translation differences.

Income Tax Expense/Benefit

Income tax benefit was SEK371 million in Pro Forma 2011 compared to an expense of SEK57 million for 2010. This change was due to our lower before tax results.

Income tax expense decreased by SEK46 million to SEK57 million in 2010 from SEK103 million in 2009. This decrease in 2010 was primarily due to lower profit before tax. Our effective tax rate was approximately 37.8% in 2009 and 30.8% in 2010.

Pro Forma Nine Months Ended September 30, 2011 and Nine Months Ended September 30, 2012

The following summary presents IFRS unaudited consolidated income statement information on a Pro Forma Basis for the nine months ended September 30, 2011 and on a historical basis for the nine months ended September 30, 2012.

Net Sales

The following table shows the split of our net sales by market segment and geography on a Pro Forma Basis for the nine months ended September 30, 2011, and on a historical basis for the nine months ended September 30, 2012:

	Pro Forma nine months ended September 30, 2011	Percent of net sales	Nine months ended September 30, 2012	Percent of net sales
	(euro millions, other than percentages)			
Net sales by segment				
Portfolio Services	412.2	83%	473.0	84%
Customer Acquisition	81.5	17%	92.0	16%
Net sales by geography				
Spain	231.4	47%	245.7	43%
Sweden	80.2	16%	106.1	19%
Other	182.1	37%	213.2	38%

Net sales increased 14.4%, or €71.3 million, to €565.0 million for the nine months ended September 30, 2012 from €493.7 million for the same period on a Pro Forma Basis in 2011. Excluding FX, our net sales increased by 13.0%. The increase was primarily due to the increasing subscriber base, increases in recurring monthly subscription fee rates and, to some extent, add-on equipment sales. Our subscriber base grew from approximately 1.4 million on December 31, 2011 to 1.5 million on September 30, 2012, primarily as a result of our continued customer acquisition efforts.

Net sales for Portfolio Services increased 14.7%, or €60.8 million, to €473.0 million for the nine months ended September 30, 2012 from €412.2 million for the same period on a Pro Forma Basis in 2011. Excluding FX, our net sales for Portfolio Services increased by 13.3%. The increase was primarily due to an increased number of subscribers, price increases in recurring monthly subscription fees and, to some extent, add-on equipment sales.

Net sales for Customer Acquisition increased 12.8%, or €10.5 million, to €92.0 million for the nine months ended September 30, 2012 from €81.5 million for the same period on a Pro Forma Basis in 2011. Excluding FX, our net sales for Customer Acquisition increased by 11.4% primarily as a result of our continued customer acquisition efforts.

Cost of Sales

Cost of sales increased by 8.6%, or €24.1 million, to €303.3 million for the nine months ended September 30, 2012 from €279.2 million for the same period on a Pro Forma Basis in 2011. This increase was primarily a result of our growing subscriber base. The increased cost was partly offset by the change in accounting policy regarding customer acquisition costs. The new policy to capitalize these costs as intangible assets reduced costs of sales for the nine months ended September 30, 2012 by €36.9 million. See "—Factors Affecting Comparability of Our Financial Results—Customer Acquisition Costs".

Selling and Administrative Expenses

Selling and administrative expenses increased by 15.4%, or €33.9 million, to €253.7 million for the nine months ended September 30, 2012 from €219.9 million for the same period on a Pro Forma Basis for 2011 September 30, 2011. The increase was primarily due to sales growth and integration costs.

Finance Income

Finance income decreased by 76.3%, or €14.0 million to €4.3 million for the nine months ended September 30, 2012 from €18.3 million for the same period on a Pro Forma Basis for 2011.

Finance Costs

Finance costs decreased by 10.5%, or €21.3 million to €182.0 million for the nine months ended September 30, 2012 from €203.4 million for the same period on a Pro Forma Basis for 2011. Our finance costs for the nine months ended September 30, 2011 on a pro forma basis were increased by €54.7 million (equivalent) as a result of the foreign currency remeasurement of our euro denominated debt in our SEK-denominated pro forma financial information. The decrease in our finance costs for the nine months ended September 30, 2012 was partially offset by increased interest on our Shareholder Funding Instruments and the write off of deferred finance costs.

Income Tax Benefit

Income tax benefit for the nine months ended September 30, 2012 was €16.1 million, compared to a benefit of €49.6 million for the same period on a Pro Forma Basis for 2011. The decrease in income tax benefit is due to our reassessment of our ability to use tax losses carried forward based on new tax legislation introduced in Sweden.

Cash Flow for the Years Ended December 31, 2009 and 2010, the Eight Months Ended August 31, 2011, the Four Months Ended December 31, 2011 and the Nine Months Ended September 30, 2012

The following table shows a summary of our cash flow on a historical basis for the years ended December 31, 2009 and 2010 and for the eight months ended August 31, 2011, the four months ended September 30, 2011 and the nine months ended September 2012:

	Predecessor			Successor	
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,
	2009	2010	2011	2011	2012
	(SEK millions)			(SEK millions)	(euro millions)
Cash flow from operating activities before change in working capital	1,392	1,219	928	24[1]	166.0
Change in working capital[1]	266	88	190	(27)	(15.3)
Cash flow from operating activities[2]	1,657	1,307	1,118	(3)	150.7
Cash flow from investing activities	(859)	(868)	(787)	(16,629)	(119.1)
Cash flow from financing activities	(547)	(411)	(390)	16,750	(39.3)
Cash flow for the period	251	28	(60)	118	(7.7)
Cash and cash equivalents at beginning of period	92	341	358	—	12.2
Translation differences on cash and cash equivalents	(2)	(10)	1	(9)	0.2
Cash and cash equivalents at end of period	341	358	299	109	4.7

(1) We define "working capital" to include inventories, trade receivables and other operating receivables less trade payables and other operating payables. In connection with our working capital, our subscribers, on average, pay our invoices within 20 days of receiving them. We generally maintain approximately 180 days of inventories.

(2) Consistent with our regular reporting, cash flow from operating activities is calculated after giving effect to tax liabilities and interest expense.

Cash Flow from Operating Activities Before Change in Working Capital

Cash flow from operating activities before change in working capital was €166.0 million in the first nine months of 2012.

Cash flow from operating activities before change in working capital was SEK928 million in the eight months ended August 31, 2011 and SEK24 million in the four months ended December 31, 2011, compared to SEK1,219 million for the year ended December 31, 2010. This change primarily resulted from the transaction fees paid in connection with the Acquisition Transactions.

Cash flow from operating activities before change in working capital decreased by SEK173 million or 12.4% to SEK1,219 million in 2010 from SEK1,392 million in 2009. The change was primarily due to a decrease in our net result for the fiscal year.

Change in Working Capital

Our inflow from changes in working capital in 2009 and 2010 resulted from the impact of a working capital reduction program in Spain, which was subsequently expanded to other regions. This program was initiated in 2009, following an outflow in 2008 of SEK119 million due to inventory buildup. The program sought to reduce inventories from our higher than normal levels in 2008, which resulted from reduced sales and ongoing contractual purchase requirements. We also sought to improve supplier credit terms and accelerate cash collection. As a result, we saw significant improvements in 2009 and 2010, with a decrease in working capital levels of SEK266 million and SEK88 million respectively. In 2011, our cash flow from change in working capital decreased, primarily due to an increase in inventory related to our summer sales efforts and a build-up of components from Japan in reaction to the earthquake that affected Japan in March 2011. In 2012 we had an increase in working capital of €15.3 million. This was primarily due to trade receivables being negatively affected by subscriber fees arriving in early October instead of September. In addition, inventory levels increased by €11.9 million affected by seasonal build-up.

Cash Flow from Investing Activities

Cash flow used in investing activities was €119.1 million in the nine months ended September 30, 2012. This period was impacted by an increase of €36.9 million due to an increase in investing activities resulting from our change in accounting policy regarding the capitalization of customer acquisition costs. This is offset by an equal improvement in cash flow from operations. The corresponding period in 2011 was impacted by the Acquisition with a cash outflow of €1.8 billion.

Cash flow used in investing activities was SEK787 million in the eight months ended August 31, 2011 and SEK16,629 million in the four months ended December 31, 2011 compared to SEK868 million for the twelve months ended December 31, 2010. The outflow in the four months ended December 31, 2011 primarily resulted from the investments made to acquire shares in Securitas Direct and ESML SD Iberia Holding, S.A.U. in connection with the consummation of the Acquisition Transactions.

Cash flow used in investing activities increased by SEK9 million or 1.0% to SEK868 million in 2010 from SEK859 million in 2009. This change was primarily due to increased investment in intangible assets such as computer software.

Cash Flow from Financing Activities

Cash flow from financing activities was an outflow of €39.3 million in the nine months ended September 30, 2012 which mainly consists of interest of €107.6 million, an increase in our Revolving Credit Facility borrowings of €91.2 million and payments of €22.8 million for fees related to the offering of the Existing Notes and related transactions. The corresponding period in 2011 was impacted by the financing relating to the Acquisition Transactions.

Cash flow used by financing activities was SEK390 million in the eight months ended August 31, 2011 and SEK16,750 million in the four months ended December 31, 2011 compared to SEK411 million for the year ended December 31, 2010. This change primarily resulted from the financing of the Acquisition Transactions.

Cash flow used in financing activities decreased by SEK136 million, or 24.9%, to SEK411 million in 2010 from SEK547 million in 2009. This decrease was primarily due to the full year impact of the push-down of the existing credit facility from a parent entity to our Group, partially offset by an increase in non-current receivables related to an intercompany loan to our parent.

Capital Expenditures

Our capital expenditures primarily consist of (i) Customer Acquisition capital expenditures, which include purchases of equipment for new subscribers and direct cost related to sales research and development of new products and (ii) Portfolio Services capital expenditures, which relates primarily to the maintenance of installed equipment for existing subscribers and the purchase of information technology infrastructure in our monitoring centers. In accordance with IFRS, the costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired subscribers are capitalized to the extent we retain ownership of the equipment. Effective January 1, 2012, we changed the accounting policy regarding customer acquisition costs. Historically, the Group has expensed direct costs related to the acquisition of customer contracts; the new policy is to capitalize these costs as intangible assets, as they met the requirement in IAS 38 Intangible Assets of internally generated intangible assets and amortize them over their useful life. In 2012, these costs represented approximately 60% of the net cost of acquiring a subscriber (CPA). In the nine months ended September 30, 2012, as a result of this new accounting policy, we capitalized €36.9 million as intangible assets which in previous periods would have been recorded as an expense in cost of sales in the consolidated income statement. The impact of the adoption of the new accounting policy for customer acquisition costs compared to the previous accounting policy applied in the periods before adoption resulted in increased cash outflows from investing activities, increased net income and increased Adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012. It is impractical to retrospectively apply the cumulative effect of the change in accounting policy to our opening and closing statements of financial position and the comparative consolidated financial statements for each period presented prior to January 1, 2012, and as a result the periods beginning on or after January 1, 2012 are not comparable to the periods beginning before that date or to the unaudited pro forma consolidated financial information for the nine months ended September 30, 2011 and for the year ended December 31, 2011 discussed below and included elsewhere in this offering memorandum.

The following table shows a summary of our capital expenditures on a historical basis for the years ended December 31, 2009, 2010 and Pro Forma 2011 and the eight months ended September 30, 2011 and the four months ended December 31, 2011 and on a Pro Forma Basis for the nine months ended September 30, 2011 and on a historical basis for the nine months ended September 30, 2012:

	Historical					Pro Forma	
	Predecessor			Successor			
	For the year ended December 31,		For the eight months ended August 31,	For the four months ended December 31,	For the nine months ended September 30,	For the nine months ended September 30,	For the year ended December 31,
	2009	2010	2011	2011	2012	2011	2011
	(SEK millions)			*(SEK millions)*	*(euro millions)*	*(euro millions)*	*(SEK millions)*
Consolidated capital expenditures	952	879	648	365	119.1	81.8	1,013
Maintenance capital expenditures	249	184	137	82	20.7	17.4	219
Customer Acquisition capital expenditures	703	695	511	283	98.4	64.4	794

Capital expenditures were €81.8 million on a Pro Forma Basis for the nine months ended September 30, 2011 and €119.1 million for the nine months ended September 30, 2012. This increase primarily resulted from a change in accounting policy relating to the capitalization of our customer acquisition costs. Capital expenditures were SEK1,013 million in Pro Forma 2011 and SEK879 million in 2010. This increase primarily resulted from the increased number of new subscribers added in the period. Our maintenance capital expenditures were SEK219 million in Pro Forma 2011 and SEK184 million in 2010.

Capital expenditures decreased by 7.7%, or SEK73 million, to SEK879 million in 2010 from SEK952 million in 2009, primarily due to currency fluctuations. Our maintenance capital expenditures were SEK249 million and SEK184 million in 2009 and 2010, respectively.

Liquidity, Liabilities and Financing Agreements

Our primary sources of liquidity for our business are cash flow from operations and borrowings under the Revolving Credit Facility. We expect that our primary liquidity requirements will be to service our debt, to fund our Customer Acquisition operations and for other general corporate purposes. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as other factors including those discussed in the section entitled “Risk Factors”.

We are and will continue, after this offering, to be a highly leveraged company with significant debt service obligations. As of September 30, 2012, after giving pro forma effect to the issuance of the New Series A Notes offered hereby, we would have had €1,953.8 million of indebtedness, consisting of the New Series A Notes offered hereby, the Existing Notes, the Series A Senior Loan, the Mezzanine Loan, €108.6 million in borrowings outstanding under the Revolving Credit Facility, €6.7 million of finance leases, €509.6 million of Shareholder Funding Instruments and €0.4 million of other debt. As of September 30, 2012, on a pro forma basis giving effect to the use of proceeds in this offering and non-cash utilizations and bank guarantees in the amount of approximately €8.0 million, we also would have had approximately €259.7 million available for borrowing under our Revolving Credit Facility. We anticipate that our leverage will remain high for the foreseeable future.

Revolving Credit Facility

On August 14, 2011, we entered into a senior revolving credit facility pursuant to the Revolving Credit Facility Agreement effective as of the Completion Date, with the guarantors named therein as original guarantors or borrowers, the financial institutions named therein as original lenders and Nordea Bank AB (publ), as agent and security agent. Our Revolving Credit Facility provides for borrowings up to an aggregate of €279.3 million on a committed basis. Subject to certain exceptions, loans may be borrowed, repaid and reborrowed at any time. The interest rate on cash advances under the Revolving Credit Facility is the aggregate of the applicable margin, a base rate such as LIBOR/EURIBOR (as defined in the credit agreement) and mandatory costs (if any). The margin may range from 3.00% to 4.00% based on the ratio of certain of our net total debt to EBITDA (as defined in the credit agreement). The borrowers under this facility are Securitas Direct AB, ESML SD Iberia Holding S.A.U. and Securitas Direct España S.A.U. We will be required to procure that the ratio of gross cash drawn under the Revolving Credit Facility on each quarter date to portfolio services EBITDA (as defined in the credit agreement) for the last twelve months to the relevant quarter date is not greater than a certain minimum requirement. The Revolving Credit Facility will mature on February 2, 2017. See "Description of Certain Indebtedness—Revolving Credit Facility".

Mezzanine Loan

On August 15, 2011, the Issuer entered into a secured subordinated mezzanine term loan facility pursuant to the Mezzanine Loan Agreement effective as of the Completion Date, with the Issuer as the borrower, the guarantors named therein as original guarantors, the financial institutions named therein as original lenders and Nordea Bank AB (publ), as agent and security agent. The Bank of New York Mellon has since replaced Nordea Bank AB (publ) as agent. The Mezzanine Loan Agreement provided for a €393.5 million mezzanine term loan with a maturity date eight years from the Completion Date. Borrowings under our Mezzanine Loan bear cash and PIK interest. The cash pay interest rate under the Mezzanine Loan Agreement is the aggregate of a margin of 375 basis points, EURIBOR (as defined in the Mezzanine Loan Agreement) and mandatory costs (if any). The PIK interest rate under the Mezzanine Loan Agreement is 675 basis points, which will be automatically capitalized and added to the outstanding principal amount of the loan on the last day of the specified interest period of such loan (or six months from the first day of such interest period if the interest period is longer than six months). As of September 30, 2012 we had capitalized €13.4 million of our interest under the Mezzanine Loans. In the future we may further elect to pay in cash PIK interest that would otherwise be capitalized upon notice to the agent five business days prior to the end of the interest period with respect to such loan. The Mezzanine Loans are our subordinated obligations and rank equal in right of payment with each other and all of our existing and future subordinated debt and are subject to the terms of the Intercreditor Agreement. See "Description of Certain Indebtedness—Mezzanine Loan Agreement".

Existing B Notes

On February 15, 2012 we issued €500.0 million aggregate principal amount of 8.75% Senior Secured Notes, Series A, due 2018, €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018, and €271.0 million aggregate principal amount of 8.75% Senior Secured Notes, Series B, due 2018. The Series B Notes rank below the Series A Notes (and will rank below the Notes offered hereby) in right and priority of payment. We will issue €100.0 million of New Series A Notes in the offering.

We will pay interest on the Series A Fixed Rate Notes and Series B Notes semi-annually and on the Series A Floaring Rate Notes quarterly in cash. The Indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur additional indebtedness; pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments; enter into agreements that restrict distributions from restricted subsidiaries; sell or otherwise dispose of assets, including capital stock of restricted subsidiaries; enter into transactions with affiliates; create or incur liens; and merge, consolidate or sell substantially all of our assets. These covenants are subject to important exceptions and qualifications. See "Description of Other Indebtedness—Existing Series A Notes" and "Description of Other Indebtedness—Series B Notes".

Series A Senior Loan

On August 14, 2011, we entered into our Senior Loan Agreement, which provides for a senior secured term loan of €921.5 million. On February 15, 2012 we amended and restated the Senior Loan Agreement to reflect the prepayment of €871.5 million of our Senior Loan with the proceeds of the offering of the Existing Notes and designated the remaining €50.0 million outstanding under the Senior Loan Agreement as the Series A Senior Loan. The Series A Senior Loan accrues interest at a rate per annum which is the aggregate of EURIBOR plus 650 basis points, plus any mandatory costs. The Series A Senior Loan has a maturity date of September 1, 2018. See "Description of Certain Indebtedness—Existing Series A Senior Loan Agreement".

Shareholder Funding Instruments

We will have outstanding various preferred equity certificates which are subordinated to all of our other debt. See "Related Party Transactions—Shareholder Funding Instruments".

Contractual Obligations

We enter into long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancellable operating leases. As of December 31, 2011, our contractual cash obligations and commercial commitments are set forth below on an as adjusted basis giving effect to this offering. The amounts below do not include any interest payments required in respect of such obligations. The table below also does not include any borrowings under our Revolving Credit Facility.

	Less than one year	**1-4 Years**	**5-10 Years**	**Total**
		(euros millions)		
Notes(1)			971.0	971.0
Series A Senior Loan(2)	—	—	50.0	50.0
Mezzanine Loan	—	—	393.5	393.5
Finance leases(3)	2.6	5.1	0.0	7.8
Operating leases(4)	19.3	36.0	12.9	68.2
Total	21.9	41.1	1,427.4	1,490.5

(1) Including €100.0 million of New Series A Notes issued in this offering.

(2) Represents €50.0 million of the Series A Senior Loan that resulted from the amendment and restatement of any Senior Loan.

(3) Represents lease of our monitoring services center in Spain.

(4) In connection with our operating leases, the minimum lease charges for non-callable operational leases at nominal values was SEK196.9 million in Pro Forma 2011 and SEK188 million in 2010.

The foregoing table does not include working capital facilities entered into in the ordinary course of business, liabilities associated with pension entitlements or contingent liabilities. As of September 30, 2012, we also had €509.6 million of Shareholder Funding Instruments outstanding (including €5.0 million of accrued interest thereon) which do not require cash interest payments, do not have covenants and will not mature until one year following the maturity of the Notes.

Off-Balance Sheet Transactions

We are not a party to any material off-balance sheet arrangements.

Defined Contribution and Pension Plans

All our employees except those in Spain and Portugal benefit from a company pension scheme. We offer both defined contribution and defined benefit pension plans. Defined contribution plans are post-employment benefit schemes under which we pay fixed contributions into a separate legal entity and have no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period. Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For these plans, amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service. All pension plans in foreign units are classified as defined contribution plans. All pension liabilities in Sweden are classified as defined contribution plans, except pensions for office-based staff which are through a national multi-employer pension plan, which is funded in the same manner as a defined contribution plan. The level of contribution is dependent upon, among other things, the level of employee participation and salaries in each country.

Quantitative and Qualitative Information Regarding Market and Operating Risks

Interest Rate Risk

Our income and cash flow from operations are substantially dependent on changes in market interest rates. An increase in interest rates creates a risk of an adverse impact on subscribers' willingness to invest because their variable rate indebtedness and other interest rate driven costs increase. Moreover, some items on our balance sheet, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk.

In the past we have utilized derivative instruments such as interest rate swaps to limit the financial risks with respect to negative profit and loss effects as well as cash flow effects arising from interest payments. We have typically hedged approximately 90% of our variable rate exposure under our existing credit facilities by using interest rate swaps to move from floating interest rate to fixed interest rate.

Borrowings under our Revolving Credit Facility, Mezzanine Loan, Series A Senior Loan and the Series A Floating Rate Notes bear interest at varying rates, and as a result we have interest risk with respect to this debt. We currently have hedged our interest rates under our Existing Series A Floating Rate Notes, the Series A Senior Loan and the Mezzanine Loan. Our hedge related to the Existing Series A Floating Rate Notes fixes the rate at 7.81% and terminates on March 1, 2016. Our hedge related to the Series A Senior Loan fixes the rate at 8.15% and terminates on March 7, 2016. Our hedge related to the Mezzanine Loan fixes the aggregate cash and PIK rate at 11.99% and terminates on December 9, 2015. When these hedges expire, we may not be able to replace them at acceptable rates, or at all. Borrowings under the Series A Fixed Rate Notes and the Series B Notes bear interest at a fixed rate. For fixed rate debt, interest rate changes affect the fair market value of such debt, but do not impact earnings or cash flow.

Currency Risk

As a result of our operations in various countries, we generate a significant portion of our sales and incur a significant portion of our expenses in currencies other than the euro. We changed our presentation currency on January 1, 2012 and currently report in euro. Effective January 1, 2012, we also changed the presentation currency of our consolidated financial statements from the SEK to the euro, which we believe more accurately reflects the current profile of our revenue and cash flows, which are now primarily generated in euro. See "—Factors Affecting Comparability of Our Financial Results—Change in Presentation Currency in Our Financial Statements". Our primary exposure will be to the SEK and NOK, and 68% of our net sales for Pro Forma 2011 were denominated in euro, 16% were denominated in SEK, 12% were denominated in NOK and 4% were denominated in currencies other than euro, NOK and SEK. In the past we have hedged our foreign exchange exposure when we have deemed it appropriate. We currently do not intend to hedge our foreign exchange risk.

Translation Risk

Translation risk is the risk that the value in euro of the consolidated income statement and statement of financial position will fluctuate due to changes in foreign exchange rates connected with the translation of our foreign subsidiaries. As many of our subsidiaries operate in foreign markets, these effects can be significant. The substantial portion of our indebtedness is denominated in euro. Normally we do not hedge this exposure, but may elect to hedge in specific cases.

Transaction Risk

Transaction risk is the risk of exchange losses made by us from purchases and sales in currencies other than the functional currency of the subsidiaries concerned. Because transactions with other countries (or in currencies other than the euro) arise on only a very limited basis in the various subsidiaries, we currently do not hedge our transaction exposure. This form of currency exposure is therefore, we believe, not significant for us.

Critical Accounting Policies

The preparation of financial statements according to IFRS requires management of consolidated companies to make assumptions and estimates in order to value the carrying amounts of assets and liabilities, the disclosure of contingent liabilities, and the recognition of expenses and income during the reporting periods. These assumptions and estimates are generally based on factors such as historical experience, trends in our industry and information available from our customers and third parties. The amounts that actually arise in future periods may differ from these estimates, with changes being recognized in the profit and loss account as and when the carrying value is changed. For a discussion of recent changes we have made in our accounting policies and the impact of those changes, see "—Factors Affecting Comparability of Our Financial Results".

The following accounting and measurement policies are those we regard as the material influencing factors for the presented financial data of our business.

Testing for Impairment of Goodwill and Other Assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When testing for impairment of goodwill and other assets, the carrying amount should be compared with the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flow derived from such assets using cash flow projections which have been discounted at an appropriate rate. Since there are normally no quoted prices available to estimate the fair value less costs to sell an asset, the asset's value in use is usually the value against which the carrying amount is compared for impairment testing purposes and is measured on the basis of assumptions and estimates. In calculating the net present value of the future cash flow, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- long-term sales growth rates;
- growth in adjusted EBITDA;
- timing and quantum of future capital expenditures;
- change in working capital; and
- the selection of discount rates to reflect the risks involved.

We prepare and approve formal five-year management plans for our operations, which are used in value in use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP rates for the country of operation; and
- a combination of an assumed 3% gross rate for the maturing markets and a projected long-term compound annual growth rate for adjusted EBITDA in years six to ten estimated by management for developing countries.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect our impairment evaluation and hence results.

Measurement of Deferred Income Tax Assets and Deferred Income Tax Liabilities

Our tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of our total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and cash flow.

The complexity of our structure following our geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the consolidated income statement and tax payments. We also have exercised significant accounting judgment regarding net operating loss utilization.

The amounts recognized in the consolidated financial statements in respect of each matter are derived from the company's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore impact the company's results and cash flow.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered.

Measurement of Provisions and Allocation for Accrued Expenses

We exercise judgment in connection with significant estimates in relation to staff-related costs and in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. We do not foresee these having any major adverse effect on our financial results or position.

Depreciation Period for Alarm Equipment

The charge in respect of periodic depreciation for alarm equipment is derived after determining an estimate of the expected useful life of alarm equipment and the expected residual value at the end of its life. Increasing expected life of an asset or its residual value results in a reduced depreciation charge recording in the consolidated income statement.

The useful lives and residual values of our assets are determined by management at the time of acquisition and reviewed annually for appropriateness. The lives are based primarily on historical experience in regard to the lifecycle of subscribers as well as the anticipation of future events which may impact their life, such as changes in technology and macroeconomic factors.

As of January 1, 2011, we have revised our estimate of the useful life for alarm equipment, based on the change in estimate of the length of time during which our subscribers would subscribe to our services increased based on a longer operating history with our subscriber base. The change has resulted in a decrease in depreciation cost of approximately SEK48 million and SEK101 million for the four months ended December 31, 2011 and the eight months ended August 31, 2011, respectively. The impact of the change in the estimate on the future periods was deemed impracticable to determine.

For a discussion of recent changes we have made in the depreciation period for alarm equipment and the impact of such changes on our depreciation expense, see "—Factors Affecting Comparability of Our Financial Results—Change in Alarm Equipment Estimated Life".

Business Combinations

As of January 1, 2010, we adopted the accounting guidance for business combinations under IFRS 3 (Revised 2008) *Business Combination*, which contained a number of changes that affected the accounting for business combinations and subsequent changes in our ownership interest in a subsidiary. We applied the revised standards prospectively to business combinations with an effective date of acquisition on or after January 1, 2010.

We accounted for the businesses acquired before January 1, 2010 using the purchase method of accounting. We measured goodwill arising in a business combination as the excess of our cost of acquisition over the interest acquired in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognized at the acquisition date. Where the interest acquired in the fair value of the identifiable assets, liabilities and contingent liabilities that were recognized exceeded the cost of acquisition, the excess was recognized as a gain in profit or loss. The cost of acquisition comprised the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued in exchange for control over the acquired business and any costs directly attributable to the business combination. We measured the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognized at their fair value as of the acquisition date, except for assets that were classified as held for sale, which were measured at fair value less costs to sell.

We accounted for the businesses acquired on or after January 1, 2010 using the acquisition method of accounting. We measured the consideration for the business combination at fair value as of the acquisition date, which we calculated as the sum of the acquisition date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. We recognized acquisition-related costs in the income statement during the period in which they are incurred. The consideration also includes fair value at the acquisition date of the assets or liabilities arising from a contingent consideration. Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time of the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. We have recognized all other changes to the fair value of an additional consideration that is classified as an asset or liability in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognized in equity. We have recognized contingent liabilities assumed in a business combination as existing liabilities arising from events that have occurred.

In a business combination on or after January 1, 2010, where the sum of the consideration, any non-controlling interests and the acquisition date fair value of previously held equity interest exceeded the acquisition date fair value of identifiable acquired net assets, we have recognized the difference as goodwill in the statement of financial position. If the difference was negative, we recognized the resulting gain on the acquisition as a bargain purchase in the income statement after review of the difference. In the case of each business combination, we measured the previously held non-controlling interests in the acquired company either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company's identifiable net assets. In an acquisition achieved in stages, we remeasured the previously held equity interest in the acquired company at its acquisition date fair value (i.e., when control was obtained) and recognized any gain or loss in profit or loss. We have reclassified any changes in the value of the previously held equity interests that, prior to the acquisition date were recognized in other comprehensive income, in the income statement on the same basis as would be required if these shares had been sold.

Measurement of Fair Value

We have applied estimates and judgments in order to determine the fair value of financial instruments as well as the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

We exercise critical judgment when determining fair value of financial instruments with respect to the choice of valuation techniques, the construction of fair value adjustment in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk. We also exercise our judgment to determine the market parameters that are observable.

In respect of the value of assets, liabilities and contingent liabilities recognized at the acquisition date, we have utilized valuation methodologies including discounted cash flow analysis. The assumptions that we make in performing these valuations include assumptions regarding discount rates, foreign exchange rates, capital costs, revenue flows, and future operating costs. We may revise the manner in which we account for an acquisition, including the manner in which we recognize additional goodwill or discounts on acquisition, if significant changes occur in any of the key assumptions that we have discussed above.

In all of these instances, our decisions are based on professional judgment in accordance with our accounting and valuation policies. In order to ensure proper governance management, we continuously review critical judgment that is deemed to have a significant impact on fair value measurements.

BUSINESS

Overview

We are the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We design, sell and install alarms and provide ongoing monitoring services across nine countries in Europe, and have recently begun operations in Latin America. Our management currently believes that we hold either the first or second market position in eight of the nine European countries in which we operate. Since our company was founded in 1988, we have continually expanded our subscriber base, growing at a compound annual growth rate ("CAGR") of 21% from 2000 to Pro Forma 2011, and as of September 30, 2012, had approximately 1.5 million subscribers. In Pro Forma 2011, our residential households accounted for 72% of our subscribers, while small businesses accounted for 28%. Based on our historical trends, we currently estimate that our residential subscribers remain with us, on average, between 11 and 16 years and our small business subscribers remain with us, on average, between six and eight years. As a result, we believe that our Portfolio Services revenues, representing 83% of our Pro Forma 2011 net sales, provide us with a high-margin, stable source of recurring cash flow. For Pro Forma 2011, we generated net sales of €668.6 million and Adjusted EBITDA of €179.1 million, and for the nine months ended September 30, 2012, we generated net sales of €565.0 million and Adjusted EBITDA of €186.2 million.

We operate a subscription-based service business, which consists of selling and installing alarm systems and monitoring these systems on an ongoing basis in exchange for an upfront installation fee and recurring monthly subscription fees. We conduct our business through two operating segments:

- **Portfolio Services.** Our Portfolio Services segment provides monitoring services to our existing subscribers for a monthly subscription fee. We typically enter into self-renewing monitoring agreements with our subscribers at the time of installation, and the majority of our subscribers pay via direct debit. We then monitor our installed base of alarms through ten dedicated monitoring centers located throughout Europe and Latin America to verify alarms and initiate an appropriate response when an alarm is triggered. We also provide customer service and technical support for all our installed systems. We have had low subscriber cancellation rates of approximately 8% annually over the last five years, contributing to the stable and recurring cash flow the segment generates. The substantial cash flow generated from our Portfolio Services segment allows us to fund the investments required to grow our subscriber base through our Customer Acquisition segment. In Pro Forma 2011, our Portfolio Services segment generated net sales of €557.3 million (representing 83% of our total net sales) and Adjusted EBITDA of €311.7 million (representing a 56% Adjusted EBITDA margin), and for the nine months ended September 30, 2012, our Portfolio Services segment generated net sales of €473.0 million (representing 84% of our total net sales) and Adjusted EBITDA of €253.7 million (representing a 54% Adjusted EBITDA margin).
- **Customer Acquisition.** Our Customer Acquisition segment sells to, and installs our alarm systems for, new subscribers in return for a sales and installation fee. This installation fee typically only covers a portion of the costs associated with marketing, selling, purchasing equipment and installing each alarm system. As a result, the segment represents an upfront investment in our business to acquire new subscribers, in turn driving revenue, Adjusted EBITDA and profitability growth in our Portfolio Services segment. Due to the discretionary nature of our customer acquisition activities, we are able to increase our sales, marketing and installation investment activities to generally create positive growth in our subscriber base, or, alternatively, reduce our investment in such activities to maximize our cash on hand, over the short to medium term.

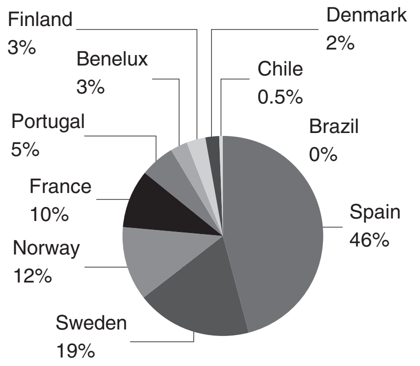
We offer a range of alarm systems with a variety of features, ranging from simple break-in detectors to more complex alarms with premium features, such as sophisticated cameras, home environment monitoring capabilities (smoke, temperature, etc.) and two-way audio communication. These alarm systems are connected to our monitoring centers and, in some cases, can also be linked to our subscribers' personal computers or mobile communication devices (such as iPhones). The majority of our products are sold under our Securitas Direct brand, which we believe is known as a high quality brand for security and alarm products. We have recently developed and launched a premium line of products, which represent our newest technology and most advanced features, which we sell under the Verisure brand.

Our Operating Markets

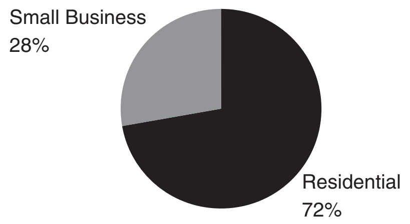
We operate in nine European countries (Spain, Sweden, Norway, France, Portugal, Finland, Denmark, Belgium and the Netherlands) and Chile. We hold a first or second market position in all our European markets except

Belgium, where we are the third-leading provider. Our management believes that we hold the number one market position in markets that comprised almost 84% of our net sales in Pro Forma 2011. We estimate that based on our weighted average number of subscribers for 2010 in the countries in which we operate, we are approximately 3.5 times larger than our nearest competitor. Generally, competition in our individual country markets is relatively consolidated, with the top three providers accounting for over 50% of the market share in most of our markets. Our largest markets in terms of subscribers are Spain, Sweden, Norway and France, which combined to make up 86% of our total subscribers as of December 31, 2011. Spain is our largest market and represented 46% of our subscribers in 2011. In Pro Forma 2011, residential households accounted for 72% of our subscribers, while small businesses accounted for 28%. The charts below show our 2011 subscriber base by geographic breakdown and by subscriber type:

2011 Subscriber Breakdown by Country



2011 Subscriber Breakdown by Subscriber Type



We have also recently launched limited operations in Brazil. All our expansions into new markets since we were founded in Sweden have been achieved through organic growth, complemented with selective add-on acquisitions to bolster our position in existing markets.

Our History

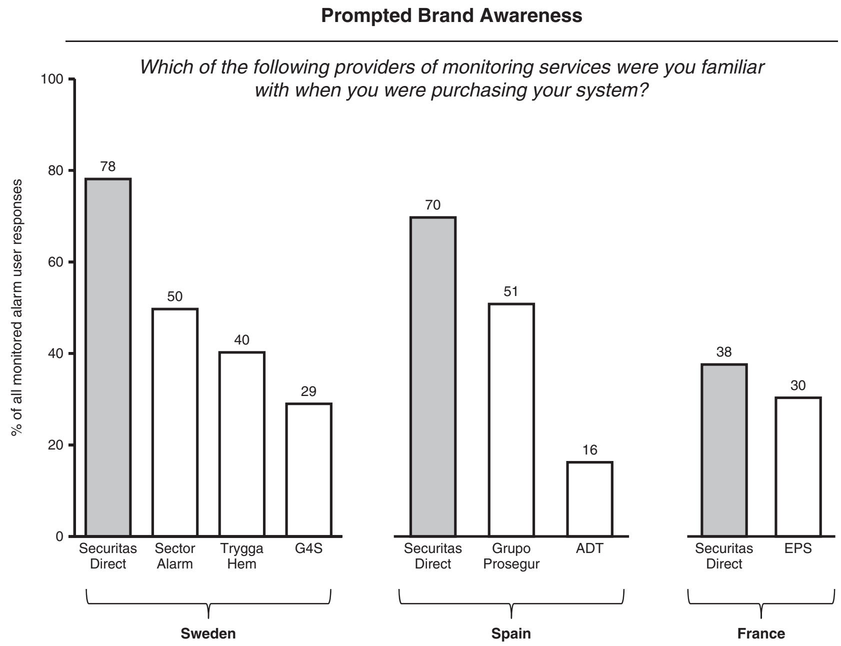
We were founded in 1988 as a division of Securitas AB, initially focusing on the Swedish residential home security market. During our first ten years of operation, we expanded our platform internationally to Norway, Spain, France and Finland, with subsequent expansion to Portugal and the Netherlands in 2001 and 2005, respectively. In September 2006, we separated from Securitas AB and were listed on the OMX Stockholm Nordic Exchange, before being taken private in an acquisition by EQT in August 2008. In 2009, we entered the Latin American market by establishing operations in Chile. In June 2011, Bain and H&F agreed to acquire us. The closing of that transaction occurred on September 2, 2011.

Our Strengths

We have identified several strengths that we believe have enabled our success historically and are key factors in our efforts to deliver profitable future growth.

Market Leader in an Industry Where Scale is Important

Our size and access to substantial resources has allowed us to become the leading provider of high quality, proprietary monitored alarm solutions in Europe. We are the number one provider in our three largest markets and we either hold the first or second market position in eight out of the nine European countries in which we operate. As of December 31, 2010, in the markets in which we operate we believe we accounted for approximately 39% of the overall monitored RHSB market in terms of subscribers. Our strong market position is further strengthened by us having the highest brand awareness in our core markets, according to a survey commissioned by us in connection with the Acquisition, as shown in the following chart:



As the largest pan-European monitored alarm products and service provider in our markets, we can invest substantial resources in product development to drive the introduction of new technologies and features into our alarm systems. In 2011, we devoted approximately 70 employees to research and development. As a result of our efforts, we have been successful in introducing new products and technologies to enhance our value proposition to our customers. Our scale also enables us to dedicate substantial resources to marketing, advertising and selling activities to further sustain and grow brand awareness and our subscriber base. For example, management estimate that our sales force in Spain of over 1,500 employees is several times larger than our closest competitor, which we believe has allowed us to continue gaining market share and acquiring new subscribers faster than our competitors. Finally, the depth and scale of our activities provides us with a significant advantage in competing for talented employees, by allowing us to offer a growing international career platform.

Ability to Flexibly Manage Growth to Maximize Cash Flow Generation

Our Portfolio Services segment generates substantial cash flow, with Adjusted EBITDA of €311.7 million in Pro Forma 2011 (representing a 56% Adjusted EBITDA margin). The profitability of the segment results from its relatively low operating cost and capital expenditure requirements (maintenance capital expenditures amounted to 4% of Portfolio Services net sales in Pro Forma 2011). While our subscriber growth is dependent on our Customer Acquisition segment, we have a degree of discretion when to invest in acquiring new subscribers to either replace cancelling subscribers or grow our existing subscriber base. As such, we have flexibility in how we invest the substantial cash flow generated by the Portfolio Services segment. In Pro Forma 2011, we invested 71% of our Adjusted EBITDA from the Portfolio Services segment to acquire new subscribers and used the remaining 29% of our Adjusted EBITDA primarily to service our debt and for maintenance capital expenditures and other general corporate purposes. As a result of the discretionary nature of our Customer Acquisition segment, we are able to reduce our growth, which reduces our costs and capital expenditure requirements, allowing us to use additional cash flow for debt service requirements or other purposes. If, on the other hand, we invest our additional cash flow to acquire new customers, it allows us to potentially grow our Adjusted EBITDA in the long term.

Operations in Markets with Low Penetration Rates and Compelling Growth Opportunities

We believe that there is substantial potential for further penetration in the RHSB monitored alarm market, which we anticipate will continue to provide us with compelling growth opportunities. Monitored alarm penetration rates remain relatively low in the markets in which we operate. According to third-party reports, the average penetration by country in the European RHSB market in 2009 was estimated to be approximately 3% to 4%, compared to approximately 18% in the residential sector of the more-developed U.S. market. We believe that the primary driver of the different penetration rates between the United States and Europe is historically lower marketing spending in Europe and, as a result, less consumer awareness of the benefits of security systems. As we have focused on increasing product awareness, our European markets have shown strong growth. From 2007 to 2011 we grew our subscriber base in Europe at a CAGR of 11%. In addition, we believe that there are attractive growth opportunities outside of our existing markets, including in Latin America.

Diversified and Resilient Subscriber Base with Low Turnover

We have a geographically diversified portfolio of approximately 1.5 million subscribers as of September 30, 2012. Our focus on markets throughout Europe, including Scandinavia and Southern Europe, helps mitigate the risks of localized economic downturns. Our residential subscribers tend to be middle to higher income households with assets to protect. In order to ensure subscriber loyalty, we charge upfront fees of several hundred euro or more, which helps screen for more-committed subscribers and we believe increases the likelihood of subscribers continuing to use our system over the long term. The resilience of the demand for our security systems is underpinned by the nature of the services we offer, as we address the safety of our subscribers' families and property, and we believe subscribers view our solutions as less discretionary than other expenditures. As such, we believe that subscribers are less prone to cancel our services during economic downturns. Consequently, we currently estimate that our residential subscribers, which in 2011 represented 72% of our total subscribers, have an expected subscription life of between 11 and 16 years. Our diversified and resilient subscriber base has allowed us to maintain relatively steady cancellation rates, and consequently, steady revenue and cash flow generation.

Track Record of Profitable Growth and Increasing Cash Flow in Economic Downturns

Our core strengths have enabled us to establish a track record of profitable growth over the past several years despite an economic crisis in many of our markets. For example, from 2008 to 2011, we were able to grow our net sales by an aggregate of 32%, while also increasing our Adjusted EBITDA margin from 22% to 27% and our Portfolio Services Adjusted EBITDA margin from 51% to 56%. Both in Spain and Portugal, where the economic downturn has been among the most severe in Europe, we continued to expand our subscriber base, profits and margins. In Spain, our subscriber base, net sales, Adjusted EBITDA from Portfolio Services and Adjusted EBITDA margin, as measured in local currency, grew by a total of 12.5%, 20.6%, 40.5% and 42.5%, respectively, from 2008 to 2011. In Portugal our subscriber base, net sales, Adjusted EBITDA from Portfolio Services and Adjusted EBITDA margin, as measured in local currency, grew by a total of 74.1%, 67.8%, 104.8% and 115.1%, respectively from 2008 to 2011. Our profitable growth has allowed us to de-lever from net debt (of our indirect parent) as of December 31, 2008 that was approximately 6.9 times Adjusted EBITDA for 2008 to net debt (of our indirect parent) as of June 30, 2011 that was approximately 3.8 times Adjusted EBITDA for the twelve months ended June 30, 2011, despite the economic recession.

Excellent Management Team with a Proven Record of Successfully Managing Our Growth

Our Chief Executive Officer, Dick Seger, and our President of South and Latin America, Luis Gil, together have over 30 years of relevant operating experience, and have worked with the Securitas business since 1984 and 1993, respectively. Our Chief Executive Officer was one of the company's founders, and most members of our senior management team have a long operating history with our company. Under their leadership we have delivered growth in subscribers, net sales and Adjusted EBITDA over the last decade despite the recent economic recession, including following the acquisition by EQT, where we successfully de-levered our company.

Our Strategies

Building on our core strengths, we intend to continue developing our business over the coming period by pursuing the following strategies:

Continue to Achieve Profitable Organic Growth in Existing Markets

We believe there remains significant growth opportunity in our existing markets. We plan to further expand our subscriber base in these regions in a measured manner by continuing to target potential subscribers who meet our demographic criteria. We believe many of these potential subscribers are not yet familiar with the benefits of having a monitored alarm system. Thus, we plan to use our large sales force, strong brand and broad product offerings to grow our subscriber base. For example in France, a market with low penetration of only 3% in 2009, we grew our new installations by a CAGR of 46.1% between 2007 and Pro Forma 2011. Growing our subscriber base should enable us to increase our profit margins, because we will be able to benefit from the economies of scale associated with our relatively fixed cost base in our Portfolio Services segment.

Grow Revenue and Profitability Through Up-selling Add-on Features and Services to Existing Subscribers

We believe that there is potential to grow our sales with limited additional investment through up-selling new products and services to our existing subscribers. Some examples of add-on options include smoke, humidity and moisture detectors and temperature control devices. It is our experience that subscriber loyalty increases as subscribers purchase additional products and services, resulting in lower cancellation rates and higher returns on our initial investment in the acquisition of the subscriber. Furthermore, our profit margins tend to increase as we increase the number of services that we provide to a subscriber. Many of these add-on features and services may be installed with little additional cost to us, allowing for highly profitable revenue growth. In certain of our markets, our subscribers are generally able to order and install certain additional services and sensors on a do-it-yourself basis by ordering and activating the features easily using our online subscriber support sites.

Continue to Invest in Product Development to Drive Product Innovation

Our in-house development teams cooperate closely with our network of equipment manufacturers to design and deliver new products and services to our subscribers. Our disciplined focus on research and development allows us to efficiently manage our new product development costs and strategically invest where we expect the returns will be the highest. We believe that our scale provides us with a significant competitive advantage in investing in product innovation, and we have historically introduced a number of successful product innovations (including our Verisure "MyControl" home automation platform, which enables the customer to access remotely their premises through a smartphone or a computer). We plan to continue to develop new products in order to further enhance the value we provide to our subscriber base.

Expand into Selected Complementary Markets

We believe a large portion of our core business model can be efficiently replicated in complementary markets. We view a complementary market as one with low market penetration, a sound regulatory framework, a large number of households living in single-family dwellings, a perceived need for security and the ability to afford our solutions. We currently view parts of Latin America as complementary markets and plan to selectively replicate our success in Chile in other markets, where we can leverage our competencies (including language capabilities) and product platforms to profitably grow our subscriber base at relatively low upfront costs. For example, we have recently launched operations in Brazil. We are also evaluating the possibility of expanding into adjacent European markets in which we are not currently active.

Our Business Operations

We offer our subscribers a comprehensive security solution, including the sales and installation of our alarm systems and ongoing monitoring services to verify triggered alarms and coordinate necessary emergency responses. We believe that providing a full suite of products and services provides us with a competitive advantage in our markets, especially compared to certain competitors in some of our markets who offer only a limited range of services. We have two segments: our Portfolio Services segment, through which we manage our existing subscriber base; and our Customer Acquisition segment, through which we seek to gain new subscribers to replace cancelling subscribers and selectively grow our subscriber base.

Portfolio Services

Our Portfolio Services segment consists primarily of three types of operating activities: alarm monitoring; customer service and support; and alarm response coordination.

Alarm Monitoring

We provide all our own monitoring services, using our own employees with one monitoring center in each of the core markets in which we operate. Each of our monitoring centers has a facility designated as a back-up facility where we can transfer most of our monitoring and customer service capabilities in a short period of time. In some of our larger markets this backup facility is a facility in close proximity to the main monitoring center. In other markets we use a monitoring center in one of our other markets to serve as the backup facility. In each case, the backup facility will be able to operate as a fully functional monitoring center if we need to transfer operations. This back-up capability is intended to ensure that our subscribers will not experience a significant service gap if one of our centers has a malfunction or disruption.

Our alarm monitoring centers receive thousands of alarm triggers every day. Our monitoring staff analyzes each triggered alarm through a process of verification and prioritization whereby they identify false alarms and reduce the number of times false alarm messages are forwarded to emergency responders (such as police and fire departments). We use a variety of techniques to verify alarms. In many markets, we primarily use call-backs, whereby our operator calls the alarm subscriber to determine the reason for the alarm, often using code words. There is usually a separate code for deactivating a false alarm and another code for a duress situation. If the duress password is given, our staff will alert the police. Another verification technique some of our alarm systems incorporate is the use of camera detectors that record a sequence of images when an alarm is triggered and subsequently transmit these images to the monitoring center for operator verification. A third verification technique used in some markets is a guard service that will physically respond and investigate each alarm notification. We outsource this function to third-party security guard services on a contractual basis. Our verification processes are designed to rapidly identify the source of and respond to each alarm, which is key to maintaining customer satisfaction and filtering false alarms.

Customer Service and Support

Top-quality customer service is the main focus of our business. Subscriber loyalty (and sustaining low cancellation rates) is directly linked to the quality of the service we deliver. Maintaining high-quality standards is therefore a key element to retaining subscribers and thus maintaining our recurring revenue and profitability. We aim to minimize cancellations by using a “first time fix” strategy, whereby we make every effort to address a problem when it first arises. This approach reinforces our subscribers’ perception of our responsiveness, reliability and high-quality service. We continually evaluate our customer service performance through a variety of key performance indicators, including response time, equipment quality, maintenance support and cancellation rates. We believe our customer service and support function is a key reason we have been able to maintain low cancellation rates among our subscriber base.

We also proactively support our subscribers through a number of quality assurance programs focused on retaining subscribers. For example, we recognize that subscribers are more likely to continue using products that they know and are comfortable using; accordingly, in certain regions, we offer a structured program for the first six months of a customer’s subscription that educates them on how to use our products. We tailor these programs to the dynamics and culture of each region where we operate.

Alarm Response Coordination

To the extent a triggered alarm is verified, we work with local police forces, guarding companies and fire services to coordinate a response.

Customer Acquisition

We generate new subscribers mainly by selling and installing wireless alarms and security systems. The origination of each new subscriber requires a net investment from us, as the costs associated with acquiring a new subscriber exceed the installation fee we charge. In addition to the costs of the alarm equipment installed, we also have costs associated with sales commissions, sales activities, training of our sales staff, marketing and installation overhead. In 2011, our average cash acquisition cost (including related capital expenditure) per new subscriber net of installation fees (CPA), was €1,000.

Our Customer Acquisition segment comprises three primary operating activities: product development; manufacturing and supply; and sales and installation.

Product Development

We use our in-house development team or contract with third parties to design our products. We actively drive development of next-generation products and applications to meet the changing needs of our subscribers. We also seek to develop products and applications that allow us to up-sell our existing subscribers and to attract new subscribers. We operate two development centers located in Malmö and Madrid, with a total of approximately 70 full-time development employees. In cases where we partner with a third party to develop technology, both parties can use the technology, but in general the supplier is prohibited from selling, distributing and producing any products using the technology within our markets without our prior consent. We strive to develop products that can be brought to market quickly, with a focus on obtaining approvals by local governments and adhering to local regulatory requirements.

We have many innovative technologies, including movement detectors with built-in cameras and interconnected smoke detectors. We have proprietary technology solutions, especially in our wireless communication and integrated solutions capabilities that govern the communication between the alarm system and the operator.

Manufacturing and Supply

We outsource the manufacture of our products to our network of electronic equipment manufacturers. Outsourcing the manufacturing of our alarm systems reduces our fixed costs and enhances our flexibility. We source our alarm systems primarily through a limited number of suppliers but have contingency plans in place in case of a disruption in supply. For example, in some cases we have equivalent products we are able to offer to our customers, and in others we have alternative sources of supply for the affected products. We typically have exclusivity agreements with our suppliers with regard to our proprietary technologies. If a supplier fails to meet agreed upon delivery dates, we may terminate our agreement with that supplier and switch to a new supplier. We generally also have minimum purchase commitments with our suppliers.

Sales and Installation

Customer Qualification. Customer qualification is an essential component of our subscriber acquisition strategy, as we seek to attract subscribers who are more likely to value quality and retain our services over the long term. Consequently, we target households and businesses we believe will be long-term subscribers, such as residential subscribers living in wealthier areas and in owned single-family dwellings and, to a lesser extent, owned apartments. We also selectively target small business subscribers. Our subscriber qualification process often involves credit checks (where local laws allow such a check). Additionally, in the majority of cases, we typically charge a substantial upfront fee for installing an alarm system. We believe this upfront fee essentially acts as a qualifier, ensuring that we attract subscribers that are financially able and motivated to retain our services for the long term (which is particularly important in respect to small business subscribers). We believe the success of our subscriber qualification process can be demonstrated through our subscriber retention rates.

Sales Approach and Marketing Strategy. Our sales efforts are conducted through both partner relationships as well as direct sales channels, such as telesales and door-to-door field sales, that typically enter into a contract with a new subscriber at the subscriber's premises. We generate the majority of our direct sales from leads generated by our door-to-door sales force. To maximize the potential for subscriber acquisition, each sales representative goes through our rigorous training program and learns how to describe in detail the benefits of our offerings. We also provide our sales representatives with sales coaches to help them reach sales targets. While we source a majority of our leads from our sales force, we also support our sales force, particularly our more junior sales representatives, with a centralized lead generation process. In this process, we coordinate our various marketing efforts to generate prospects for our sales force. Sales representatives follow a career path, in which we utilize strict performance standards in evaluating our sales representatives, and have a compensation program with a large variable component linked to attracting quality subscribers. This enables us to identify and appropriately compensate talented individuals, so that our most talented employees have an incentive to continue working with us on a long-term basis.

We design our marketing strategy to support our field sales and to create awareness of our brands. These efforts often include local TV advertisements, online marketing and cooperation with local companies (for example, utility and insurance companies). Online marketing is an increasingly important component of our marketing strategy, as our websites provide information about our products and services and enable potential subscribers to book a sales and qualification visit by one of our sales representatives.

Sales-Installer Model. We approach new subscribers through either our "own sales" model (where our employees are the sales-installers) or our partner model. In most markets, we have a sales-installer model whereby the person responsible for selling an alarm system also has the responsibility for its installation. As a result of this model, the representative becomes accountable for the quality of the installation that was promised during the sales process. In addition, we link the compensation of our sales force to cancellation rates for subscribers they generate, thereby aligning our goal of generating quality accounts with the goals of our sales representatives. We gain several operational benefits from the sales-installer model. Our costs are also reduced by combining the roles of salesperson and installer. The sales-installers have a more comprehensive knowledge of the benefits and technical details of our offerings. This know-how and ability to deliver an effective security system lends credibility to the representative and our product offerings. From the sales representative's perspective, combining the sales and installer roles generates more income for the sales-installer. This concept also increases the sense of accountability among our sales force and further fosters a customer service oriented culture, thereby enhancing the sales and service experience for our subscribers.

Sales Service Partner Model. In the partner model, we cooperate with local entrepreneurs who sell, install and manage the ongoing subscriber service within their designated geographic area. The appropriate sales and service model for each market has been selected on the basis of local market characteristics. We predominantly use the partner model in Sweden, Norway, Finland and Denmark, where unemployment is low and use of suitable local entrepreneurs is an effective means of accessing market opportunities (although in Denmark, technical maintenance and subscriber support is performed by subcontractors). In Spain, Portugal, France and Chile, where a talented sales force is more widely available, we primarily use our own employees and independent contractors to attract new subscribers.

Our partner model is particularly successful in mature markets, where it facilitates long-term subscriber relationships. Partners are typically local entrepreneurs who work exclusively with us and have the right to use our SECURITAS DIRECT trademark. Though these partners become our agents, they remain legally independent from us and we retain full ownership of the contracts with the subscribers. Selection of partners involves a strict evaluation process that seeks key attributes such as entrepreneurial and sales skills and knowledge of the regional area. Once selected, they undergo internal training to ensure that they meet the same high standards we expect of our own employees. We design our compensation plans for our partners to align their goals with our targeted key performance indicators, which helps us generate quality accounts and encourages our partners to provide high quality customer service and partner with us for the long term.

Product Offerings and Product Strategy

We believe that as we make our products and solutions more user friendly, expand their functionality and integrate them into our subscribers' daily lives, our subscribers are more likely to retain our solutions for the long term. Our product strategy combines superior services with advanced technology and has five key goals:

- deterrence that relies on exterior signs and alarm sirens;
- detection using magnetic and motion detectors with cameras;
- identification using high-quality image and voice recording;
- personal protection; and
- rapid response to alarm triggers (within approximately 60 seconds or less from the time the alarm is triggered).

A typical new alarm installation would consist of the following:

- a central unit with wireless communication and control of other alarm components (the gateway);
- a control panel for switching the alarm system on and off with a security code or smart key;
- an alarm siren;
- a number of camera and movement detectors; and
- door and window magnetic contacts.

Additional residential offerings include a wireless smoke detector that communicates with other smoke detectors in the home for quicker warning in the case of a fire.

The control panel for our current products includes the use of an encrypted two-way radio. As an alternative to a security code, the alarm can be activated or deactivated using a smart key. All of these devices are securely linked to our central monitoring station, and, in the case of our next generation products, can also be accessed from the internet as well as from subscriber smartphones using mobile phone applications (such as iPhone applications). In Spain, Portugal, France and Chile, subscribers can activate and deactivate the alarm systems, receive the status of the alarm, request photos, remotely unlock doors and control other home automation functions through their personal devices, including smartphones.

Our platform also provides the flexibility required to seamlessly add new applications to our security system. Our add on features include additional keypads, additional door and window magnetic contacts, automatic switches to open doors and windows, flood detectors, humidity detectors, additional encrypted keys and SOS buttons. In some markets, subscribers are able to order certain add-on features from our websites. Some add on features may be self-installed by the subscriber, while other features require a sales installer to install such products.

The majority of our small business installations use the same wireless platform used in residential alarms, but with added functionality, and we offer more customized solutions. Our solutions for small business subscribers include product peripherals that can be mixed and matched to meet the needs of each subscriber. Examples of added functionality for small business subscribers include access control and video capture.

Branding and Intellectual Property

SECURITAS DIRECT (or DANSIKRING DIRECT in Denmark) is our primary brand. When we began our business in 1988, the SECURITAS DIRECT name leveraged the reputation that the broader SECURITAS brand name had in the security business market, and we expanded this reputation to the residential and small business alarm market. Our logotype and trademark are now widely recognized in the residential and small business marketplace and make up important elements of our marketing and sales strategy.

We license the SECURITAS DIRECT brand name from Securitas AB. On December 30, 2005, we signed our current license agreements with Securitas AB, which granted us the right to use certain domain names, business names and trademarks that belonged to Securitas AB. The agreements grant us the nonexclusive right to use the logotype and trademark SECURITAS (in Belgium, Finland, France, Germany, the Netherlands, Norway, Portugal, Spain and Sweden) and DANSIKRING (in Denmark), in each instance in combination with the word "DIRECT". At the same time, Securitas AB cannot use or license its name for use with "DIRECT" to any other parties in our territories. In accordance with these agreements, we can sublicense our rights to our subsidiaries that are wholly owned and controlled by us as well as to our partners who are responsible for installation and maintenance of our alarm systems. The fee for the licenses granted under the agreements is 0.2% of our gross sales in the relevant operating geography. Subject to certain termination provisions, the agreement remains in force until December 29, 2029.

In 2009, we developed the proprietary and premium Verisure brand to complement Securitas Direct as part of our long-term branding strategy. Verisure represents our premium suite of products and solutions having the capability to seamlessly add services or additional products to an installed Verisure alarm platform. In the long term, we plan to develop our Verisure brand as a brand name associated with cutting-edge technology and a user-friendly experience characterized by an ability to integrate with a subscriber's other hardware (such as smartphones). Our goal is for Verisure, with its brand message and technological capabilities, to provide us a competitive advantage in the relevant markets where we compete.

We position Verisure alongside Securitas Direct in all of our European markets so that our subscribers equate Verisure with the same quality offerings as Securitas Direct. In markets with limited or no awareness of the Securitas Direct brand (such as Chile and Brazil), we only display the Verisure logo on our products and marketing activities. In the future, we will increasingly utilize a dual branding strategy in our existing markets and leverage the Verisure brand as our premium product category. We also plan to use Verisure as our exclusive brand when entering new markets. Each residence or small business where we install an alarm displays exterior signs, branded with our logo, indicating that the premises is covered by our security solutions. In our European markets, this signage (for new installations) includes both the Securitas Direct logo and the Verisure logo.

Our proprietary technology includes wireless communication protocols between the alarm system components and the operator and other technology developed in partnership with our suppliers. We have also registered three patents together with Panasonic Electric Works Co., Ltd. relating to a home security surveillance system attached to a smoke detector system.

Regulation

Our operations are subject to a variety of laws, regulations and licensing requirements in the markets in which we operate. Alarm service providers are currently exempt from the European Union's Services Directive, which is a directive that generally covers service providers operating in the European Union. Thus, most regulations we encounter are country or municipality specific regulations. We do, however, encounter country or local regulations that apply specifically to the alarm industry in all the markets in which we operate.

Sales and Marketing

Some jurisdictions regulate the method of retail sales by restricting door-to-door sales, cold calls or direct mailing. Currently, we do not encounter these regulations in our major markets, such as Spain, Sweden, France and Norway. However, Denmark does prohibit door-to-door sales. In this market, we have had to alter our sales approach to rely more on advertising our products in public forums. Additionally, other markets, such as Spain and Sweden, may in the future seek to introduce these sorts of regulations. If we continue to encounter these regulations, it may require us to change our sales approach with potential subscribers. All of our markets also have regulations protecting consumers in their dealings with a company's sales force. Typically these regulations may either provide a customer with a guaranteed trial period or limit the length of a contract that a customer may sign.

Alarm Verification

We are subject to regulations covering the dispatching of emergency personnel and false alarms. An increasing number of local governmental authorities have adopted laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. For example, in France police will only respond to an alarm they have been forwarded once that alarm has been verified. Spain, our largest market, has recently enacted a ministerial order requiring that alarms be verified either through video, audio or personal verification steps. Otherwise, emergency personnel will not respond unless three sequential alarms are triggered within 30 minutes. If emergency personnel are dispatched to a false alarm, some jurisdictions allow for penalties to be imposed on either the alarm owner or the alarm provider. In France, police are allowed to penalize the alarm provider for a false alarm that has been forwarded. Likewise, in Spain, emergency responders have discretion to impose penalties for frequent false alarms as high as €30,000 per incident. These changes will require security alarm providers to use third-party guard services to verify alarms, install new monitoring equipment or upgrade existing equipment, and as a result we incurred additional expenditures during 2011 and 2012, which were in part passed on to our customers.

Monitoring

We have a monitoring center in each of the markets where we operate. In some countries these centers are regulated by either the police or insurance companies and require licenses or permits. For instance, Sweden and Norway consider monitoring centers in the same category as a guarding service, and require each center to obtain an equivalent license that they require of guarding services. In Spain, monitoring centers are subject to stringent approvals by the police. Many countries also impose minimum staffing requirements (normally at least two operators must be present) and minimum training standards for operators in monitoring centers. In France, for example, 70 hours of basic training is required for each monitoring center employee.

Equipment and Installation

The equipment we install has, in general, not been formally regulated. However, many of our markets, including Sweden, France and Norway, have a voluntary certification process for security products. In order to install our alarm systems, we generally must be a registered installer in each of our markets. We currently have all required registrations in each of our markets. Finally, some markets impose regulations on the maintenance of our products. France requires that we provide certified maintenance service as part of each contract we enter into with a subscriber. Additionally, some markets that do not currently regulate maintenance of residential alarms do regulate business alarms. Such regulations apply to our small business customers. In the future, these countries may expand such regulations to the residential marketplace.

Employees and Pension Obligations

As of December 31, 2011, we had a total of 6,734 employees, of which approximately 56% were located in Spain. After Spain, the highest concentrations of employees were in France, Sweden and Portugal, with 16%, 7% and 7% of our employees, respectively. In Sweden, Norway, Finland and Denmark, we work closely with partners to sell and install our products instead of using our own employees.

All of our employees except those in Spain and Portugal benefit from a company pension scheme. We offer both defined contribution and defined benefit pension plans. Defined contribution plans are post-employment benefit schemes under which we pay fixed contributions into a separate legal entity and have no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period. Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For these plans, amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings or years of service. All pension plans in foreign units are classified as defined contribution plans. All pension liabilities in Sweden are classified as defined contribution plans, except pensions for office-based staff which are through a national multi-employer pension plan, which is funded in the same manner as a defined contribution plan. The level of contribution is dependent upon, among other things, the level of employee participation and salaries in each country.

Our Facilities

We lease nearly all properties used for our business, including our global headquarters and those for monitoring centers and local sales offices with the exception of two real estate properties in connection with the acquisition of Homesafety in March 2011. The following table sets forth certain information with respect to our material facilities that we currently operate. We lease all the following facilities:

Location	Approximate Area (square meters)	Use of Facility
Malmö, Sweden	1,495	Global headquarters
Madrid, Spain	12,000	Monitoring center
Trondheim, Norway	3,200	Monitoring center
Paris, France	2,600	Monitoring center
Linköping, Sweden	2,500	Monitoring center
Köge, Denmark	1,300	Monitoring center
Lisbon, Portugal	1,100	Monitoring center
Helsinki, Finland	1,100	Monitoring center
Brussels, Belgium	150	Monitoring center
Santiago, Chile	100	Monitoring center
Sao Paulo, Brazil	100	Monitoring center

We believe that our facilities meet our present needs and that our properties are generally well maintained and suitable for their intended use.

Insurance

We have obtained liability, property, directors' and officers', and other insurance coverage to the extent we believe necessary to protect our business. We believe our liability insurance is sufficient to meet our needs in the event of future litigation and claims asserted against us.

Legal Proceedings

At any given time, we may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of our businesses such as product liability, unfair trading and employment claims. We currently believe that our likely liability with respect to proceedings currently pending is not material to our financial position.

MANAGEMENT

Management of the Issuer

The Issuer is a public limited liability company organized under the laws of Sweden, and was formed for purposes of facilitating the Acquisition and certain debt financing transactions. The Issuer is indirectly wholly owned by Topholding, which is ultimately held and jointly controlled by funds advised by the Sponsors through their shareholdings and ability to appoint board members.

The Issuer currently has a board of directors composed of five directors. The directors are Steven Barnes, Stefan Goetz, Dick Seger and Cecilia Hultén. Dick Seger and Cecilia Hultén are members of our management. Steven Barnes was appointed by Bain Capital and Stefan Goetz was appointed by H&F pursuant to an investment agreement entered into among certain of our equity holders in connection with the Acquisition. The board is responsible for managing the Issuer in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meeting. The principal functions of the board are to carry out the day-to-day business of the Issuer and to legally represent the Issuer in its dealings with third parties. Dick Seger is the managing director of the Issuer. The managing director does not have any additional voting rights.

Lars Nordmark will join us as our new Chief Financial Officer of the Issuer beginning on February 1, 2013.

The following table sets forth information regarding our key management members and the Issuer's directors. Our management members and the Issuer's directors may be contacted at Verisure Holding AB (publ) c/o Securitas Direct AB, Box 392, 201 23 Malmö, Sweden.

Name	Age	Position
Dick Seger	58	Chief Executive Officer, Director
Lars Nordmark	46	Chief Financial Officer
Cecilia Hultén	47	Group Financial Controller, Director
Luis Gil	51	President of South and Latin America
Steven Barnes	51	Director
Stefan Goetz	41	Director

Dick Seger has served as Chief Executive Officer since 1997. Mr. Seger joined our company in 1984 as an export manager for Securitas Security Systems. In 1988 he was appointed President of Securitas Direct Sverige and in 1997 he became Chief Executive Officer of Securitas Direct. Mr. Seger has a Bachelor of Science degree in Industrial Engineering.

Lars Nordmark will join our company as Chief Financial Officer on February 1, 2013. Mr. Nordmark was previously Regional Chief Financial officer at Qtel Group from August 2010 to June 2012 and before that served as Finance Director and member of the Executive Board at T-Mobile UK from October 2007 to March 2010. Prior to T-Mobile UK, Mr. Nordmark held various senior positions with the Deutsche Telekom Group as well as the Orange Group.

Cecilia Hultén has served as Group Financial Controller since 2006. Prior to joining our company, Ms. Hultén served as a public accountant at PricewaterhouseCoopers LLP. Ms. Hultén has a Bachelor of Science degree in Economics and Business Administration.

Luis Gil has served as the President of South and Latin America since 2006. Mr. Gil joined our company in 1993 and established our business in Spain in 1993, in Portugal in 2001 and Chile in 2009. Prior to joining our company, he worked with Esabe Ingeniería de Seguridad SA, where he served as President. Mr. Gil has a Master's degree in Industrial Engineering.

Steven Barnes has served as a director of our company since June 2011. Mr. Barnes has been associated with Bain Capital since 1988 and has served as a Managing Director of Bain Capital since 2000. He has also held senior operating roles at several Bain Capital portfolio companies including Chief Executive Officer of Dade Behring, Inc., President of Executone Business Systems, Inc., and President of Holson Burnes Group, Inc. Prior to 1988, he held several senior management positions in the Mergers & Acquisitions Support Group of PricewaterhouseCoopers LLP.

Stefan Goetz has served as a director of our company since June 2011. Mr. Goetz has been associated with H&F since April 2007 and has served as a Managing Director of H&F since July 2008. Prior to joining H&F, Mr. Goetz served as an Executive Director in the Principal Investments Area of Goldman Sachs International in London from 2000 to 2007. Prior to that, he worked at McKinsey & Co. in Germany.

Executive Compensation

Our executive compensation program has the following objectives:

- recruit and retain key leadership;
- link compensation to an executive's individual performance and our financial performance; and
- align the executives' compensation opportunities with our short-term and long-term financial objectives.

In furtherance of these objectives, we intend to have an executive compensation package that includes (i) fixed compensation in the form of base salary and benefits and (ii) variable compensation based on the executive's performance and our financial performance, in the form of annual cash bonus awards and, in some cases, equity incentive awards.

Base Salary. We intend to pay base salaries consistent with the scope of each executive's responsibilities and such that base salaries reflect the fixed compensation necessary to recruit key leadership.

Benefits. We intend to provide our executives with a benefits package in line with those of other companies in our sector and appropriate for the respective jurisdictions.

Annual Cash Bonus Awards. We expect that our executives will be eligible to receive incentive compensation in the form of annual cash bonuses, which we expect will be determined based on performance objectives established on a periodic basis.

Equity Ownership Plans and Incentive Awards. In connection with the Acquisition, the Sponsors entered into the Executive Subscription and Securityholder's Agreement (the "ESSA") with certain members of management (the "Executives" and together with the Sponsors, the "Investors") and our indirect parent companies. The ESSA provides, among other things, for the subscription of securities by the Executives (such securities being the "Executive Securities"), which was completed on August 31, 2011 and the ability of our parent company to repurchase such Executive Securities if the Executive is no longer an employee. Executive Securities include €15.6 million in aggregate principal amount of preference shares and €19.8 million in Class A shares that have the same fixed return as the preference shares held by the Executives. The ESSA provides certain restrictions on transfers of Executive Securities. Pursuant to the ESSA, the holders of Executive Securities received customary pre-emptive rights as well as tag-along rights entitling each such holder to participate in a transfer of securities by the Sponsors, other than certain specified transfers (including in connection with a public sale). Under the ESSA, if the Sponsors effect a Sale of the Company (as defined in the ESSA), any holders of Executive Securities must transfer their Executive Securities and participate in such sale. In addition, we have adopted equity incentive arrangements under which we have granted certain members of management securities that allow such managers to receive up to 12% of our equity returns if certain future events occur.

The above-referenced management incentive arrangements are designed to promote our interests by providing eligible persons with the opportunity to acquire a proprietary interest in us or one of our affiliates as an incentive for them to remain in our employment or service, as applicable. These arrangements may allow for the grant of profit sharing interests, restricted and phantom shares or other equity-based awards. We anticipate that a portion of the awards will vest based on the length of such employees service. The total percentage of equity to be reserved for issuance under the equity arrangements has not yet been determined. The final equity arrangements may contain terms that provide us with an option pursuant to which we or one of our affiliates may purchase equity following a termination of employment and, which in relation to certain senior managers, may require us to repurchase their equity at the option of the manager in certain limited circumstances.

PRINCIPAL SHAREHOLDERS

Bain Capital and H&F hold approximately 96.5% of the outstanding share capital of Topholding, which indirectly holds all the outstanding equity interests of the Issuer. Members of our management team approximately 3.5% of our outstanding equity interests and additional performance securities that allow management to receive up to 12% of our equity returns if certain future events occur. See "Management—Executive Compensation—Equity Ownership Plans and Incentive Awards". The Sponsors entered into certain advisory and management consulting agreements with us in connection with the completion of the Acquisition as set forth under "Related Party Transactions". The directors of the Issuer who are affiliated with Bain Capital and H&F may be deemed to beneficially own shares owned by entities affiliated with Bain Capital or H&F, respectively. Each such individual disclaims beneficial ownership of any such share in which such individual does not have a pecuniary interest.

In connection with the Acquisition, funds advised by the Sponsors entered into an investment agreement (the "Investment Agreement") with Dream Luxco S.C.A. ("Luxco"), a parent company of the Issuer, and Dream G.P. S.à r.l. The Investment Agreement provides that the representation of the Sponsors on the boards of our indirect parent companies will be commensurate with each Sponsor's respective equity investment. The Investment Agreement provides that prior to the earlier of the fifth anniversary of the closing of the Acquisition and an initial public offering (the "Lock-up Period"), neither of the Sponsors may transfer securities without consent of the other. Following the Lock-up Period, each of the Sponsors will grant the other a right of first offer with respect to any proposed transfer of securities to a third party. Following the fifth anniversary of the Acquisition, each of the Sponsors will have the right to initiate an initial public offering of our shares. The Sponsors shall be entitled to certain veto rights on certain business matters for so long as they each hold a certain number of securities.

RELATED PARTY TRANSACTIONS

In addition to the Investment Agreement described in "Principal Shareholders" and the management arrangements including the ESSA described in "Management", we are party to the following transactions with related parties.

Consulting Services Agreement and Transaction Services Agreements

In connection with the Acquisition, the Sponsors entered into a consulting services agreement with us (the "Consulting Services Agreement"), pursuant to which the Sponsors provide us with management and consulting services and financial and other advisory services. Pursuant to the Consulting Services Agreement, we pay to the Sponsors an aggregate advisory fee of SEK30 million per annum (which will be split pro rata in accordance with the respective equity holding of each Sponsor at such time) plus reimbursement for reasonable out-of-pocket expenses.

In connection with the Acquisition, we entered into a transaction services agreement and an advisory agreement (the "Transaction Services Agreements") with the Sponsors pursuant to which we receive certain advice and services related to transaction-specific functions.

Shareholder Funding Instruments

In connection with the Acquisition, the Issuer issued preferred equity certificates to its direct parent company (the "Shareholder Funding Instruments"). The Shareholder Funding Instruments bear interest at a fixed rate of 12% (payable to the extent, among other things, of the issuing entity's interest income, dividends and capital gains received from its investments (less in the case of the Issuer's interest payable on the Notes)) which will accrue and be carried forward and treated as part of the principal for purposes of calculating interest due in succeeding periods. The terms of the Shareholder Funding Instruments require any holder who wishes to transfer their preferred equity certificates also to transfer an equivalent number of ordinary shares in the issuer entity. The Shareholder Funding Instruments will mature in 2061, and payments on the Shareholder Funding Instruments will be subordinated to all other existing and future indebtedness.

Under the Shareholder Funding Instruments issued by the Issuer, early redemption is not permitted until twelve months following the maturity of the Notes. If the instrument cannot be redeemed at maturity, the maturity date will extend until payment or redemption at par can be achieved without breaching the applicable payment or redemption restrictions and conditions. The Shareholder Funding Instruments are capable of conversion into ordinary shares of the issuing entity, subject to the consent of the issuing entity. As of September 30, 2012, we had €509.6 million in aggregate principal amount outstanding (including capitalized interest) under the Shareholder Funding Instruments issued by the Issuer.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective attached agreement.

Revolving Credit Facility

General

On August 14, 2011, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nordea Bank AB (publ) and Nomura International plc as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ), as agent and Security Agent, entered into the Revolving Credit Facility Agreement. The Revolving Credit Facility Agreement provides for borrowings up to an aggregate of €279.3 million on a committed basis. Borrowings may be made in euro, SEK or, if certain conditions are met, other currencies. Subject to certain exceptions, loans may be borrowed, repaid and reborrowed at any time. Borrowings will be available to be used for working capital and other general corporate purposes and, subject to certain conditions, acquisitions.

Borrowers and Guarantors

The Issuer, Securitas Direct, ESML SD Iberia Holding, S.A.U. and Securitas Direct España, S.A.U. are borrowers under the Revolving Credit Facility. The Notes Guarantors are guarantors under the Revolving Credit Facility. The Revolving Credit Facility will require that in the future each material company (as defined in the Revolving Credit Facility Agreement) becomes a guarantor.

Maturity and Amortization

The Revolving Credit Facility matures on September 2, 2017. Borrowings must be repaid in full on or prior to that date.

Interest Rate

The interest rate on cash advances under the Revolving Credit Facility is the aggregate of the applicable margin, LIBOR/EURIBOR/CIBOR/NIBOR/STIBOR (as defined in the Revolving Credit Facility Agreement) and mandatory costs (if any). The margin may range from 4.00% to 3.00% based on the ratio of our net total debt to EBITDA (as defined in the Revolving Credit Facility Agreement).

Security

The collateral is the same as for the Existing Notes (subject to certain exceptions) and shared with the holders of the Notes. Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the collateral will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants as apply to the Notes. The Revolving Credit Facility also contains certain affirmative and negative covenants and a financial covenant. Set forth below is a brief description of such covenants, all of which are subject to customary exceptions and qualifications.

Notes Purchase Condition

The Revolving Credit Facility requires that if more than 50% of the face value of the Notes are repurchased, the Revolving Credit Facility will be cancelled and repaid on a matching pro rata basis until the Revolving Credit Facility has been reduced to €20.0 million after which no further cancellation and repayment shall be required.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and an annual budget; (ii) compliance with laws and regulations including as to environmental and pensions matters; (iii) payment of taxes; (iv) maintenance of material assets; (v) maintenance of *pari passu* ranking; (vi) further assurance provisions; (vii) requirement that the aggregate EBITDA (as defined in the Revolving Credit Facility Agreement) and gross assets of the guarantors of the Revolving Credit Facility is equal to or exceeds 80% of our consolidated EBITDA (as defined in the Revolving Credit Facility Agreement) (the "Coverage Test"); and (viii) granting of additional guarantors and security in prescribed circumstances.

Negative Covenants

The negative covenants include restrictions, among others, with respect to: (i) changing the general nature of the business; (ii) changing the holding company status of the Issuer; (iii) changing the Group's auditors unless to a big four accountancy firm; (iv) making certain acquisitions unless certain requirements relating to due diligence and provision of a revised business plan are satisfied; and (v) making public announcements regarding the Revolving Credit Facility without the Issuer and mandated lead arrangers' consent. Otherwise, the negative covenants in the Revolving Credit Facility are substantially the same as the negative covenants in the Indenture.

Change of Control

On a change of control (as defined in the Revolving Credit Facility Agreement), each lender under the Revolving Credit Facility has the right to demand payment of its share of outstanding loans.

Financial Covenants

Under the Revolving Credit Facility, we are required to procure that the ratio of RCF Leverage (as defined in the Revolving Credit Facility and based on the ratio of consolidated total drawn debt under the Revolving Credit Facility to Adjusted EBITDA from Portfolio Service for the relevant twelve-month period) will not be greater than 3.50:1. The financial covenant is calculated and tested quarterly on a rolling twelve-month basis by reference to our consolidated annual financial statements and our consolidated quarterly financial statements.

Events of Default

The Revolving Credit Facility Agreement provides for the same events of default as under the Notes. In addition, the Revolving Credit Facility provides for customary events of default, all subject to customary materiality qualifications and grace periods, including: (i) failure to pay any sum when due subject to a three business day grace period; (ii) breach of financial covenant (subject to certain equity cure rights); (iii) representations or warranties found to be untrue or misleading when made or deemed repeated; (iv) cross-default to the Notes or any financial indebtedness that refinances in whole or in part the Notes, subject to a €10 million threshold; (v) unlawfulness and invalidity; (vi) failure to comply with a material term of the Intercreditor Agreement; (vii) cessation of business; (viii) audit qualification; (ix) expropriation; and (x) repudiation and rescission.

Mezzanine Loan Agreement

General

On August 15, 2011, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Mezzvest Luxembourg II s.a.r.l., Morgan Stanley Bank International Limited, Nomura International plc, Nordea Bank AB (publ) and Partners Group (Guernsey) Limited as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent and security agent entered into the Mezzanine Loan Agreement. The Bank of New York Mellon has since replaced Nordea Bank AB (publ) as agent and security agent. The Mezzanine Loan Agreement provides for a secured subordinated term loan of €393.5 million having a maturity date eight years from the Acquisition Date. Borrowings under the Mezzanine Loan Agreement bear cash and PIK interest at a rate equal to (a) with respect to cash pay interest, (i) EURIBOR plus (ii) 375 basis points (the "Initial Margin"), plus (iii) mandatory costs (if any) and (b) with respect to PIK interest, 675 basis points, which shall be automatically capitalized and shall be added to the outstanding principal amount of the loan on the last day of the specified interest period of such loan (or six months from the first day of such interest period if the interest period is longer than six months). The Issuer may elect to pay in cash PIK interest that would otherwise be capitalized upon notice to the agent five business days prior to the end of the interest period with respect to such loan.

The Mezzanine Loan is a subordinated obligation of the Issuer and ranks equal in right of payment with each other and all of the Issuer's existing and future subordinated debt and are subject to the terms of the Intercreditor Agreement.

Prepayments and Redemptions

The Mezzanine Loan is non-callable for the first three years from the Completion Date, subject to the payment of a make-whole premium. Thereafter, the Issuer may redeem the Mezzanine Loan in whole or in part by paying the following redemption prices plus accrued and unpaid interest, if any, on the Mezzanine Loan redeemed during the periods indicated below (in each case as measured from the closing date):

Year	Redemption Price
Year 4	105.000%
Year 5	102.500%
Year 6 and thereafter	100.000%

Upon the occurrence of a change of control, the Mezzanine Loan will become immediately due and payable, subject to the redemption premiums set forth above.

Guarantee

All obligations under the Mezzanine Loan Agreement are jointly and severally guaranteed (the "Mezzanine Loan Guarantees") on a senior subordinated basis by the Securitas Direct AB and its subsidiaries organized in Sweden, Spain, Norway and Portugal. The validity and enforceability of the Mezzanine Loan Guarantees and the liability of each Mezzanine Loan Guarantor (defined below) will be subject to the limitations described under "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests", in relation to the Notes. The entities that will be guarantors under the Mezzanine Loan Agreement are referred to in this offering memorandum as the "Mezzanine Loan Guarantors".

Each of the Mezzanine Loan Guarantees is a senior subordinated obligation of the respective Mezzanine Loan Guarantor. Accordingly, each of the Mezzanine Loan Guarantees:

- is subordinated in right of payment to any existing or future senior indebtedness of such Mezzanine Loan Guarantor, including such Mezzanine Loan Guarantor's obligations under the Senior Loan Agreement, the Notes and the Revolving Credit Facility;
- ranks *pari passu* in right of payment with any existing or future senior subordinated indebtedness of such Mezzanine Guarantor;
- ranks senior in right of payment to any existing or future obligations of such Mezzanine Loan Guarantor that is expressly subordinated to the Mezzanine Loan;
- benefits from the security as set forth below under "—Security"; and
- is effectively subordinated to any existing or future indebtedness of such Mezzanine Loan Guarantor that is secured by liens senior to the liens securing such Mezzanine Loan Guarantee or secured with property or assets that do not secure such Mezzanine Loan Guarantee, to the extent of the value of the property or assets securing such indebtedness.

The Mezzanine Loan Guarantees are subject to the terms of the Intercreditor Agreement, including payment blockage upon certain defaults and standstills on enforcement. Under the terms of the Intercreditor Agreement, recoveries in respect of the Mezzanine Loan Guarantees are required to be applied to repay indebtedness outstanding under the Revolving Credit Facility, certain hedging obligations and the Senior Loan in priority to the Mezzanine Loan. See "—Intercreditor Agreement". The validity and enforceability of the Mezzanine Loan Guarantees and the liability of each Mezzanine Loan Guarantor are subject to the limitations described under "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests", in relation to the Notes. The Mezzanine Loan Guarantees are subject to release under certain circumstances.

Security

The obligations of the Issuer and the Mezzanine Loan Guarantors under the Mezzanine Loan Agreement and the Mezzanine Guarantees are secured by second-priority interests in the following assets, subject to certain agreed security principles:

(i) all issued shares of the Issuer and the subsidiaries of the Issuer organized in Sweden, Norway, Portugal and Spain (with the exception of one operationally dormant subsidiary in Sweden), (ii) all issued equity certificates of the Issuer and Securitas Direct, (iii) all loans to Securitas Direct and its Spanish subsidiaries using the proceeds from the drawdown of the Senior Loan and the Mezzanine Loan as well as an intercompany loan by Securitas Direct to a subsidiary in Norway, and (iv) certain assets of the Issuer and those of its subsidiaries of the Issuer organized in Sweden, Spain, Norway and Portugal, including intellectual property rights, rights under insurance policies, intragroup loans, accounts receivables, bank accounts and certain other operating assets.

The Revolving Credit Facility is secured by first-ranking liens granted, on a super-priority basis, over the same assets (subject to certain exceptions) that secure the Mezzanine Loan. Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the security are required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Mezzanine Loan. See "—Revolving Credit Facility" and "—Intercreditor Agreement". The validity and enforceability of the security is subject to the limitations described under "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests" in relation to the Notes. The pledges and assignments securing the Mezzanine Loan may be released under certain circumstances. See "—Intercreditor Agreement".

Certain Covenants and Events of Default

The Mezzanine Loan Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, the Issuer's ability to:

- incur additional indebtedness;
- create liens;
- engage in mergers or consolidations;
- sell or transfer assets and subsidiary stock;
- pay dividends and distributions or repurchase its capital stock;
- make certain investments, loans or advances;
- prepay certain indebtedness;
- enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and
- engage in certain transactions with affiliates.

In addition, the Mezzanine Loan Agreement imposes certain requirements as to future subsidiary guarantors. The Mezzanine Loan Agreement contains customary events of default, which if any of them occurred, would permit or require the principal of and accrued interest on the Mezzanine Loan to become or to be declared due and payable.

Existing Series A Notes

On February 15, 2012, the Issuer issued €500.0 million aggregate principal amount of 8.75% Senior Secured Notes, Series A, due September 1, 2018 and €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due September 1, 2018.

The Series A Fixed Rate Notes pay interest at the rate of 8.75% per year and the Existing Series A Floating Rate Notes at the rate of three-month EURIBOR plus 6.50%. Interest on the Series A Fixed Rate Notes is paid semi-annually in arrears on each March 1 and September 1, commencing on September 1, 2012. Interest on the Existing Series A Floating Rate Notes is paid quarterly in arrears on each March 1, June 1, September 1 and December 1, commencing on June 1, 2012.

The Existing Series A Notes are general, senior obligations of the Issuer and are guaranteed on a senior basis by Securitas Direct AB and each of its subsidiaries organized in Sweden, Norway, Portugal and Spain. Subject to limitations in certain jurisdictions, the Existing Series A Notes are secured by a first-priority security interest in the Collateral. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

Prior to September 1, 2014 the Issuer will be entitled at its option to redeem all or a portion of respective Existing Series A Notes at a redemption price equal to 100% of the principal amount of the Existing Series A Notes plus the applicable "make-whole" premium described in the respective offering memorandum and accrued and unpaid interest to the redemption date.

Prior to September 1, 2014, the Issuer will be entitled at its option on one or more occasions to redeem the Existing Series A Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 108.75% of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the original aggregate principal amount of the Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the date of the relevant equity offering.

On or after September 1, 2014 the Issuer will be entitled at its option to redeem all or a portion of the Existing Series A Notes at the redemption prices applicable to the New Series A Notes, plus accrued and unpaid interest to the redemption date.

In addition, at any time during the twelve-month period commencing on September 1, 2013 the Issuer may redeem up to 10% of the principal amount of the Series A Notes issued at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the applicable 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.

In the case of redemptions of the Notes using the net proceeds of certain equity offerings or of a principal amount of up to 10% of the Notes at a price of 103%, the Issuer will be required to redeem, prepay, repay or repurchase the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes pro rata based on the aggregate principal amount of the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes then outstanding.

The Indenture relating to the Existing Series A Notes contains customary provisions relating to Issuer's obligation to make payments free of withholding or deduction and its ability to redeem the Existing Series A Notes in the event of certain changes in the taxation of the Existing Series A Notes.

Upon the occurrence of certain events constituting a change of control, the Issuer may have to offer to repurchase all outstanding Existing Series A 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 purchase.

The Indenture relating to Existing Series A Notes contains, among other things, customary covenants that, subject to significant exceptions and qualifications, restrict the ability of the Issuer and its restricted subsidiaries of the Issuer to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to such Issuer or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

The Indenture relating to Existing Series A Notes contains customary events of default, including, among others, the non-payment of principal or interest on Existing Series A Notes, certain failures to perform or observe other obligations under the Indenture, the occurrence of certain defaults under other indebtedness, failure to pay certain indebtedness and insolvency or bankruptcy events.

The Existing Series A Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF market of the Luxembourg Stock Exchange.

Series B Notes

On February 15, 2012, the Issuer issued €271,500,000 aggregate principal amount of 8.75% Senior Secured Notes, Series B, due December 1, 2018.

The Series B Notes pay interest at the rate of 8.75% per year. The interest on the Series B Notes is paid semi-annually in arrears on each June 1 and December 1, commencing on June 1, 2012.

The Series B Notes are general, senior obligations of the Issuer and guaranteed on a senior basis by the Notes Guarantors. Subject to limitations in certain jurisdictions, the Series B Notes are secured by a first-priority security interest in the Collateral. See “Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests”.

The Series B Notes rank below any Series A Indebtedness (including the Series A Notes and the Series A Senior Loan) in right of priority and payment. All amounts received by the Trustee from the realization or enforcement of all or any part of the Collateral or the Notes Guarantees will be applied towards the discharge of any amounts owed under the Indenture to holders of the Series A Notes and under the Series A Senior Loan prior to being applied towards the discharge of any such amounts owed to holders of any Series B Notes.

Prior to December 1, 2014 the Issuer will be entitled at its option to redeem all or a portion of respective Series B Notes at a redemption price equal to 100% of the principal amount of the Series B Notes plus the applicable “make-whole” premium described in the respective offering memorandum and accrued and unpaid interest to the redemption date.

Prior to December 1, 2014, the Issuer will be entitled at its option on one or more occasions to redeem the Series B Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Series B Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 108.75% of the principal amount outstanding in respect of the Series B Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the original aggregate principal amount of the Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the date of the relevant equity offering.

On or after December 1, 2014 the Issuer will be entitled at its option to redeem all or a portion of the Series B Notes at the redemption prices set forth in the Indenture, plus accrued and unpaid interest to the redemption date.

In addition, at any time during the twelve-month period commencing on September 1, 2013 the Issuer may redeem up to 10% of the original principal amount of the Series B Notes issued (including any additional Notes) at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the applicable 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.

In the case of redemptions of the Notes using the net proceeds of certain equity offerings or of a principal amount of up to 10% of the Notes at a price of 103%, the Issuer will be required to redeem, prepay, repay or repurchase the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes pro rata based on the aggregate principal amount of the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes then outstanding.

The Issuer may only make such “make-whole” redemptions and optional redemptions at set redemption prices on or after September 1, 2014 or December 1, 2014, as applicable, described in this section in respect of the Series B Notes if either (1) no Series A Notes are outstanding, (2) the Issuer has the capacity to make certain restricted payments under the covenant described in “Description of the Notes—Certain Covenants—Limitation on Restricted Payments” or (3) the Issuer first makes an offer to redeem the Series A Notes and the Series A Senior Loan.

The Indenture relating to the Series B Notes contains customary provisions relating to Issuer’s obligation to make payments free of withholding or deduction and its ability to redeem the Series B Notes in the event of certain changes in the taxation of the Series B Notes.

Upon the occurrence of certain events constituting a change of control, the Issuer may have to offer to repurchase all outstanding Series B 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 purchase.

The Indenture relating to Series B Notes contains, among other things, customary covenants that, subject to significant exceptions and qualifications, restrict the ability of the Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to such Issuer or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

The Indenture relating to Series B Notes contains customary events of default, including, among others, the non-payment of principal or interest on Series B Notes, certain failures to perform or observe other obligations under the Indenture, the occurrence of certain defaults under other indebtedness, failure to pay certain indebtedness and insolvency or bankruptcy events.

The Series B Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF market of the Luxembourg Stock Exchange.

Series A Senior Loan Agreement

General

On August 14, 2011, the Issuer, certain of the Notes Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nomura International plc and Nordea Bank AB (publ) as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent and security agent entered into the Series A Senior Loan Agreement, which was amended and restated on February 15, 2012 following the issuance of the Existing Notes. The Series A Senior Loan Agreement provides for a €50.0 million Series A Senior Loan. The Series A Senior Loan generally has the same covenants as the Notes. The Series A Senior Loan accrues interest at a rate per annum which is the aggregate of EURIBOR plus 650 basis points, plus any mandatory costs. The Series A Senior Loan has a maturity date of September 1, 2018.

Prepayments and Redemptions

The Issuer will be subject to a requirement to make an offer to repay the loans under the Series A Senior Loan Agreement with net proceeds from specified asset sales in a manner consistent with the requirements under the Indenture. In addition, the Issuer will be required to offer to repay loans under the Series A Senior Loan upon the occurrence of a change of control at a prepayment price equal to 101% of the principal amount of the loans repurchased in all other cases, plus accrued and unpaid interest thereon, if any, to the date of prepayment.

Subject to the terms of the Intercreditor Agreement and the provisions of the Indenture described under "Description of the Notes", including the redemption restrictions under "Description of the Notes—Order of Redemption", the Issuer may voluntarily prepay outstanding loans under the Series A Senior Loan on a substantially similar basis as it may redeem the Series A Notes. Specifically, prior to September 1, 2014, the Issuer may prepay all or part of the outstanding loans under the Series A Senior Loan at a specified make-whole prepayment amount and may prepay up to 40% of the outstanding loans under the Series A Senior Loan with the proceeds of certain equity offerings. In the twelve-month period commencing on September 1, 2013, the Issuer may prepay up to 10% of the outstanding loans under the Series A Senior Loan at a price of 103% of the outstanding principal amount therof. Following September 1, 2014, the Issuer may prepay the outstanding loans under the Series A Senior Loan at specified prices.

Right of Payment

The Series A Senior Loan will rank equally to the Series A Notes offered hereby (and any additional Series A Indebtedness) in right of priority and payment. All amounts received by the Trustee on behalf of the Holders from the realization or enforcement of all or any part of the Collateral or the Notes Guarantees will be applied towards the discharge of any amounts owed under the Indenture to Holders of the Series A Notes and the Series A Senior Loan (in addition to any additional Series A Indebtedness and amounts owing to the Trustee) prior to being applied towards the discharge of any such amounts owed to Holders of the Series B Indebtedness.

Guarantee

All obligations under the Series A Senior Loan are and will be jointly and severally guaranteed (the “Series A Senior Loan Guarantees”) on a senior basis by the entities that guarantee the Notes offered hereby. The validity and enforceability of the Series A Senior Loan Guarantees and the liability of each guarantor of the Series A Senior Loan will be subject to the limitations described under “Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests”.

Each of the Series A Senior Loan Guarantees will be a senior obligation of the respective guarantor. The Series A Senior Loan Guarantees will be subject to the terms of the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, recoveries in respect of the Series A Senior Loan Guarantees will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Series A Indebtedness. Under the terms of a Priority Agreement to be entered into upon the closing of this offering of Notes, recoveries in respect of the Series A Senior Loan Guarantees will be required to be applied to repay Series A Indebtedness prior to satisfying any Series B Indebtedness. See “—Intercreditor Agreement”, “—Priority Agreement” below and “—Right of Payment” above.

Security

The obligations of the Issuer and the guarantors of the Series A Senior Loan under the Series A Senior Loan Agreement and the Series A Senior Loan Guarantees are secured by first-priority security interests in the Collateral securing the Notes offered hereby. The validity and enforceability of the security and the liability of each guarantor of the Series A Senior Loan will be subject to the limitations described under “Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests”.

Certain Covenants and Events of Default

The Series A Senior Loan Agreement contains covenants and events of default that are the same as those with respect to the Notes set forth in “Description of the Notes.”

Priority Agreement

To establish the relative rights of holders of the Series A Indebtedness (including the Series A Notes and Series A Senior Loan) and the Series B Indebtedness (including the Series B Notes), the Issuer, each of the Notes Guarantors and certain other members of the Group (together, along with any other members of the Group that accede to the Priority Agreement, the “Debtors”) have entered into a priority agreement with, among others, the Security Agent, the lenders under the Series A Loan Agreement (the “Series A Loan Lenders”) and the Trustee (the “Priority Agreement”). By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Priority Agreement.

The Priority Agreement provides that the Series B Notes (and any additional Series B Indebtedness) shall rank below the Series A Notes and the Series A Senior Loan (and any additional Series A Indebtedness) in right of priority and payment. All amounts received by the Trustee on behalf of the holders of the Notes from the realization or enforcement of all or any part of the Collateral or the Guarantees of the Notes will be applied towards the discharge of any amounts owed under the Indenture to holders of the Series A Notes and to the Series A Loan Lenders under the Series A Loan Agreement (and any additional Series A Indebtedness) prior to being applied towards the discharge of any such amounts owed to the holders of the Series B Notes (and holders of any additional Series B Indebtedness).

The Priority Agreement provides that if any of the holders of the Series B Notes receives or recovers the proceeds of any enforcement of any Collateral or any proceeds in respect of guarantee liabilities owed to such creditor, it shall promptly pay such proceeds to the Trustee, to the extent needed to satisfy claims of holders of the Series A Notes and the Series A Senior Loan (and additional Series A Indebtedness).

The Series A Indebtedness and the Series B Indebtedness are treated as separate classes of indebtedness for purposes of voting on amendments or waivers to the Priority Agreement.

Intercreditor Agreement

To establish the relative rights of certain creditors under the financing arrangements, the Issuer, each of the Notes Guarantors and certain other members of the Group (together, along with any other members of the Group that accede to the Intercreditor Agreement, the "Debtors") entered into an intercreditor agreement with, among others, the Security Agent, the lenders under the Revolving Credit Facility (the "RCF Lenders"), the lenders under the Mezzanine Loan Agreement, the agent under the Revolving Credit Facility (the "RCF Agent") and the agent under the Mezzanine Loan Agreement (the "Mezzanine Agent").

The Intercreditor Agreement sets forth, among other things:

- the relative ranking of certain indebtedness and security of 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;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions;
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the "Collateral"); and
- the order for applying proceeds from the enforcement of security and other amounts received by the Security Agent.

The Intercreditor Agreement contains provisions relating to other and future indebtedness that may be incurred that is permitted by the Revolving Credit Facility and the Indenture, including:

- obligations to counterparties to certain hedging agreements ("Hedge Counterparties," and such obligations, the "Senior Secured Hedging Liabilities," and each finance document relating thereto, a "Hedging Agreement");
- indebtedness entitled to be treated *pari passu* with the Revolving Credit Facility in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the Revolving Credit Facility, the "Credit Facility Lender Liabilities", the holders of such indebtedness, the "Credit Facility Lenders", and each finance document relating thereto, a "Credit Facility Document");
- indebtedness entitled to be treated *pari passu* with the Notes (including Hedging Liabilities and the Series A Senior Loan) in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the Notes, the "Senior Secured Notes Liabilities", the holders of such indebtedness, the "Senior Secured Creditors" and each finance document relating thereto, a "Senior Secured Notes Document"); and
- indebtedness entitled to be treated *pari passu* with the Mezzanine Loan in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the Mezzanine Loan, the "Mezzanine Liabilities", the holders of such indebtedness, the Mezzanine Creditors and each finance document relating thereto, a "Mezzanine Document").

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility, the Mezzanine Loan Agreement, the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

By accepting a New Series A Note, holders of the New Series A Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we urge you to read that document (a copy of which is available on our website) because it, and not the description that follows, defines your rights as holders of the Notes.

Ranking and Priority

Priority of Liabilities

The Intercreditor Agreement provides that the liabilities shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- *first*, the "Super Senior Liabilities" consisting of the Credit Facility Lender Liabilities (the holders of the Super Senior Liabilities, the "Senior Secured Creditors"), the "Senior Secured Liabilities" consisting of the Senior Secured Notes Liabilities and the Senior Secured Hedging Liabilities (the holders of the Senior Secured Liabilities, the "Senior Secured Creditors") and amounts due to the Trustee (the "Senior Secured Notes Trustee Amounts") *pari passu* and without any preference between them;
- *second*, the liabilities relating to the Mezzanine Loan Agreement referred to as the "Mezzanine Liabilities";
- *third*, certain intercompany obligations of the Issuer and its subsidiaries (the "Group") to other members of the Group (the "Intra-Group Liabilities") *pari passu* between themselves and without any preference between them; and
- *fourth*, investor debt consisting of liabilities owed to certain shareholders of the Issuer (the "Shareholder Liabilities" and, collectively with the Mezzanine Liabilities, the Intra-Group Liabilities and the Proceeds Loans Liabilities, the "Subordinated Liabilities").

Priority of Security

The Intercreditor Agreement provides that the priority of security shall be as follows:

First, in payment of the following amounts in the following order:

(i) any sums owing to the Security Agent or any delegate thereof or any manager of property that is Collateral, *pari passu* and pro rata and without any preference among them;

(ii) *pari passu* and pro rata to:

   (a) any Senior Secured Notes Trustee in respect of Senior Secured Notes Trustee Amounts; and

   (b) each Creditor Representative (to the extent not included in clause (a) above and excluding any Hedge Counterparty as its own Creditor Representative) of the unpaid fees, costs, expenses and liabilities of each such Creditor Representative;

second, *pari passu* and pro rata in or towards payment of all costs and expenses incurred by the Security Agent, any Super Senior Creditor, any Hedge Counterparty or any Senior Secured Creditor in connection with the realization or enforcement of Collateral taken in accordance with the terms of the Intercreditor Agreement;

third, *pari passu* and pro rata in or towards payment to each Creditor Representative in respect of Credit Facility Lender Liabilities;

fourth, *pari passu* and pro rata in or towards payment to the Senior Secured Notes Creditor Representative for application towards

(i) the discharge of the Senior Secured Hedging Liabilities; and

(ii) the Senior Secured Liabilities; and

fifth, *pari passu* and pro rata in or towards payment to each Mezzanine Agent in respect of Mezzanine Liabilities.

Under the Intercreditor Agreement, all proceeds from enforcement of the Collateral and certain other recoveries will be applied as provided under "—Application of Proceeds."

Restrictions on Credit Facility Lender Liabilities and Senior Secured Notes Liabilities

Permitted Payments

The Intercreditor Agreement imposes no restrictions on payments to be made in respect of the Credit Facility Liabilities made pursuant to the Credit Facility Documents or the Senior Secured Notes Liabilities made pursuant to the Senior Secured Notes Documents.

Security and Guarantees

The Credit Facility Lenders or the Senior Secured Creditors may take, accept or receive the benefit of:

- any security in respect of their liabilities if, to the extent legally possible and subject to agreed security principles, at the same time it is offered to secure the other Super Senior Liabilities and Senior Secured Liabilities; and
- any guarantee, indemnity or other assurance against loss in respect of their liabilities in addition to those in the original form of the Revolving Credit Facility Agreement and Indenture, the Intercreditor Agreement and those already shared by the Super Senior Liabilities and Senior Secured Liabilities if, to the extent legally possible and subject to agreed security principles, at the same time it is offered in respect the other Super Senior Liabilities and Senior Secured Liabilities.

Restrictions on Mezzanine Liabilities

The Debtors may:

(a) prior to the Secured Liabilities Discharge Date (as defined below), only make payments in respect of the Mezzanine Liabilities then due in accordance with the Mezzanine Documents:

(i) if:

(1) the payment is of:

a. any principal amount of the Mezzanine Liabilities which is either (1) permitted to be paid by the Credit Facility Documents and the Senior Secured Notes Documents (together the "Secured Debt Documents") or (2) paid on or after the final maturity date of the Mezzanine Liabilities (*provided* that such maturity date is no earlier than the maturity date in the original form of the Mezzanine Documents); and

b. any other amount which is not an amount of principal or capitalized interest;

(2) no Mezzanine Payment Stop Notice (as defined herein) is outstanding; and

(3) no payment event of default under the Credit Facility Documents and no payment event of default (other than in respect of an amount (a) not constituting principal, interest or fees and (b) not exceeding (€100,000) under the Senior Secured Notes Documents (a "Secured Liabilities Payment Default") has occurred and is continuing; or

(ii) if the Majority Super Senior Creditors (as defined below) and the Majority Senior Secured Creditors (as defined herein) give prior consent to that payment being made; or

(iii) if following the occurrence of an event of default under the Mezzanine Loan Agreement (which is continuing), the payment is of Mezzanine Liabilities where such payment occurs as a result of those Mezzanine Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any Holding Company (as defined in the Intercreditor Agreement) of the Issuer (a "Debt for Equity Swap"); *provided* that:

(1) no payment of cash (or its equivalents) is made in respect of the Mezzanine Liabilities;

(2) any liability owed by a member of the Group to another member of the Group, the Sponsors or any other Holding Company of the Issuer that arise as a result of any such Debt for Equity Swap are subordinated to the Super Senior Liabilities and the Senior Secured Liabilities pursuant to the Intercreditor Agreement; and

(3) security is granted to or for the benefit of the Super Senior Creditors and the Senior Secured Creditors in respect of any of the liabilities owed by a member of the Group;

(iv) if, following the occurrence of an event of default under the Mezzanine Loan Agreement (which is continuing), work fees of any Mezzanine Agent and the fees, costs and expenses of third-party professional advisors incurred by the Mezzanine Lenders or any ad hoc committee of the Mezzanine Lenders in respect of the restructuring advice or the commissioning of valuations in relation to the Group in an aggregate not to exceed €1.0 million (or its equivalent in other currencies); or

(v) if the payment is of any amount owing in respect of Mezzanine Liabilities by a member of the Group in relation to whom certain insolvency events have occurred; and

(b) on or after the Secured Liabilities Discharge Date (as defined below), make payments to the Mezzanine Creditors in respect of the Mezzanine Liabilities in accordance with the Mezzanine Documents.

Issue of Mezzanine Payment Stop Notice

Until the discharge of the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities and the Senior Secured Hedging Liabilities (the “Secured Liabilities Discharge Date”), except with the prior consent of the Credit Facility Agent and (to the extent prohibited under the Senior Secured Notes Documents) the consent of the Trustee, the Issuer shall procure that no member of its group shall make, and no Mezzanine Creditor may receive from any member of the Group, any payment in respect of the Mezzanine Loan which would otherwise be permitted or referred to above (a “Permitted Senior Noteholder Payment”) (other than Trustee Amounts) if:

- an event of default under the Credit Facility Lender Documents or the Senior Secured Notes Documents (a “Secured Liabilities Event of Default”) (other than a Secured Liabilities Payment Default) has occurred and is continuing, from the date on which the Credit Facility Agent or the Senior Secured Notes Trustee (as the case may be) (the “Relevant Representative”) delivers a notice (a “Mezzanine Payment Stop Notice”) specifying the event or circumstance in relation to that Secured Liabilities Event of Default to the Issuer, the Security Agent and the Mezzanine Agent until the earliest of:
  - the date falling 150 days after delivery of that Mezzanine Payment Stop Notice;
  - in relation to payments of Mezzanine Liabilities, if a Mezzanine Standstill Period (as defined herein) is in effect at any time after delivery of that Mezzanine Payment Stop Notice, the date on which that Mezzanine Standstill Period expires;
  - the date on which the relevant Secured Liabilities Event of Default is no longer continuing and, if the relevant liabilities have been accelerated, such acceleration has been rescinded;
  - the date on which the Relevant Representative delivers a notice to the lenders of the Mezzanine Loan and the Security Agent cancelling the Mezzanine Payment Stop Notice; and
  - the Secured Liabilities Discharge Date.

Unless the lenders of the Mezzanine Loan waive this requirement:

- a new Mezzanine Payment Stop Notice may not be delivered unless and until 365 days have elapsed since the delivery of the immediately prior Mezzanine Payment Stop Notice;
- no Mezzanine Payment Stop Notice may be delivered in reliance on a Secured Liabilities Event of Default more than 90 days after the date the Credit Facility Agent or the Trustee (as applicable) received notice of that Secured Liabilities Event of Default; and
- the Credit Facility Agent and the Trustee may serve only one Mezzanine Payment Stop Notice with respect to the same event or set of circumstances.

Cure of Payment Stop: Mezzanine Creditors

Any failure to make a payment due under the Mezzanine Documents as a result of the issuance of a Mezzanine Payment Stop Notice or the occurrence of a Secured Liabilities Payment Default shall not prevent the occurrence of an event of default under the Mezzanine Documents or the issuance of a Mezzanine Enforcement Notice (as defined herein). No Debtor will be released from liability to make a payment as a result of a Mezzanine Payment Stop Notice.

If a Mezzanine Payment Stop Notice ceases to be outstanding or a Secured Liabilities Payment Default ceases to be continuing and the relevant Debtor promptly pays to the Mezzanine Creditors an amount equal to any payments which had accrued during the period of the Mezzanine Payment Stop Notice or Secured Liabilities Payment Default then any event of default under the Mezzanine Document which may have occurred as a result of that suspension of payments shall be waived and any Mezzanine Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Mezzanine Creditors.

Enforcement and Certain Challenges by Lenders of the Mezzanine Loan

The Mezzanine Creditors shall not take or require the taking of any enforcement action in relation to the Mezzanine Guarantees, including instructing the Security Agent to enforce the Collateral (to the extent it secures the Mezzanine Liabilities), except as described below.

The Mezzanine Creditors may enforce the Mezzanine Guarantees and the Collateral (or instruct the Security Agent to enforce the Collateral) securing the Mezzanine Liabilities if:

- an event of default or event or circumstance which would (with the expiration of a grace period, the giving of notice or the making of any determination) be an event of default (the “Relevant Mezzanine Default”) is continuing;
- the Credit Facility Agent and the Trustee have received a notice of the Relevant Mezzanine Default specifying the event or circumstance in relation to the Relevant Mezzanine Default;
- a Mezzanine Standstill Period (as defined below) has elapsed; and
- the Relevant Mezzanine Default is continuing at the end of the relevant Mezzanine Standstill Period; or
- an acceleration event in respect of the Credit Facility Lender Liabilities or the Senior Secured Notes Liabilities has occurred in which case each Mezzanine Lender may take the same (but no other) enforcement action (but in relation to the Mezzanine Liabilities) as constitutes that acceleration event in respect of the Credit Facility Lender Liabilities or the Senior Secured Notes Liabilities.

Promptly upon becoming aware of a Mezzanine Default, the lenders of the Mezzanine Loan may notify the Credit Facility Agent and the Trustee of the existence of such Mezzanine Default (a “Mezzanine Enforcement Notice”).

Mezzanine Standstill Period

A Mezzanine Standstill Period shall mean the period beginning on the date (the “Mezzanine Standstill Start Date”) the lenders of the Mezzanine Loan serve a Mezzanine Enforcement Notice on the Credit Facility Agent and the Trustee in respect of such Relevant Mezzanine Default and ending on the earlier of:

- where the Relevant Mezzanine Default is caused by the nonpayment of any principal, interest or fees in respect of the Mezzanine Liabilities, 150 days after the Mezzanine Standstill Start Date or, where the Relevant Mezzanine Default is caused by any other event or circumstance, the date falling 179 days after the Mezzanine Standstill Start Date (the “Mezzanine Standstill Period”); and
- the Instructing Group consenting to such enforcement action.

If the Security Agent has notified the lenders of the Mezzanine Loan that it is enforcing Collateral created over shares of a Mezzanine Guarantor, no Mezzanine Creditor may take any action to enforce the Mezzanine Guarantees against that Mezzanine Guarantor while the Security Agent is taking steps to enforce that Collateral.

Enforcement of Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the relevant Instructing Group.

Instructing Group

The Instructing Group entitled to give instructions to the Security Agent in respect of enforcement of Collateral means the Majority Super Senior Creditors or the Majority Senior Secured Creditors (in each case acting through its Creditor Representative). The “Majority Super Senior Creditors” consist of those Super Senior Creditors whose credit participations at that time aggregate more 66.67% of total super senior credit participations at that time. The “Majority Senior Secured Creditors” consist of those Senior Secured Creditors whose credit participations at that time aggregate more 50% of total senior secured credit participations at that time.

Instructions provided by the Majority Senior Secured Creditors will prevail if the consultation procedures (as described below), if applicable, have been complied with and the instructions are consistent with the Security Enforcement Principles (as described herein). Instructions provided by the Majority Super Senior Creditors will prevail if:

- an insolvency event occurs;
- the Super Senior Liabilities have not been fully discharged within six months of the later of:
  - date the first such Enforcement instructions were issued; and
  - the first day that enforcement action could have been taken under applicable law;
- the Security Agent has not commenced any Enforcement Action within three months of the Proposed Enforcement Instructions Date (as defined below);
- the Collateral has become enforceable as a result of the occurrence of an insolvency event (other than where such insolvency event occurred as a result of action taken in accordance with the Intercreditor Agreement);
- the relevant instructions with respect to enforcement from the Majority Senior Secured Creditors are not consistent with the Security Enforcement Principles and the relevant Creditor Representatives have conducted a Principles Consultation (as defined herein) (or are not obligated to conduct a Principles Consultation);
- the prior written consent of the Majority Senior Secured Creditors (acting through their Creditor Representatives) is granted; or
- after completion of a Second Consultation Period (as defined below) with no agreement reached as to the method of enforcement.

Enforcement Instructions and Consultation

If either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Collateral, such group of creditors must deliver a copy of the proposed instructions as to enforcement (the "Enforcement Proposal") to such the Security Agent and the Creditor Representative for each of the other creditor groups at least five business days prior to the proposed date of issuance of instructions under such enforcement proposal (the "Proposed Enforcement Instruction Date").

Until the Super Senior Discharge Date, if the Security Agent has received conflicting enforcement instructions then the Security Agent will promptly notify the relevant Creditor Representatives and such Creditor Representatives will consult with each other and the relevant Security Agent for a period of not less than 30 days (or such shorter period as the relevant Creditor Representatives may agree) (the "Initial Consultation Period") from the earlier of (i) the date of the latest such conflicting enforcement instruction and (ii) the date falling ten business days after the date the original Enforcement Proposal is delivered, with a view to agreeing instructions as to enforcement.

Prior to the Super Senior Discharge Date, if no instructions have been issued to the Security Agent within 30 days of receipt of any Enforcement Proposal and it is not reasonable to expect an enforcement satisfying the Security Enforcement Objective within six months of the Proposed Enforcement Instruction Date, the Creditor Representative for either the Super Senior Creditors or the Senior Secured Creditors may require a further consultation period of 30 days from the date of the such request was issued (the "Second Consultation Period"). If no agreement is reached as to the method of enforcement after the Second Consultation Period, the instructions of the Super Senior Creditors will prevail.

The Creditor Representatives will not be obligated to consult as described above if:

- the Collateral has become enforceable as a result of an insolvency event;
- the Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith that to do so and thereby delay commencement of enforcement could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Collateral or (B) the potential amount of realization proceeds of any enforcement of the Collateral; or
- the Creditor Representatives for the Super Senior Creditors and the Senior Secured Creditors agree that no consultation period is required or agreed to a shorter consultation period.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors consider that the Security Agent is enforcing the Collateral in a manner which is not consistent with the Security Enforcement Principles (as described below), the relevant Creditor Representative shall give notice to the others after which the creditor representatives for the other Super Senior Creditors and Senior Secured Creditors shall consult again with the Security Agent for a period of 15 days (or such lesser period as the relevant Creditor Representatives may agree) (the "Principles Consultation") with a view to agreeing the manner of enforcement provided that such Creditors Representative shall not be obligated to hold more than one Principles Consultation in relation to each enforcement action.

A Creditor Representative may only give enforcement instructions that are consistent with the following security enforcement principles (the "Security Enforcement Principles"):

- Under the Security Enforcement Principles it shall be the aim of any enforcement of the Collateral to ensure a prompt and expeditious enforcement of the Collateral producing realization proceeds from the enforcement within six months of the Proposed Enforcement Instruction Date which is consistent with the rights and obligations of the Security Agent under this Agreement and applicable law (the "Security Enforcement Objective").
- On an enforcement of Collateral over, or in respect of a Distressed Disposal (as defined herein) of, either (a) any shares in a member of the Group or (b) assets (other than shares in a member of the Group) (unless the enforcement is by way of sale by Public Auction (as defined below)), the Security Agent shall at the request of the Majority Super Senior Creditors or the Majority Senior Secured Creditors obtain an opinion (a "Fairness Opinion") from a reputable internationally recognized investment bank or international accounting firm or a third-party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Collateral to be enforced (or, as the case may be, the subject of such Distressed Disposal) (a "Financial Advisor") as selected by the relevant Creditor Representative requesting the opinion, that the consideration for the sale is fair from a financial point of view for a prompt and expeditious sale after taking into account all relevant circumstances. It is acknowledged that once an administrator, administrative receiver or other equivalent insolvency official is appointed, he or she will comply with applicable law in dealing with the assets subject to the Collateral (or, as the case may be, the subject of such Distressed Disposal) and will not be obliged to follow the Security Enforcement Principles.
- The Collateral will be enforced such that either all enforcement proceeds are received by the Security Agent in cash for distribution as described below under "—Application of Proceeds" or sufficient enforcement proceeds will be received by the Security Agent in cash to ensure that when the proceeds are so applied, the Super Senior Liabilities are repaid and discharged in full.
- Notwithstanding the above, if the Collateral is being enforced pursuant to enforcement instructions provided to the Security Agent by the Senior Secured Creditors, the Security Agent is not required to enforce by way of sale by Public Auction or provide a Fairness Opinion if:
  - the enforcement is in accordance with applicable law;
  - sufficient enforcement proceeds will be received by the Security Agent in cash to ensure that when the proceeds are applied as described under "—Application of Proceeds" the Super Senior Liabilities are repaid and discharged in full; and
  - the enforcement complies with the requirements described under "—Release of the Guarantees and the Security—Distressed Disposal".
- "Public Auction" means an auction or other competitive sale process in which more than one bidder participates or is invited to participate, which may or may not be conducted through a court or other legal proceeding, and which is conducted with the advice of an independent internationally recognized investment bank, provided that the holders of the Senior Secured Liabilities and the Credit Facility Lenders shall have a right to participate in such auction.
- The Security Enforcement Principles may only be amended, varied or waived with the prior written consent of the Creditor Representatives for the Majority Super Senior Creditors and the Majority Senior Secured Creditors.

Enforcement by Holders of the Mezzanine Loan

If the Security Agent has notified the lenders of the Mezzanine Loan that it is enforcing Collateral that also secures the Mezzanine Loan, no Mezzanine Creditor may take any action against the relevant Mezzanine Guarantor while the Security Agent is taking steps to enforce that Security in accordance with the instructions of the Instructing Group.

Prior to the Super Senior Discharge Date and the Senior Secured Debt Discharge Date, if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or in the absence of instructions from the Instructing Group, and, in each case, if the Instructing Group has not required the Issuer or any Debtor to make a Distressed Disposal (as defined below), the Security Agent shall give effect to any instructions to enforce the Collateral which the lenders of the Mezzanine Loan (acting on the instructions of the requisite Mezzanine Creditors) are then entitled to give to the Security Agent. Enforcement action initiated by the Mezzanine Creditors must require the realization of the relevant Collateral by way of a sale or disposal conducted in compliance with the requirements described below under "—Release of the Guarantees and the Security—Distressed Disposal".

If the lenders of the Mezzanine Loan are entitled to give the Security Agent instructions to enforce the Collateral, then the Creditor Representative for either the Majority Super Senior Creditors or the Majority Senior Secured Creditors may give instructions to the Security Agent to enforce the Collateral as they see fit in lieu of any instructions of the lenders of the Mezzanine Loan, and the Security Agent shall act on the first such instructions received.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal to a person is permitted under the relevant financing documents that is not being effected (i) at the request of the Instructing Group in circumstances when the Collateral has become enforceable, (ii) by enforcement of Collateral or (iii) after an acceleration event in respect of the Credit Facility Lender Liabilities or the Senior Secured Notes Liabilities has occurred ((ii) and (iii), a "Distress Event" and a disposal in the circumstances of (i), (ii) or (iii), a "Distressed Disposal"), the Intercreditor Agreement will provide that the Security Agent is authorized to release the security interests over that asset and, if the relevant asset consists of shares in the capital of a Debtor, to release the security interests or any other claim relating to the Debt Documents over the assets of that Debtor and the shares in and assets of any of its subsidiaries.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized: (i) in respect of the disposal of an asset forming part of the Collateral, to release the security interests, or any other claim over the relevant asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company, to release that Debtor or holding company and any subsidiary of that Debtor or holding company from all or any part of the liabilities under the Debt Documents and security interests over any Collateral granted by that Debtor or holding company or any subsidiary of that Debtor or holding company; (iii) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, the disposal of all, but not part, of the liabilities under the Debt Documents and certain other liabilities of the Debtor; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, the transfer of the Mezzanine Guarantee Liabilities and certain other liabilities of the Debtor.

If a Distressed Disposal is being effected such that guarantee liabilities under the Debt Documents or Collateral will be released, it is a condition to the release that it is effected:

(i) pursuant to a public auction; or

(ii) pursuant to a fairness opinion obtained from an internationally recognized investment bank or accounting firm selected by the Security Agent; and

(iii) such that the proceeds of such Distressed Disposal are applied as described under "—Application of Proceeds".

Release of Swedish Security

In addition to the release provisions discussed above, any release of (i) Collateral constituting shares of an entity incorporated in Sweden or (ii) Collateral granted pursuant to a security document governed by Swedish law will be subject to the prior written consent of the Security Agent (such consent to be given on a case by case basis at the discretion of the Security Agent (acting reasonably)). Such consent shall not be required in relation to any release of any unperfected Swedish law security interest *provided* that no event of default is continuing at the time of such release or would result from the same.

Turnover

The Intercreditor Agreement will provide that if any of the Credit Facility Lenders, Senior Secured Notes Creditors, Mezzanine Creditors or Hedge Counterparties receives or recovers the proceeds of any enforcement of any Collateral or any proceeds in respect of guarantee liabilities owed to such creditor except in accordance with the order described below under "—Application of Proceeds", it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off (i) hold that amount in trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor 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.

The Intercreditor Agreement will also require any require amounts received by Subordinated Creditors that are not permitted payments or after the occurrence of a Distress Event or as recovered a result of litigation to be turned over to the Security Agent.

Application of Proceeds

The Intercreditor Agreement will provide that amounts received from the realization or enforcement of all or any part of the Collateral or other amounts paid to the Security Agent for application as described below will be applied in the following order of priority:

- *first*, in payment of the following amounts in the following order: (i) *pari passu* and pro rata any sums owing to any Security Agent and Trustee Amounts, as the case may be; and then (ii) *pari passu* and pro rata to each Creditor Representative (to the extent not included in (i) above) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any security document or the Intercreditor Agreement (to the extent that such Collateral has been given in favor of such obligations);
- *second*, *pari passu* and pro rata in or towards payment of all costs and expenses incurred by any agent, the Security Agent or any creditor in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of any Security Agent;
- *third*, *pari passu* and pro rata in or towards payment to each Credit Facility Agent on its own behalf and on behalf of the Credit Facility Lenders for application towards the discharge of the Credit Facility Lender Liabilities;
- *fourth*, *pari passu* and pro rata to the Trustee on behalf of the Senior Secured Creditors for application towards the discharge of the Senior Secured Notes Liabilities and the Senior Secured Hedging Liabilities;
- *fifth*, *pari passu* and pro rata in or towards payment to the lenders of the Mezzanine Loan Noteholders for application towards the discharge of the Mezzanine Liabilities;
- *sixth*, if none of the Debtors is under any further actual or contingent liability under any Debt Document (other than any in respect of Shareholder Liabilities, Intra-Group Liabilities or Proceeds Loans Liabilities), in payment to any person to whom the Security Agent is obligated to pay in priority to any Debtor; and
- *seventh*, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Equalisation

The Intercreditor Agreement will provide that if, for any reason, any Credit Facility Lender Liabilities, Senior Secured Notes Liabilities or Senior Secured Hedging Liabilities remain unpaid after enforcement and the application of recoveries in accordance with the Intercreditor Agreement and the resulting losses are not borne by the relevant creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate credit participations of all such creditors, the creditors will make such payments from such recoveries amongst themselves as the Security Agent shall require to put the creditors in such a position that their losses are borne in those proportions. The Intercreditor Agreement will also provide that a similar mechanism shall apply in respect of the Mezzanine Liabilities.

Amendments

In addition to customary minor, technical or administrative matter amendments by the Security Agent, the Intercreditor Agreement will provide that it may be amended with only the consent of the Majority Super Senior Creditors, the requisite amount of creditors under the Senior Secured Notes Liabilities, the requisite amount of creditors under the Mezzanine Liabilities, the Issuer and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set forth in the Intercreditor Agreement; or (b) any amendment to the payment waterfall, turnover provisions, redistribution, enforcement or amendment provisions set out in the Intercreditor Agreement, which shall not be made without the written consent of:

- the Security Agent;
- the Credit Facility Lenders to the extent required by the terms of the Credit Facility Documents;
- the Trustee;
- the Mezzanine Agent;
- each Hedge Counterparty (to the extent that the amendment or waiver would materially and adversely affect the Hedge Counterparty); and
- in the case of amendments to the amendments provisions of the Intercreditor Agreement, the Issuer.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the party.

Option to Purchase

Notes Creditors

After a Distress Event, by giving not less than ten days' notice to the Creditor Representative for the Credit Facility Lenders the holders of the Senior Secured Notes Liabilities will have the right to acquire or procure that a nominee acquires all (but not part) of the Super Senior Liabilities.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Super Senior Liabilities then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of the Super Senior Creditors; after the transfer, no Super Senior Creditor will be under any actual or contingent liability to any Debtor; the purchasing holders of Notes indemnify each Super Senior Creditor for any actual or alleged obligation to repay or claw back any amount received by such Super Senior Creditor; and the relevant transfer shall be without recourse to, or warranty from, any Super Senior Creditor.

Mezzanine Creditors

The holders of the Mezzanine Liabilities may, after a Distress Event, during a Mezzanine Standstill Period or following an event of default under any of the Credit Facility Documents, Senior Secured Documents or Mezzanine Documents which is continuing for more than 90 days, by giving not less than ten days' notice to the Credit Facility Agent and the Trustee (together, the "Relevant Representatives"), require the transfer to them (or to a nominee or nominees), of all, but not part, of the Secured Liabilities.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Super Senior Liabilities and Senior Secured Liabilities then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of such creditors; after the transfer, no such creditor will be under any actual or contingent liability to any Debtor; the lenders of the Mezzanine Loan indemnify each creditor for any actual or alleged obligation to repay or claw back any amount received by such creditor; and the relevant transfer shall be without recourse to, or warranty from, any Super Senior Creditor or Senior Secured Creditor.

Additional Indebtedness

In the event that any Debtor incurs any additional indebtedness, or refinance existing indebtedness, that is permitted to be designated as Super Senior Liabilities, Senior Secured Notes Liabilities or Mezzanine Liabilities under the terms of the Debt Documents and is entitled to be secured by the Collateral, the liabilities in respect of such additional Super Senior Liabilities, Senior Secured Notes Liabilities or Mezzanine Liabilities, as the case may be, will share in the proceeds of any enforcement of Collateral on a pro rata basis with the applicable group of creditors provided that such creditor accedes to the Intercreditor Agreement (if not already a party).

Governing Law

The Intercreditor Agreement is governed by English law.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "Certain Definitions". For purposes of this "Description of the Notes", references to the "Issuer", "we", "our", and "us" refer only to Verisure Holding AB (publ).

The Issuer will issue an additional €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018 (the "New Series A Notes") under the indenture dated as of February 15, 2012 (the "Indenture"), between, inter alios, itself and its subsidiaries organized in Sweden, Spain, Norway and Portugal (with the exception of one operationally dormant subsidiary in Sweden), as guarantors (together, the "Guarantors"), Wilmington Trust, National Association, as trustee (the "Trustee"), and Nordea Bank AB (publ), as security agent (the "Security Agent").

The Issuer previously issued €500.0 million aggregate principal amount of 8.75% Senior Secured Notes, Series A, due 2018 (the "Series A Fixed Rate Notes"), €100.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018 (the "Existing Series A Floating Rate Notes" and, together with the Series A Fixed Rate Notes, the "Existing Series A Notes") and €271.5 million aggregate principal amount of 8.75% Senior Secured Notes, Series B, due 2018 (the "Series B Notes" and, together with the Existing Series A Notes, the "Existing Notes"). The Existing Series A Floating Rate Notes and the New Series A Notes are collectively referred to as "Series A Floating Rate Notes". The Series A Fixed Rate Notes and the Series A Floating Rate Notes are collectively referred to as "Series A Notes". The Series A Notes and the Series B Notes are collectively referred to as the "Notes".

The New Series A Notes offered hereby constitute "Additional Notes" as defined under the Indenture. The Existing Notes issued in the initial offering and any Additional Notes (including the New Series A Notes) will be treated as a single class for all purposes under the Indenture, including with respect to waivers and amendments, except as otherwise specified with respect to the Notes. The Indenture is unlimited in aggregate principal amount. In addition to the New Series A Notes, we may issue an unlimited principal amount of additional Series A Fixed Rate Notes having identical terms and conditions as the Series A Fixed Rate Notes (the "Additional Series A Fixed Rate Notes"), an unlimited principal amount of additional Series A Floating Rate Notes having identical terms and conditions as the Series A Floating Rate Notes (the "Additional Series A Floating Rate Notes" and, together with the Series A Fixed Rate Notes, the "Additional Series A Notes") and an unlimited principal amount of additional Series B Notes having identical terms and conditions as the Series B Notes (the "Additional Series B Notes" and, together with the Additional Series A Notes, the "Additional Notes"). We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "—Certain Covenants—Limitation on Indebtedness"). Except with respect to right of payment and optional redemption, and as otherwise provided for in the Indenture, the Existing Notes, the New Series A Notes and, if issued, any further Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "Description of the Notes", references to the "Notes" include the Notes and any Additional Notes that are actually issued.

The New Series A Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the corresponding Existing Series A Floating Rate Notes, and will also bear an applicable restrictive Securities Act legend described under "Transfer Restrictions". In the case of the New Series A Notes offered hereby in reliance upon Regulation S, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Regulation S, and the restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) 40 days after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws. In the case of the New Series A Notes offered hereby in reliance upon Rule 144A, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Rule 144A, and the Rule 144A restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) one year after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws. Following the replacement of the applicable temporary ISIN and common code, the New Series A Notes will become fully fungible with the corresponding Existing Series A Floating Rate Notes.

The Existing Notes are, and the New Series A Notes will, upon their issuance, be guaranteed by the Guarantors subject to limitations in certain jurisdictions. See "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

The Indenture and the Guarantees thereunder are subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes and the Guarantees. Please see "Description of Certain Indebtedness—Intercreditor Agreement" for a description of the material terms of the Intercreditor Agreement. Additionally, the terms of the Indenture are important to understanding the rights of priority and payment between the Series A Notes and the Series B Notes. Please see "—Right of Payment".

This "Description of the Notes" is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Documents (as defined below). Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

General

The Notes

The New Series A Notes will, upon issuance:

- be general senior obligations of the Issuer, secured as set forth under "—Security";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated to the Notes (including the obligations of the Issuer under the Revolving Credit Facility, the Existing Notes and the Series A Senior Loan), provided the creditors under the Revolving Credit Facility will be entitled to priority of payment from the proceeds of any enforcement of such Guarantee and the holders of the Series A Notes and indebtedness under the Series A Senior Loan will be entitled to priority of payment over the holders of the Series B Notes from any such proceeds);
- rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated to the Notes;
- be effectively subordinated to any existing or future secured Indebtedness or obligation (including obligations to trade creditors) of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be effectively subordinated to any existing or future Indebtedness of Subsidiaries of the Issuer that do not guarantee the Notes;
- mature on September 1, 2018; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (see "Book-Entry, Delivery and Form").

The Guarantees

The New Series A Notes will be guaranteed, as of the New Notes Issue Date, and the Existing Notes are guaranteed by the Guarantors. Any additional subsidiary of the Issuer that becomes a guarantor under the Revolving Credit Facility shall, subject to agreed security principles and to the extent legally possible, become a party to the Indenture and will Guarantee the Notes on a senior basis.

Each Guarantee of the Notes will, at the time a Guarantor grants such Guarantee:

- be a general senior obligation of the relevant Guarantor, secured as set forth under "—Security";
- rank *pari passu* in right of payment with any existing or future Indebtedness of that Guarantor that is not subordinated to such Guarantor's Guarantee (including the senior guarantee given in favor of the Revolving Credit Facility, the Series A Senior Loan and certain Hedging Obligations, provided the creditors under the Revolving Credit Facility will be entitled to priority of payment from the proceeds of any enforcement of such Guarantee and the holders of the Series A Notes and indebtedness under the Series A Senior Loan will be entitled to priority of payment over the holders of the Series B Notes from any such proceeds);

- rank senior in right of payment to any existing or future obligation of that Guarantor that is expressly subordinated to the Notes (including the Guarantor's guarantee of the Mezzanine Loan); and
- be effectively subordinated to any existing or future Indebtedness of that Guarantor that is secured with property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such Indebtedness.

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise to reflect limitations under applicable law. See "Risk Factors—Risks Related to the Notes—Each Notes 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 validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

Not all of our Subsidiaries will guarantee the Notes. As of September 30, 2012, the Issuer and the Guarantors held 89% of our consolidated assets. For the nine months ended September 30, 2012 the Issuer's subsidiaries that will not guarantee the Notes generated 21% of our total net sales and had €76.7 million of our total liabilities. In the event of a bankruptcy, liquidation, administration, winding up, reorganization or other insolvency event 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 us.

Principal and Maturity

The Issuer will issue €100.0 million in aggregate principal amount of New Series A Notes on the New Notes Issue Date. The New Series A Notes will mature on September 1, 2018. The New Series A Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the New Series A Notes will accrue at a rate per annum (the "Applicable Rate"), reset quarterly, equal to three-month EURIBOR plus 6.50%, as determined by the calculation agent (the "Calculation Agent"), which shall initially be Citibank N.A., London Branch. Interest on the New Series A Notes will:

- accrue from December 1, 2012 or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on March 1, June 1, September 1 and December 1, commencing on March 1, 2013;
- be payable to the holder of record of such New Series A Notes on the February 15, May 15, August 15 and November 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the New Series A Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Telerate Page 248 as of 11:00 a.m. Brussels time, on the Determination Date. If Telerate Page 248 does not include such a rate or is unavailable on a Determination Date, and the Calculation Agent shall not have selected an alternative service on which such rate is displayed, the arithmetic mean (rounded upwards, if not already such a multiple, to four decimal places) of the rates (as notified by the Calculation Agent) at which each of the Reference Banks was offering to prime banks in the European Interbank Market deposits in euro for such period at or about 11:00 a.m. Brussels time on the Determination Date for a three-month period.

"*European Interbank Market*" means the interbank market for euro operating in Participating Member States.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include December 1, 2012 and end on and include February 28, 2013.

"*Participating Member State*" means any member of the European Communities that at the relevant time has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to European Monetary Union.

"*Reference Banks*" means J.P. Morgan, Deutsche Bank, BarCap and BNP and/or such other bank or banks as may be appointed as such by the Calculation Agent after consultation with the Company.

"*Telerate Page 248*" means the display page so designated on Bridge's Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "Interest Amount"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Series A Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Series A Floating Rate Notes be higher than the maximum rate permitted by applicable law.

The rights of Holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "—Paying Agent and Registrar for the Notes".

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes in the City of London. The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of 26 and 27 November 2000 regarding the taxation of savings income (the "Directive"), or any law implementing or complying with or introduced in order to conform to, such Directive. The initial Paying Agent will be Citibank N.A., London Branch (the "Principal Paying Agent").

The Issuer will also maintain a registrar (the "Registrar") and a transfer agent (the "Transfer Agent") in the City of London. The initial Registrar will be Citigroup Global Markets Deutschland AG and the initial Transfer Agent will be Citibank N.A., London Branch. The Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Releases of the Guarantees

The Guarantee of a Guarantor will terminate:

- upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon defeasance or discharge of the Notes, as provided in "—Defeasance" and "—Satisfaction and Discharge";
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "—Amendments and Waivers";
- as described in the first paragraph of the covenant described below under "—Certain Covenants—Additional Guarantees"; or
- as a result of a transaction permitted by "—Merger and Consolidation—The Guarantors".

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 Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by Trustee without the consent of the Holders or any action on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Note will, on the closing date, be deposited with and registered in the name of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

The New Series A Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the corresponding Existing Series A Floating Rate Notes, and will also bear an applicable restrictive Securities Act legend described under "Transfer Restrictions". In the case of the New Series A Notes offered hereby in reliance upon Regulation S, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Regulation S, and the restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) 40 days after the New Notes Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws. In the case of the New Series A Notes offered hereby in reliance upon Rule 144A, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Rule 144A, and the Rule 144A the restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) one year after the New Notes Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws. Following the replacement of the applicable temporary ISIN and common code, the New Series A Notes will become fully fungible with the Existing Series A Floating Rate Notes.

Book-Entry Interests in the 144A Global Notes (the "144A Book-Entry Interests") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests") 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 in accordance with Regulation S under the Securities Act.

Prior to 40 days after the New Notes Issue Date, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to US persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests 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 Investors" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to Investors".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes, all the Issuer's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "—Certain Definitions—Unrestricted Subsidiary", the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

The Notes and the Guarantees will be secured by first-ranking Liens over the Collateral. Subject to certain Permitted Collateral Liens, the Collateral has been or will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including, (i) on a first-priority basis, the Holders, the lenders under the Revolving Credit Facility, the lenders under the Series A Senior Loan and the creditors under certain hedging obligations and, (ii) on a second-priority basis, the lenders under the Mezzanine Loan Agreement. The validity and enforceability of the Liens over the Collateral issued as of the New Notes Issue Date and over any additional Collateral established in the future as set out below, will be subject to the limitations described in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

On the New Notes Issue Date, the Collateral will include the following property and assets:

(1) all issued shares of the Issuer;

(2) all issued shares of the subsidiaries of the Issuer organized in Sweden, Norway and Portugal (with the exception of one operationally dormant subsidiary in Sweden);

(3) all issued equity certificates of the Issuer and Securitas Direct;

(4) all loans to Securitas Direct of the proceeds from the Senior Loan and the Mezzanine Loan as well as an intercompany loan by Securitas Direct to a subsidiary in Norway; and

(5) certain other property and assets of the Issuer and certain of its subsidiaries that have also been pledged to secure the Revolving Credit Facility and the Series A Senior Loan, which property and assets include, depending on the jurisdiction of incorporation and the location of assets of the relevant security provider, (i) certain rights under insurance policies, (ii) bank accounts, (iii) certain receivables, (iv) certain intellectual property rights and (v) certain other operating assets.

(collectively, the "New Notes Issue Date Collateral").

Any additional security interests that are in the future pledged to secure obligations under the Notes, the Guarantees and the Indenture will also constitute Collateral. This includes first-priority security interests in the shares of our Spanish subsidiaries and in certain intercompany loans to such subsidiaries, any security interests granted by these subsidiaries that secure the Existing Notes, as well as security interests to be granted on an equal and ratable first-priority basis pursuant to the terms of the Revolving Credit Facility, the Series A Senior Loan and subject to certain agreed security principles (the "Post-Completion Collateral").

Each of the Issuer and the Guarantors shall take such necessary actions, and the Issuer shall cause its Restricted Subsidiaries to take such necessary actions, so that the Liens on the Collateral shall, subject to legal representations, agreed security principles and certain limitations, be fully effective with respect to the New Notes Issue Date Collateral, on or about the New Notes Issue Date. We will agree with the initial purchasers in the purchase agreement related to the New Series A Notes that we will use reasonable best efforts to create and perfect the Post-Completion Collateral within 40 days following the New Notes Issue Date. We may not be able to grant or perfect the Post-Completion Collateral to the Security Agent for the benefit of the Holders. See "Risk Factors—Risks Related to the Notes—Certain Collateral will not initially secure the Notes." Subject to certain conditions, including compliance with the covenants described under "—Impairment of Security Interest" and "—Liens", the Issuer is permitted to pledge the Collateral in connection with future issuances of its 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.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes. 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 the Notes—The Collateral may not be sufficient to secure the obligations under the Notes".

Priority

The relative priority among (a) the lenders under the Revolving Credit Facility, (b) the lenders under the Series A Senior Loan, (c) the counterparties under certain hedging obligations secured on the Collateral, (d) the lenders under the Mezzanine Loan Agreement and (e) the Trustee and the Holders of the Series A Notes (including the New Series A Notes) and the Series B Notes with respect to the security interest in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Guarantees and the Indenture (the "Security Interest") is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility, the Series A Senior Loan, such hedging obligations and the Mezzanine Loan Agreement, which provide, among other things, that:

(1) the obligations under the Notes (including the New Series A Notes), the Revolving Credit Facility, the Series A Senior Loan and certain hedging obligations are secured equally and ratably by a first-priority interest in the Collateral, provided that any liabilities in respect of obligations under the Revolving Credit Facility will receive priority with respect to any proceeds received from any enforcement of the security over any Collateral; and

(2) the obligations under the Mezzanine Loan Agreement will be secured by a second-priority interest in the Collateral (subject to certain exceptions).

The Priority Agreement will provide that any Series B Indebtedness (including the Series B Notes) shall rank below any Series A Indebtedness (including the Series A Notes and the Series A Senior Loan) in right of priority and payment. All amounts received by the Trustee from the realization or enforcement of all or any part of the Collateral or the Notes Guarantees will be first applied towards the discharge of any amounts owed under the Indenture to Holders of the Series A Notes and under the Series A Senior Loan, then applied towards the discharge of any such amounts owed to holders of any Series B Indebtedness (including the Series B Notes).

See "Description of Certain Indebtedness—Intercreditor Agreement", "Description of Certain Indebtedness—Series A Senior Loan Agreement", "Description of Certain Indebtedness—Priority Agreement", "Description of Certain Indebtedness—Mezzanine Loan Agreement" and "—Right of Payment". In addition, in connection with the incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer will enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See "—Certain Covenants—Impairment of Security Interest" and "—Additional Intercreditor Agreements; Agreement to be Bound".

Security Documents

Under the Security Documents, the Issuer and the Guarantors will grant security over the Collateral to secure the payment when due of the Issuer's and each of the Guarantor's payment obligations under the Notes, the Guarantees and the Indenture. The Security Documents will be entered into among the relevant security provider and the Security Agent (and, with respect to the Spanish law Security Documents, the lenders under the Revolving Credit Facility, the lenders under the Series A Senior Loan and the lenders under the Mezzanine Loan). When entering into the Security Documents, the Security Agent will act in its own name, but for the benefit of the Holders from time to time. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility, the lenders under the Series A Senior Loan, the counterparties under certain hedging contracts and the lenders under the Mezzanine Loan in relation to the Security Interest in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by the Security Interest in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, please see the section entitled "Risk Factors—Risks Related to the Notes". 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 the Notes Guarantees and the Security Interests".

The Security Documents will provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see "Risk Factors—Risks Related to the Notes".

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interest and provide for the release of the Security Interest created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility. These limitations are described under "Description of Certain Indebtedness—Intercreditor Agreement" and "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests". The ability to enforce may also be restricted by similar arrangements in relation to future indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the Series A Senior Loan Agreement and the Mezzanine Loan Agreement, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the Security Documents. The creditors under the Revolving Credit Facility, the Series A Senior Loan Agreement and the Mezzanine Loan Agreement, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Additional Intercreditor Agreements; Agreement to be Bound

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "Certain Covenants—Additional Intercreditor Agreements".

The Indenture will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

Release of Liens

The Issuer and the Guarantors will be entitled to release the Security Interest in respect of the Collateral securing the Notes and the Guarantees under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not a Parent or a Restricted Subsidiary (but excluding any transaction subject to "Certain Covenants—Merger and Consolidation"), if such sale or other disposition does not violate the covenant described under "Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of capital stock or of accounts receivable to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "—Amendments and Waivers";

(4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in "—Defeasance" and "—Satisfaction and Discharge";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary; or

(6) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interest created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "Certain Covenants—Impairment of Security Interest".

The Security Agent and the Trustee will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Notwithstanding the foregoing, any release of Liens over (i) shares constituting Collateral of an entity incorporated in Sweden or (ii) any assets or business constituting Collateral granted pursuant to a Security Document governed by Swedish law will be subject to the prior written consent of the Security Agent (such consent to be given on a case by case basis at the discretion of the Security Agent (acting reasonably)). The requirements of the foregoing sentence shall not apply in relation to any release of any Unperfected Swedish Law Security Interest; *provided* that no Event of Default is continuing at the time of such release or would result from the same.

Furthermore, pursuant to Swedish law requirements relating to the granting of security, the following additional restrictions will apply to assets subject to Swedish law security arrangements that are not Unperfected Swedish Law Security Interests: (i) the right to sell or otherwise dispose of the secured assets will be subject to the consent of the Security Agent; (ii) the Issuer may not redeem the equity certificates issued by it; (iii) repayment of the principal amount under intra-group loans may only be made to the extent payments are made to the Security Agent and applied in repayment of the secured liabilities under the relevant Security Document; and (iv), redemption of equity certificates (subject to the restriction set out in clause (ii) above) or payment of yield, dividends under any share security or principal amount (subject to the restrictions set out in clause (iii) above) or interest under intra-group loans will only be allowed provided that no enforcement event has occurred under the relevant Security Document and that no event of default would result from such payment.

Right of Payment

The Series B Notes (and any additional Series B Indebtedness) shall rank below the Series A Notes (and any additional Series A Indebtedness) in right of priority and payment. All amounts received by the Trustee on behalf of the Holders from the realization or enforcement of all or any part of the Collateral or the Guarantees of the Notes will be first applied towards the discharge of any amounts owed under the Indenture to Holders of the Series A Notes (and any additional Series A Indebtedness), then applied towards the discharge of any such amounts owed to Holders of the Series B Notes (and any additional Series B Indebtedness).

Optional Redemption

Except as described below and except as described under "Redemption for Taxation Reasons", the Series A Floating Rate Notes are not redeemable until September 1, 2014. On and after September 1, 2014 the Issuer may redeem all or, from time to time, part of the Series A Floating Rate Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable 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 twelve-month period beginning on September 1 of the years indicated below:

Year	Redemption Price
2014	102.000%
2015	101.000%
2016 and thereafter	100.000%

Prior to September 1, 2014, the Issuer may on any one or more occasions redeem Series A Notes in an aggregate principal amount of up to 40% of the original principal amount of the Notes (including the original principal amount of the New Series A Notes and any other Additional Note), upon not less than 30 nor more than 60 days' notice, with funds in an aggregate amount (the "Redemption Amount") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 108.75% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable 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* that:

(1) at least 60% of the original principal amount of the Notes (including the original principal amount of the New Series A Notes and any Additional Notes) remains outstanding after each such redemption;

(2) the redemption occurs within 180 days after the closing of such Equity Offering; and

(3) the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes are redeemed, prepaid, repaid or purchased pro rata on the basis of the aggregate principal amount of the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes then outstanding.

In addition, at any time during the twelve-month period commencing on September 1, 2013, the Issuer may redeem up to 10% of the original principal amount of the Notes issued under the Indenture (including the New Series A Notes and any other Additional Notes) at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the applicable 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 that the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes are redeemed, prepaid, repaid or purchased pro rata on the basis of the aggregate principal amount of the Series A Notes (and any Indebtedness under the Series A Senior Loan) and the Series B Notes then outstanding.

In addition, prior to September 1, 2014, the Issuer may redeem all or, from time to time, a part of the Series A Notes upon not less than 30 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable 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).

"Applicable Premium" means, with respect to any Series A Floating Rate Note the greater of

(a) 1% of the principal amount of such Note and

(b) the excess (to the extent positive) of:

    (i) the present value at such redemption date of (A) the redemption price of such Note at September 1, 2014 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the second paragraph of this section (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Note to and including September 1, 2014 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points and assuming that the rate of interest on the Series A Floating Rate Notes for the period from the redemption date through September 1, 2014 will equal the rate of interest on the Series A Floating Rate Notes in effect on the date on which the applicable notice of redemption is given; over

    (ii) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

"Bund Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to September 1, 2014 or December 1, 2014, as applicable; *provided, however*, that if the period from the redemption date to September 1, 2014 or December 1, 2014, as applicable, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to September 1, 2014 or December 1, 2014, as applicable, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

The Indenture permits the Issuer to redeem Series A Fixed Rate Notes using redemption rights similar to those described in the first and fourth paragraphs above at the prices described in the Indenture and the Indenture permits the Issuer to redeem Series B Notes using redemption rights similar to those described in the first, second and fourth paragraphs above at the prices described in the Indenture. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Order of Redemption

In respect of "make-whole" redemptions and redemptions at set redemption prices on or after December 1, 2014 of the Series B Notes (in each case as permitted by the Indenture), the Issuer may only redeem any amount of the Series B Notes (such amount, the "Series B Redemption Amount"), if:

(1) no Series A Notes nor any Indebtedness under the Series A Senior Loan remains outstanding;

(2) the Issuer is permitted to make a Restricted Payment (defined below) in such Series B Redemption Amount pursuant to the first paragraph or clauses (1), (2), (4)(a), (4)(b), (11), (13) or (18) of the third paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments"; *provided*, *however*, that any such redemption or payment shall be considered a "Restricted Payment" for the purposes of the first and third paragraphs, as applicable, of such covenant (and any such redemption of such Series B Redemption Amount would be considered a redemption of Subordinated Indebtedness and any Series A Indebtedness or Series B Indebtedness Incurred to Refinance Indebtedness under the Series B Notes would be considered Refinancing Indebtedness of Subordinated Indebtedness for the purposes of such covenant); or

(3) the Issuer:

    (A) gives at least 30 days' notice to Holders of the Series A Notes, holders of any Indebtedness under the Series A Senior Loan and any other Series A Indebtedness that contains a prepayment mechanism similar to this clause (3) of such redemption;

    (B) pursuant to such notice, offers to redeem or prepay, in lieu of such Series B Indebtedness, Series A Notes, Indebtedness under the Series A Senior Loan and any other Series A Indebtedness that contains a prepayment mechanism similar to this clause (3) up to the Series B Redemption Amount; and

    (C) redeems Series A Notes, Indebtedness under the Series A Senior Loan and any other Series A Indebtedness that contains a prepayment mechanism similar to this clause (3) in a principal amount equal to the aggregate principal amount of the Series A Notes and such Indebtedness requested by Holders of the Series A Notes or Holders of such Indebtedness to be redeemed; *provided* that if such requested amount exceeds the Series B Redemption Amount, the Series A Notes and such Indebtedness shall only be redeemed in a principal amount equal to the Series B Redemption Amount (in which case such Series A Notes and such Indebtedness will be redeemed pro rata in compliance with the procedures set forth in "—Selection and Notice").

Any redemption or notice under clause (3) above may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "—Selection and Notice" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, 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.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On September 1, 2018, the Issuer will redeem the Series A Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, 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).

Selection and Notice

If less than all of the Notes is to be redeemed at any time, the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis or by use of a pool factor; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 30 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax 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) and all Additional Amounts (as defined below under "—Withholding Taxes"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in position regarding the official application, administration or written interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer or any Guarantor (including any successor entity) with respect to any Guarantee, as the case may be, is, or on the next interest payment date in respect of the Notes would be, required to pay more than de minimis Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable or, where such payment method would be reasonable under the circumstances, payment through another Guarantor or the Issuer). Such Change in Tax Law must become effective on or after the Original Issue Date. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—Selection and Notice". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer or Guarantor, as the case may be, has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by the Issuer or any of the Guarantors or a successor of the Issuer or Guarantor (a "Payor") on the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by or on behalf of the Payor of the Paying Agent with respect to any Note or Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding, deduction or imposition (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or the Indenture or any Guarantee in respect thereof;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 30 days before any such withholding such be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive or any law implementing, or introduced in order to conform to, such Directive;

(6) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union; or

(7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal,

(2) purchase prices in connection with a purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar Taxes, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Guarantees, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (other than a transfer of the Notes) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such Taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "Change of Control", each Holder will have the right to require the Issuer to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (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 the Issuer shall not be obliged to repurchase Notes as described under this heading, "Change of Control", in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, 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) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) and the record date (the "Change of Control Payment Date");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish a public announcement with respect to the results of the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization 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 or its Subsidiaries in a transaction that would constitute a Change of Control.

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 withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility and the Series A Senior Loan. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. 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. See "Risk Factors—Risks Related to the Notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture".

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" 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 property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above. In addition, you should note that recent case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a change of control under clauses similar to clause (2) of the definition of "Change of Control" if the outgoing directors were to approve the new directors for the purposes of that clause.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any of the Guarantors may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Consolidated Leverage Ratio for the Issuer and its Restricted Subsidiaries is less than (x) 6.75 to 1.0, if the date of such Incurrence is prior to the one year anniversary of the Completion Date, or (y) 6.0 to 1.0, if the date of such Incurrence is on or after the one year anniversary of the Completion Date.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) €300.0 million, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing, *less* (iii) the aggregate amount of all Net Available Cash from Asset Dispositions since the Original Issue Date applied by the Issuer or any Restricted Subsidiary pursuant to the covenant described under "—Limitation on Sale of Assets and Subsidiary Stock" to repay any Indebtedness under any Credit Facility incurred pursuant to this clause (1) (and in respect of any revolving credit facility, to permanently reduce commitments thereunder);

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of (i) Indebtedness of the Issuer or any Restricted Subsidiary or (ii) any Guarantee by a Parent of Indebtedness of the Issuer or any Restricted Subsidiary, in each case, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or

(b) without limiting the covenant described under "—Limitation on Liens", Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) in the case of Indebtedness owing to and held by any Restricted Subsidiary that is not a Guarantor, to the extent such Indebtedness is not expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes and the Guarantees;

(a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes such as the New Series A Notes offered hereby), (b) any Indebtedness (other than Indebtedness Incurred under the Revolving Credit Facility or described in clause (3) of this paragraph) outstanding on the Original Issue Date and the Series A Senior Loan, (c) any Indebtedness of the Securitas Direct Group outstanding on the Completion Date, (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clauses (5), (7), (11) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (e) Management Advances and (f) any loan or other instrument contributing the proceeds of the Notes;

(5) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or the Issuer);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase

price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of 0.6% of Total Assets or €15.0 million; so long as the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed €30.0 million; *provided* that the aggregate outstanding principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to this clause (11) does not exceed at any time an amount of €20.0 million;

(12) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Original Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" in reliance thereon; and

(14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Completion Date under the Revolving Credit Facility shall be deemed initially Incurred on the Completion Date under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant, and may not be reclassified pursuant to clause (1) of this paragraph;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (13) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof; and

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "—Limitation on Indebtedness". The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "—Limitation on Indebtedness", the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Original Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Original Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. 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 Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis and the Series B Indebtedness shall not be deemed to be contractually subordinated in right of payment to the Series A Indebtedness.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding;

   (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value); and

   (c) dividends or distributions payable to any Parent in respect of Indebtedness of such Parent which is guaranteed by the Issuer or any Restricted Subsidiary.

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Indebtedness") or any Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

   (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

   (b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" after giving effect, on a pro forma basis, to such Restricted Payment; or

   (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Original Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (10), (11), (12) and (18) of the second succeeding paragraph and the aggregate amount of all redemptions made pursuant to clause (2) of "—Order of Redemption" if such redemptions are made pursuant to this first paragraph or clause (11) or (18) of the third paragraph of this covenant, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

      (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter in which the Completion Date occurred to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Original Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Original Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Original Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions; and

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Original Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary after the Original Issue Date in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (s) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Original Issue Date from an Unrestricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clause (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an officer of the Issuer, or, if such fair market value exceeds €15.0 million, by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any Restricted Payment 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 proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

   (a) (i) from Net Available Cash to the extent permitted under "—Limitation on Sales of Assets and Subsidiary Stock" below, but only if the Issuer shall have first complied with the terms described under "—Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

   (b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "Change of Control" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

   (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €10.0 million, plus €5.0 million

multiplied by the number of calendar years that have commenced since the Completion Date, plus (2) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Original Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (2), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (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 (c)(ii) of the first paragraph describing this covenant;

(7) 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 "—Limitation on Indebtedness" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed in the 2012 Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "—Limitation on Affiliate Transactions";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to 7% of the Market Capitalization; *provided* that in the case of this clause (b) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.5 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the €40.0 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Original Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Original Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends or other distributions in amounts required for a direct or indirect parent of the Issuer to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "—Limitation on Indebtedness" above; and

(18) so long as no Default or Event of Default has occurred and is continuing (or would result from), any dividend, distribution, loan or other payment to any Parent; *provided* that the Consolidated Leverage Ratio does not exceed 3.5 to 1.0 on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Original Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "—Security—Release of Liens".

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) any other agreement or instrument, in each case, in effect at or entered into on the Original Issue Date or (c) any other agreement or instrument with respect to the Securitas Direct Group, in each case, in effect at or entered into on the Completion Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under "—Merger and Consolidation"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

(4) any encumbrance or restriction:

  (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) contained in mortgages, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

  (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Original Issue Date pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in

each case, as in effect on the Original Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "—Limitation on Liens".

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(ii) Cash Equivalents;

(iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Debt), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obliged in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(iv) Replacement Assets;

(v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the third paragraph of this covenant;

(vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Debt (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of 0.4% of Total Assets and €10.0 million (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (b).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "—Limitation on Indebtedness" or any Refinancing Indebtedness in respect thereof; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) unless included in (1)(i), prepay, repay, purchase or redeem Notes or Indebtedness (provided that the Issuer must first commence and complete an offer to holders of Series A Indebtedness to prepay, repay, purchase or redeem such Indebtedness before making any such offer to holders of Series B Indebtedness) that is secured by a Lien on the Collateral that is not subordinated in

right of payment to the Notes or Guarantors of the Notes at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral; *provided* that the Issuer shall prepay, repay, purchase or redeem Indebtedness (other than the Notes) pursuant to clause (ii) or (iii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) purchase Notes (i) pursuant to an offer to all Holders of the Series A Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (ii) *provided* that (A) there are no Series A Notes outstanding or (B) an offer to Holders of the Series A Notes pursuant to clause (i) was commenced and completed, purchase Notes pursuant to an offer to all Holders of the Series B Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (1), (3), (4), (5) or (6) of this paragraph, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment if consummated, (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date;

provided, *however*, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, subject to certain agreed security principles, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Original Issue Date) referred to in this covenant in favor of the Notes on a first-ranking basis.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "Excess Proceeds". Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €30.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("Asset Disposition Offer") to all Holders (first to holders of the Series A Notes, then, provided any Excess Proceeds remain, to Holders of the Series B Notes) and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness (first to holders of Series A Indebtedness, then, provided any Excess Proceeds remain, to holders of Series B Indebtedness), to purchase the maximum principal amount of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the *Pari Passu* Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased by it pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries 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 (any such transaction or series of related transactions being an "Affiliate Transaction") involving aggregate value in excess of €5.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable

transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €15.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €30.0 million, the Issuer has received a written opinion (a "Fairness Opinion") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments", any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "—Limitations on Restricted Payments") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (8), (9) and (11) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Original Issue Date or Completion Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer

or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €3.0 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors in good faith;

(12) any transactions which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view;

(13) investments by any of the Investors in securities of any of the Issuer's Restricted Subsidiaries (and the payment of reasonable out of pocket expenses of the Investors in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities; and

(14) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ended December 31, 2011, annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to information in the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business"; (ii) pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such pro forma information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material risk factors and material subsequent events; and (vi) Consolidated EBITDA; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ended March 31, 2012, quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions,

dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (*provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials); (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, Consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not “affiliates” under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer’s website 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 to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the paying agent in Luxembourg.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Guarantors or non Guarantor Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the 2012 Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

For purposes this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer’s (a) Consolidated Net Sales or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer’s subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this “*Reports to Holders*” covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer. For purposes of this covenant and any calculation to be made under the Indenture, the Issuer may use the financial statements of a predecessor of the Issuer or Securitas Direct for reporting or making calculations with respect to periods commencing prior to the Completion Date.

All reports provided pursuant to this “Reports” covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such 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 the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" or (b) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "—Limitation on Indebtedness".

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "Merger and Consolidation" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "—Limitation on Sales of Assets and Subsidiary Stock" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

The Guarantors

None of the Guarantors (other than a Guarantor whose guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation),

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into it

unless

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee); and

(2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibition in clauses (1), (2) and (3) of this covenant shall not apply to the extent that compliance with clauses (A) and (B) (1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses.

The provisions set forth in this "Merger and Consolidation" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "—Issuer" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided, however*, that clauses (1), (2) and (4) under the heading "—The Issuer" or "—The Guarantors", as the case may be, shall apply to any such transaction.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Original Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes: "—Limitation on Restricted Payments", "—Limitation on Indebtedness", "—Limitation on Restrictions on Distributions from Restricted Subsidiaries", "—Certain Covenants—Limitation on Affiliate Transactions", "—Limitation on Sales of Assets and Subsidiary Stock", the provisions of clause (3) of the first paragraph of the covenant described under "—Merger and Consolidation" and "—Impairment of Security Interest" and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "—Limitation on Restricted Payments" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Original Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "—Limitation on Indebtedness". In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence 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 shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and 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, except that (i) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions 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, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, the Series A Senior Loan, any Credit Facility or any other Public Debt of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to agreed security principles and could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction (2) any ris k or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary.

Future Guarantees granted pursuant to this provision shall be released as set forth under "—Releases of the Guarantees". A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Original Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Original Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. 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 Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests".

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries (or for the purpose of giving effect to the ranking of such Indebtedness under "—Right of Payment") of any (1) Indebtedness permitted pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "—Limitation on Indebtedness" and (2) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interest; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the written 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 to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or a Guarantor that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the 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 or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) 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 "—Limitation on Restricted Payments".

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Trustee.

Business Activities

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Similar Businesses, except to the extent that would not be material to the Issuer and its Restricted Subsidiaries taken as a whole.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the New Notes Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

    and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €25.0 million or more or (ii) such Indebtedness is incurred pursuant to clause (1) of the second paragraph of the "—Limitation on Indebtedness" covenant secured by Collateral that is granted the benefit of super senior priority rights on the proceeds of enforcement of Collateral under the Intercreditor Agreement, and (A) the initial 30 day consultation period under the Intercreditor Agreement with respect to the enforcement of such Indebtedness has expired, (B) certain insolvency events have occurred or (C) the consultation period under the Intercreditor Agreement does not apply because the Majority Super Senior Creditors have determined in good faith that to enter into consultation could reasonably be expected to reduce the amount likely to be realized upon enforcement such that the obligations owed to them would not be discharged in full and have instructed the securing agent as to the enforcement of the Collateral;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €25.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(7) 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 and except through the gross negligence or willful misconduct of the Trustee or Security Agent) 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 invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Guarantee of the Issuer or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

If 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 indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee 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 to pursue the remedy;

(3) such Holders have offered the Trustee security 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 or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is 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 are 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 Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. 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 or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Senior Secured Notes Documents may be amended, supplemented or otherwise modified with the consent of the Majority Voting Creditors (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Majority Voting Creditors (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of the Super Majority Voting Creditors, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "—Optional Redemption";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the 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 such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "—Withholding Taxes" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all the security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence;

provided, *however*, that if such amendment or waiver described in clauses (2), (3) and (4) above only affects or would only affect Holders of the Series A Fixed Rate Notes, Series A Floating Rate Notes or Series B Notes, and does not or would not affect Holders of the Notes generally, only the consent of Holders of not less than 90% of the then outstanding principal amount of Series A Fixed Rate Notes, Series A Floating Rate Notes or Series B Notes, respectively, shall be required, and such amendment or waiver shall not require the consent of the Super Majority Voting Creditors.

Notwithstanding the foregoing, without the consent of any Voting Creditor, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Senior Secured Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Senior Secured Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Senior Secured Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "—Certain Covenants—Limitation on Indebtedness", to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, a Guarantee, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Senior Secured Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility or the Series A Senior Loan, in any property which is required by the Security Documents, the Revolving Credit Facility or the Series A Senior Loan (as in effect on the Original Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "—Certain Covenants—Impairment of Security Interest" is complied with; or

(10) as provided in "—Certain Covenants—Additional Intercreditor Agreements".

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Senior Secured Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its obligations under the covenants described under "—Certain Covenants" (other than clauses (1) and (2) of "—Certain Covenants—Merger and Consolidation") and "—Change of Control" and the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "—Events of Default" above ("covenant defeasance").

The Issuer at its option at any time 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 to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "—Certain Covenants—Merger and Consolidation"), (3), (4), (5) (with respect only to the Issuer and Significant Subsidiaries), (6), (7) or (8) under "—Events of Default" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, 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:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize 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 in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the 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 Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) 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; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to 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 (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Senior Secured Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Wilmington Trust, National Association is to be appointed as Trustee under the Indenture. The Indenture will provide 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 that a prudent Person would use in conducting its own affairs under the circumstances. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set 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, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) 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 6 months may petition any court for removal of the Trustee and 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 will contain provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes of the Issuer listed on the Luxembourg Stock Exchange will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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 such Holder 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.

Prescription

Claims against the Issuer for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, 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, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro 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 euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis 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 a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) 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, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the Notes and the Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

"*2012 Offering Memorandum*" means the offering memorandum in relation to the Existing Series A Notes and Series B Notes dated February 10, 2012.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means the acquisition of Targets by the Issuer (indirectly) pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the share sale and purchase agreement, dated as of June 23, 2011, by and among the Swedish Purchaser, through an assignment and novation from Dream HoldCo AB (formerly Lagrummet nr 1933 AB), and the Spanish Purchaser, through an assignment and novation from Global Sudong, S.L.U.

"*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.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), 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. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(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 of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "—Certain Covenants—Merger and Consolidation" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than €5.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock", asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "—Certain Covenants—Limitation on Liens";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) 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;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any 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), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed €5.0 million;

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale of by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by the covenant described above under "—Limitation on Indebtedness" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "—Limitation on Sales of Assets and Subsidiary Stock" covenant; and

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of this Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, Sweden, London, United Kingdom, or New York, New York, United States are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Original Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper 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 the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union, Switzerland, Sweden or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Sweden, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Original Issue Date and of the Securitas Direct Group on the Completion Date.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Original Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Original Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, a *société anonyme* as currently in effect or any successor securities clearing agency.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Completion Date*" means September 2, 2011.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person;

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any Additional Amounts with respect to the Notes included in interest expense under IFRS.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, multiplied by 2.0. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "Calculation Date"), then the Consolidated Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided*, *however*, that the pro forma calculation shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Limitation on Indebtedness" (other than for the purposes of the calculation of the Consolidated Leverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Limitation on Indebtedness".

In addition, for purposes of calculating the Consolidated Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness, and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Leverage shall be treated in accordance with IFRS.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer 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 shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Original Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility, the Series A Senior Loan and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Original Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries", except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions), acquisition costs, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments";

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized 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 charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Sales*" shall at all times be determined and reported on the same basis as set out in:

(1) the audited annual consolidated financial statements of the Swedish Target for the financial year ending on 31 December 2010; and

(2) the quarterly financial statements of Swedish Target for the 12 month period ending on 31 March 2011.

"*Consolidated Series A Leverage*" means the sum of the aggregate outstanding Series A Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Series A Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Series A Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, multiplied by 2.0, in each case calculated with such pro forma and other adjustments as are consistent with the pro forma provisions set forth in the definition of Consolidated Leverage Ratio.

"*Consolidated Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, multiplied by 2.0, in each case calculated with such pro forma and other adjustments as are consistent with the pro forma provisions set forth in the definition of Consolidated Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including 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, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which 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 (as determined in good faith by the Issuer) of non-cash 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, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock".

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Series B Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" 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.

"*Euroclear*" means Euroclear Bank S.A./N.V. or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Original Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "Description of the Notes" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "Description of the Notes" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will 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 any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Original Issue Date.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*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 or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of 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 service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of 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, however*, that the amount of such Indebtedness will 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) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Original Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Original Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*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 Investors*" means any funds or limited partnerships managed or advised by Bain Capital, Ltd. or Hellman & Friedman LLC or any of their respective Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by Bain Capital, Ltd. or Hellman & Friedman LLC or any of their Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or Bain Capital, Ltd. or Hellman & Friedman LLC from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated on or about the Original Issue Date, by and among, *inter alios*, the Issuer, Nordea Bank AB (publ), as senior agent, the Security Agent and the Trustee, as amended from time to time.

"*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 to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (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), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments".

For purposes of "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

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.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when all of the Notes receive both of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*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).

"*Majority Voting Creditors*" means Voting Creditors holding a majority in principal amount of the aggregate of the Notes and Series A Senior Loan then outstanding.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is 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, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Mezzanine Loan*" means the mezzanine term loan facility established pursuant to the secured subordinated mezzanine facility agreement dated August 15, 2011, among, *inter alios*, the Issuer, the lenders (as named therein), The Bank of New York Mellon, as agent, and Nordea Bank AB (publ), as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, 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:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*", with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"New Notes Issue Date" means , 2013

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*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 reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Original Issue Date*" means February 15, 2012.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Original Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent, (c) any taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €500,000 in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

   (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary,

   (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

   (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock".

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral that are described in one or more of clauses (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (19), (20), (23) and (24) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(2) Liens on the Collateral to secure (a) any Additional Notes, (b) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness", (c) Indebtedness that is permitted to be Incurred under clauses (1) (which Indebtedness may have super senior priority status not materially less favorable to Holders than that accorded to the Revolving Credit Facility on the Completion Date pursuant to the Intercreditor Agreement), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4) (other than subclauses (e) and (f) of such clause), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" and (d) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (a), (b) or (c); and

(3) Liens Incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed €5.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money or business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business,

provided, *however*, that in the case of clause (2)(b) (including any Additional Notes Incurred under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness") if such Lien is *pari passu* with the Liens securing the Notes, after giving pro forma effect to such Incurrence on that date and the application of proceeds therefrom, the Consolidated Senior Secured Leverage Ratio would have been no more than 4.50 to 1.00 and, if such Lien secures Series A Indebtedness, after giving pro forma effect to such Incurrence on that date and the application of proceeds therefrom, the Consolidated Series A Leverage Ratio would have been no more than 3.25 to 1.00.

"*Permitted Holders*" means, collectively, (1) the Initial Investors (and their Affiliates), (2) Senior Management, (3) any Related Person of any Persons specified in clause (1) or (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investment in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances and any advances or loans not to exceed €2.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Issuer or a Parent of the Issuer;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Original Issue Date, and any extension, modification or renewal of any such Investment; provided that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Original Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "—Certain Covenants—Limitation on Indebtedness";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 1.6% of Total Assets and €40.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Limitation on Liens";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions" (except those described in clauses (1), (3), (8), (9) and (12) of that paragraph);

(15) Guarantees not prohibited by the covenant described under "—Certain Covenants—Limitation on Indebtedness" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(16) Investments in loans under the Revolving Credit Facility, the Series A Senior Loan or the Mezzanine Loan of the Issuer, the Notes and any Additional Notes.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) (a) Liens existing on, or provided for or required to be granted under written agreements existing on, the Original Issue Date and (b) with respect to the Securitas Direct Group, Liens existing on, or provided for or required to be granted under written agreements existing on, the Completion Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such 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 Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, 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 arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) [Reserved];

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Revolving Credit Facility and the Series A Senior Loan and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement; and

(31) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed €15.0 million.

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

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which 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 Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), 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.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables 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 Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings,

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (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 refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any 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 and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Series B 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 the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

    (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

    (b) issuing or holding Subordinated Shareholder Funding;

    (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

    (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

    (e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "—Certain Covenants—Limitation on Restricted Payments"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its 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 Subsidiaries.

"*Replacement Assets*" means non current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors of the Issuer are reasonably related.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility established pursuant to the super senior revolving facility agreement dated August 14, 2011, among, *inter alios*, the Issuer, the senior lenders (as named therein), Nordea Bank AB (publ), as agent, and Nordea Bank AB (publ), as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securitas Direct*" means Securitas Direct AB.

"*Securitas Direct Group*" means Securitas Direct together with its subsidiaries.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is Incurred under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or clauses (1), (4), (11) or (13) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof, in each case secured by a Lien on the Collateral (excluding Indebtedness to the extent secured on a junior priority basis).

"*Senior Secured Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Series A Indebtedness*" means, with respect to any Person as of any date of determination, any Senior Secured Indebtedness that (a) ranks *pari passu* in right of priority and payment with the Series A Notes, as described in "—Right of Payment" or (b) ranks *pari passu* in right of payment with the Notes (which, for purposes of clarification shall not include any Indebtedness permitted under the Indenture to be secured by a Lien that has super senior priority status) and is not Series B Indebtedness, to the extent that upon any date of determination such *pari passu* Indebtedness would be satisfied prior to the Series B Notes upon enforcement (after giving effect to the priority of payment provisions set forth in "—Right of Payment").

"*Series A Senior Loan*" means the senior secured bridge term loan facility established pursuant to the senior secured bridge facility agreement dated August 14, 2011 and amended on the Original Issue Date, among, *inter alios*, the Issuer, the lenders (as named therein), Nordea Bank AB (publ), as agent, and Nordea Bank AB (publ), as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time, including any permanent term loans issued with respect thereto.

"Series B Indebtedness" means, with respect to any Person as of any date of determination, any Senior Secured Indebtedness that ranks *pari passu* in right of priority and payment with the Series B Notes, as described in "—Right of Payment".

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Original Issue Date, (b) the home and business security business and (c) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Spanish Operating Company*" means Securitas Direct España, S.A.U., a company organized under the law of Spain and a wholly owned subsidiary of the Spanish Target.

"*Spanish Purchaser*" means Dream Spanish Bidco, S.A.U., now merged into ESML SD Iberia Holding, S.A.U.

"*Spanish Target*" means ESML SD Iberia Holding, S.A.U.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "—Change of Control" and the covenant under "—Limitation on Sales of Assets and Subsidiary Stock", to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Original Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement, including any Subordinated Shareholder Funding but not including the Series B Notes or any other Series B Indebtedness.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Series A Notes (other than

through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Series A Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Series A Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Series A Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Series A Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Series A Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Original Issue Date with respect to the "Shareholder Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

    (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Original Issue Date).

"*Super Majority Voting Creditors*" means Voting Creditors holding not less than 90% of the then outstanding principal amount of Notes or Indebtedness under the Series A Senior Loan affected.

"*Swedish Purchaser*" means Dream Purchaser AB, now merged into Securitas Direct AB.

"*Swedish Target*" means Securitas Direct AB.

"*Targets*" means, together, the Swedish Target and the Spanish Target.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized 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 organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) 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:

(a) any lender under the Revolving Credit Facility,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than 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 organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) 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, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in

each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the balance sheet of such Person prepared on the basis of IFRS.

"*Transactions*" shall have the meaning assigned to such term in the 2012 Offering Memorandum under the caption "The Transactions".

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unperfected Swedish Law Security Interest*" means, until the occurrence of an enforcement event under the relevant Security Document governed by Swedish law, any Collateral granted by any person other than Dream Purchaser AB (the "Swedish Purchaser", now merged into Securitas Direct AB), the Issuer or any Holding Company of the foregoing entities over any assets or business constituting Collateral granted pursuant to such Security Document that, in accordance with its terms, will not be perfected until such enforcement event has occurred and has not become perfected pursuant to the occurrence of such enforcement event.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "—Certain Covenants—Limitation on Restricted Payments".

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. 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 Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Creditors*" means the Holders of the Notes and the holders of any Indebtedness under the Series A Senior Loan, from time to time.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly-Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly-Owned Subsidiary) is owned by the Issuer or another Wholly-Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

The New Series A Notes sold to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The New Series A Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 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 Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (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 who 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 issued in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000. 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 Notes for any purpose.

The New Series A Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the corresponding Existing Series A Floating Rate Notes, and will also bear an applicable restrictive Securities Act legend described under "Transfer Restrictions". In the case of the New Series A Notes offered hereby in reliance upon Regulation S, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Regulation S, and the restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) 40 days after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws. In the case of the New Series A Notes offered hereby in reliance upon Rule 144A, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Rule 144A, and the Rule 144A restrictive legend (described in clause (7) under "Transfer Restrictions") will be removed at the earlier of (1) one year after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or the common depositary's nominee), will be considered the sole holders of the Global Notes for all purposes under the Indenture governing the Notes. In addition, participants must rely on the procedures of Euroclear and 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 of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders 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 Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand 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) or by lot or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements; *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the paying agent. The paying agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts", we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect 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, the paying agents, registrar and the Trustee will treat the registered holders of the Global Notes (i.e., 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 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 Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

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 euro.

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 below) only at the direction of one or more participants to whose account the Book-Entry Interests 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.

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 of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder of Notes 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 out in the Indenture.

The Global Notes will have a legend to the effect set forth under "Transfer Restrictions". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions".

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 144 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 Rule 144A Book-Entry Interests 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 QIB 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 "Transfer Restrictions" 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 Rule 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 us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through either Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof.

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 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. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We 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, we are 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. In the event of the transfer of any Definitive Registered Note, the Trustee, the transfer agents and the registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such 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 the transfer agent, we will issue and the Trustee (or an authentication agent appointed by it) will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements 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 agents 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 us 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 for Book-Entry Interests in the Global Notes 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 "Transfer Restrictions".

Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Issuer's paying agent in London.

To the extent permitted by law, the Issuer, the Trustee, the paying agents, the transfer agents and the registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the registrar, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide 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 we nor the initial purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. 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 organizations. 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 custodial 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 definitive 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 admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's 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 us, the Trustee or the paying agents 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 euro. 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.

TAX CONSIDERATIONS

Prospective purchasers of the New Series A Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of New Series A Notes including, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the New Series A Notes or any interest therein.

References in this discussion to New Series A Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the book-entry interests held by purchasers in the New Series A Notes in global form deposited with, and registered in the name of a common depositary for Euroclear or Clearstream.

U.S. Federal Income Taxation

General

UNITED STATES IRS CIRCULAR 230: To ensure compliance with Internal Revenue Service ("IRS") Circular 230, you are hereby notified that: (i) any discussion of U.S. federal tax issues in this offering memorandum is not intended or written to be relied upon, and cannot be relied upon, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code of 1986, as amended (the "Code"); (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) holders should seek advice based on their particular circumstances from an independent tax advisor.

The following summary describes certain U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposal of New Series A Notes by U.S. Holders (as defined below) who purchase the New Series A Notes in the offering for cash at the price indicated on the cover of this offering memorandum. This summary only addresses U.S. federal income tax considerations of U.S. Holders that will hold the New Series A Notes as capital assets (within the meaning of Section 1221 of the Code). It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the New Series A Notes. In particular, this summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons that will hold New Series A Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (vi) persons that have a "functional currency" other than the U.S. dollar; (vii) regulated investment companies; (viii) tax-deferred accounts; (ix) S corporations; (x) partnerships or other pass-through entities for U.S. federal income tax purposes or investors in such entities; (xi) real estate investment trusts; (xii) taxpayers subject to the alternative minimum tax; (xiii) persons that have ceased to be U.S. citizens or lawful permanent residents of the United States; and (xiv) persons that hold a direct or indirect equity interest in the Issuer. Further, this summary does not address U.S. federal estate and gift tax consequences or state, local or non-US tax consequences.

This summary is based on the Code and U.S. Treasury regulations and judicial and administrative interpretations thereof, as at the date of this offering memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. We have not and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the acquisition, ownership and disposal of New Series A Notes that are different from those discussed below. For purposes of this summary, a "U.S. Holder" is a beneficial owner of a New Series A Note that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized 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 taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 20, 1996 and has properly elected to continue to be treated as a U.S. person.

If any entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes holds New Series A Notes, the tax treatment of a partner in or owner of the partnership or other pass-through entity will generally depend upon the status of the partner or owner and the activities of the partner and the entity. Partnerships or other pass-through entities, and holders that are a partner in or owner of a partnership or other pass-through entity, that are considering holding New Series A Notes should consult their own tax advisors.

Each prospective investor should consult its own independent tax advisor with respect to the U.S. federal (including income, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. U.S. Holders should also review the discussions under "—Sweden Taxation" and "—UK Taxation" for the Swedish and UK tax consequences to a U.S. Holder of the ownership of Notes.

Qualified Reopening

The Issuer intends to treat the issuance of the New Series A Notes as a "qualified reopening" for U.S. federal income tax purposes. If the issuance of the Series A Notes is so treated, then the New Series A Notes issued pursuant to this offering will be deemed to have the same issue date, the same issue price (93.000%) and the same adjusted issue price as the Existing Series A Floating Rate Notes even though, considered separately, the New Series A Notes offered hereby might be considered to be issued at a premium or discount. The remainder of this discussion assumes that the issuance of the New Series A Notes will be treated as a qualified reopening of the Existing Series A Floating Rate Notes and that such New Series A Notes will be purchased at a premium to par.

Pre-Issuance Accrued Interest

A portion of the price paid for the New Series A Notes offered hereby may be allocable to interest that accrued prior to the date such New Series A Notes offered hereby are purchased (the "pre-issuance accrued interest"). In such circumstances, the Issuer intends to take the position that, on the first interest payment date, a portion of the interest received in an amount equal to the pre-issuance accrued interest will be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the New Series A Notes offered hereby. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received but should reduce the U.S. Holder's adjusted tax basis in the New Series A Notes offered hereby by a corresponding amount (in the same manner as would a payment of principal). The remainder of this discussion assumes that the New Series A Notes will be so treated, and all references to stated interest in the remainder of this discussion exclude references to pre-issuance accrued interest.

Additional Payments

In certain circumstances (see "Description of the Notes—Withholding Taxes", "Description of the Notes—Certain Covenants—Change of Control" and "Description of the Notes—Optional Redemption"), we may be obligated to pay amounts in excess of stated interest or principal on the New Series A Notes.

If any such payment is treated as a contingent payment, subject to certain exceptions, the New Series A Notes may be treated as contingent payment debt instruments, in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences discussed herein. Although the issue is not free from doubt, we intend to take the position that the possibility of such additional amounts being paid on the New Series A Notes is remote or incidental and therefore does not result in the New Series A Notes treated as contingent payment debt instruments under applicable Treasury regulations. Therefore, we do not intend to treat the potential payment of additional interest or the potential payment of a premium pursuant to the optional redemption or change of control provisions as part of the yield to maturity of the New Series A Notes.

Our determination that this contingency is remote or incidental is binding on a U.S. Holder, unless such U.S. Holder explicitly discloses to the IRS on its tax return for the year during which it acquires the New Series A Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. Holder may be required to accrue interest income on the New Series A Notes based upon a comparable yield, regardless of the holder's method of accounting and the New Series A Notes will not be fungible with the Existing Series A Floating Rate Notes. The "comparable yield" is the yield at which we would issue a fixed-rate debt instrument with no contingent payments, but with terms and conditions similar to those of the New Series A Notes. In addition, any gain on the sale, exchange, retirement or other taxable disposition of the New Series A Notes would be recharacterized as ordinary income. U.S. Holders of New Series A Notes should consult their tax advisors regarding the tax consequences of the New Series A Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the New Series A Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

Subject to the discussion relating to amortizable bond premium, below, stated interest paid on a New Series A Note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of stated interest (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, redemption, retirement or other disposal of a Note) will be required to include in income the U.S. dollar value of the euro payment received (determined based on the spot rate on the date the payment is received), regardless of whether the payment is in fact converted to U.S. dollars at that time. A cash basis U.S. Holder will not realize foreign currency exchange gain or loss on the receipt of stated interest income but may recognize exchange gain or loss attributable to the actual disposal of the euro received.

A U.S. Holder who uses the accrual method of accounting will accrue stated interest income in euro and translate that amount into U.S. dollars based on the average spot rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the applicable taxable year. Alternatively, an accrual method U.S. Holder may elect to translate stated interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of such taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. Whether or not such election is made, a U.S. Holder that uses the accrual method will recognize foreign currency gain or loss with respect to accrued stated interest income on the date the interest payment (or proceeds from a sale, exchange, redemption, retirement or other disposal attributable to accrued interest) is actually received. The amount of foreign currency gain or loss recognized will equal the difference between the U.S. dollar value of the euro payment received (determined based on the spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of stated interest income that has accrued during the accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Interest received by a U.S. Holder will be treated as foreign source income for purposes of calculating that holder’s foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Amortizable Bond Premium

If a U.S. Holder has a tax basis in a New Series A Note that is greater than its principal amount (not including any amount paid for pre-issuance accrued interest), then the holder will be considered to have purchased the New Series A Note with “bond premium” in an amount equal to such excess. In such case, the U.S. Holder would not be required to include original issue discount (“OID”) in gross income in respect of such New Series A Note. In addition, if a U.S. Holder makes (or has made) a proper election under Section 171 of the Code, then such holder may amortize any bond premium over the term of such New Series A Note as an offset to qualified stated interest income on the New Series A Note, subject to certain limitations when the bond is subject to early redemption at a premium. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the Issuer) or that is treated as constructively received, at least annually at a single fixed rate or, under certain circumstances discussed below, at a variable rate. Any such election to amortize bond premium will apply to all taxable debt instruments held or subsequently acquired by such U.S. Holder on or after the first day of the first taxable year to which the election applies and cannot be revoked without permission from the IRS. If a U.S. Holder makes an election to amortize bond premium, then the bond premium will be amortizable on a constant yield method over the term of the New Series A Note, subject to certain limitations, and such holder’s tax basis in the New Series A Note must be reduced by the amount of the aggregate amortization deductions allowable for the bond premium. Bond premium will be computed in euros. An electing U.S. Holder may recognize exchange gain or loss equal to the difference between the U.S. dollar value of the bond premium amortized with respect to a period determined on the date the interest attributable to such period is received and the U.S. dollar value of that portion of the bond premium determined on the date of the acquisition of the New Series A Notes. If a U.S. Holder does not make such an election, the bond premium will be included in such holder’s tax basis in the New Series A Note and, therefore, such bond premium will be taken into account in computing the gain or loss recognized on such holder’s disposition of the New Series A Note. U.S. Holders are urged to consult their own tax advisors regarding the availability of the deduction for amortizable bond premium.

Variable Rate Notes

In the case of a variable rate New Series A Note, special rules apply. In general, if a New Series A Note qualifies for treatment as a "variable rate debt instrument" under Treasury regulations and provides for stated interest that is unconditionally payable at least annually at a variable rate that, subject to certain exceptions, is a single "qualified floating rate" or "objective rate," each as defined below, all stated interest on the New Series A Note is treated as qualified stated interest. In that case, both the New Series A Note's "yield to maturity" and "qualified stated interest" will be determined, solely for purposes of calculating the accrual of OID or the offset of amortizable bond premium as though the New Series A Note will bear interest in all periods throughout its term at a fixed rate generally equal to the rate that would be applicable to interest payments on the New Series A Note on its date of issue or, in the case of an objective rate (other than a "qualified inverse floating rate"), the rate that reflects the yield to maturity that is reasonably expected for the New Series A Note. A U.S. Holder of a variable rate debt instrument would then, subject to the discussions relating to amortizable bond premium, recognize OID that is calculated based on the New Series A Note's assumed yield to maturity. If the interest actually accrued or paid during an accrual period exceeds or is less than the assumed fixed interest, the qualified stated interest or OID allocable to that period is increased or decreased under rules set forth in Treasury regulations.

A variable rate New Series A Note will qualify as a variable rate debt instrument if the New Series A Note's issue price does not exceed the total noncontingent principal payments by more than the lesser of: (i) .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or (ii) 15% of the total noncontingent principal payments; and the New Series A Note provides for stated interest, compounded or paid at least annually, only at one or more qualified floating rates, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate. Generally, a rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated. Generally, an objective rate is a rate that is determined using a single fixed formula that is based on objective financial or economic information such as one or more qualified floating rates. An objective rate is a qualified inverse floating rate if that rate is equal to a fixed rate minus a qualified floating rate and variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

A variable rate New Series A Note generally will not qualify for treatment as a "variable rate debt instrument" if, among other circumstances: the variable rate of interest is subject to one or more minimum or maximum rate floors or ceilings or one or more governors limiting the amount of increase or decrease in each case which are not fixed throughout the term of the New Series A Note and which are reasonably expected as of the issue date to cause the rate in some accrual periods to be significantly higher or lower than the overall expected return on the New Series A Note determined without the floor, ceiling, or governor; in the case of certain debt securities, it is reasonably expected that the average value of the variable rate during the first half of the term of the New Series A Note will be either significantly less than or significantly greater than the average value of the rate during the final half of the term of the New Series A Note; or the value of the rate on any date during the term of the New Series A Note is set earlier than three months prior to the first day on which that value is in effect or later than one year following that first day. In these situations, as well as others, the New Series A Note generally will be subject to taxation under rules applicable to contingent payment debt instruments.

We believe the New Series A Notes will qualify as variable rate debt instruments. U.S. Holders should consult with their own tax advisors regarding the specific U.S. federal income tax considerations with respect to these New Series A Notes.

Disposal of a New Series A Note

Upon the sale, exchange, redemption, retirement or other taxable disposal of a New Series A Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on such disposal (except to the extent any amount realized is attributable to accrued but unpaid interest, which is taxable as described under "—Payments of Stated Interest") and the U.S. Holder's adjusted tax basis in the New Series A Note. For these purposes, all receipts on the New Series A Notes will be viewed first as payments of stated interest payable on the Notes and then as the receipt of principal.

A U.S. Holder's adjusted tax basis will generally be the U.S. dollar value of the euro paid for the New Series A Note, determined on the date of purchase (which generally should be the closing date), reduced by any principal payments on such New Series A Note received by such holder (minus a portion attributable to the pre-issuance accrued interest and the amount of any amortizable bond premium previously taken into account with respect to the New Series A Note prior to the date of such sale, exchange, redemption, retirement or other taxable disposal). The amount realized on the sale, exchange, redemption, retirement or other disposal of a New Series A Note for an amount of foreign currency will generally be the U.S. dollar value of such foreign currency based on the spot exchange rate on the date the New Series A Note is disposed of; *provided*, *however*, that if the New Series A Notes are traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposal. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. If the New Series A Notes are not traded on an established securities market (or, if the New Series A Notes are so traded, but a U.S. Holder is an accrual basis taxpayer that has not made the settlement date election), a U.S. Holder will recognize foreign currency gain or loss (taxable as ordinary income or loss) to the extent that the U.S. dollar value of the euro received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realized based on the spot rate on the disposal date.

Except as discussed below with respect to foreign currency gain or loss on a New Series A Note attributable to currency fluctuations, any gain or loss realized by a U.S. Holder on the disposal of a New Series A Note will be U.S. source capital gain or loss and will be treated as long-term capital gain or loss if the New Series A Note has been held for more than one year at the time of the disposal of the New Series A Note. For certain non-corporate holders (including individuals), any such long-term capital gain may be eligible for U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, retirement, redemption or other taxable disposal of a New Series A Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder’s purchase price for the New Series A Note, determined using the spot rate on the date the New Series A Note is retired or disposed of, and (ii) the U.S. dollar value of the U.S. Holder’s purchase price for the New Series A Note, determined using the exchange rate on the date the U.S. Holder acquired the New Series A Note (or, in each case, determined using the spot rate on the settlement date if the New Series A Notes are traded on an established securities market and the holder is either a cash basis or an electing accrual basis holder). Payments received that are attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange, retirement, redemption or other disposal of the New Series A Note. Generally, the foreign currency gain or loss will be U.S. source ordinary income or loss.

Exchange of Foreign Currencies

A U.S. Holder’s tax basis in the euro received as interest on or on the sale or other disposal of a New Series A Note will be the U.S. dollar value of such euro at the time described above. Any gain or loss recognized by a U.S. Holder on a sale, exchange or other disposal of the euro will be ordinary income or loss and generally will be U.S. source income or loss for U.S. foreign tax credit purposes.

Recently Enacted Legislation

Certain U.S. Holders who are individuals, estates or trusts are required to pay a 3.8% tax on net investment income, including on interest and capital gains, for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, certain U.S. Holders who are individuals are required to report information relating to an interest in our New Series A Notes, subject to certain exceptions (including an exception for New Series A Notes held in an account maintained by certain financial institutions). If a U.S. Holder fails to report information required under this legislation, the U.S. Holder could become subject to substantial penalties. Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the New Series A Notes.

Tax Return Disclosure Requirements

Certain U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions cover transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses that exceed a certain threshold. Persons considering the purchase of New Series A Notes should consult with their own tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the New Series A Notes or the disposal of euro, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments to U.S. Holders of interest or principal on the New Series A Notes and to the proceeds of a sale, exchange or other disposal (including a retirement or redemption) of a New Series A Note. Backup withholding may be required if the U.S. Holder fails (i) to furnish the U.S. Holder's correct taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability and any excess may result in a refund, provided that the required information is timely furnished to the IRS.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE PURCHASERS OF THE NEW SERIES A NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, ESTATE, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.

Sweden Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes (if not otherwise stated) and to payments under the Notes Guarantees. The summary is based on Swedish legislation as currently in effect and is intended to provide general information only. The summary does not cover tax issues in cases where Notes are held as current assets in business operations or by a partnership and does not address situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*). The tax consequences for investors depend in part on their particular circumstances. Specific tax rules apply to certain categories of investors, e.g., life insurance companies. Investors should consult professional tax advisors regarding tax consequences of acquiring, owning and disposing of Notes in their particular circumstances.

Holders Resident in Sweden

General

The disposal (including redemption) of a Note is subject to capital gains taxation. The capital gain or the capital loss is computed as the difference between the consideration (less selling expenses) and the tax acquisition value of the Note.

When computing the capital gain or the capital loss, the acquisition value for all Notes of the same class and type shall be added together and computed collectively in accordance with the "average" method (Sw. *genomsnittsmetoden*).

A currency gain or loss is included in the computation of the capital gain or capital loss.

Private Individuals

All capital income such as interest and capital gains on the Notes are taxed in the capital income category for private individuals and estates of deceased persons. The tax rate is 30%. A capital loss on the Notes is fully deductible in the same income category, provided the Note is listed.

Should a net loss arise in the capital income category a reduction is granted of the tax on income from employment and business operations, as well as property tax. This tax reduction is granted at 30% of the net loss that does not exceed SEK100,000 and at 21% of any remaining net loss. An excess net loss cannot be carried forward to future years.

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased person) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes are also normally withheld on other return on the Notes (but not capital gains) if the return is paid out together with an amount considered to be interest for Swedish tax purposes.

Limited Liability Companies

For limited liability companies (Sw. *aktiebolag*), all income, including interest and capital gains, is taxed as income from business activities at a rate of 22% (for financial years commencing from January 1, 2013). Deductible capital losses on the Notes may normally be fully offset in the income from business activities category.

Currency gains and losses, as well as interest income, are generally treated for tax purposes in accordance with the accounting treatment.

Nonresident Investors

Under current Swedish tax law, payment of interest and repayment of principal by the Issuer under the Notes will be made free of withholding or deduction for or on account of Swedish tax.

Nonresident investors are not taxable in Sweden in respect of the Notes as long as the investor does not have a permanent establishment in Sweden to which the Notes are effectively connected.

UK Taxation

The comments below are of a general nature and are based on the Issuer's understanding of current UK law and HM Revenue & Customs ("HMRC") practice. Some aspects do not apply to certain classes of person (such as securities dealers and persons connected with the Issuer) to whom special rules may apply. Any prospective holders of the Notes who may be subject to tax in a jurisdiction other than the United Kingdom or who are in doubt as to their tax position should consult their own professional advisors.

Provision of Information

Holders of the Notes may wish to note that HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the UK who either pays interest to or receives interest for the benefit of an individual. HMRC also has power in certain circumstances to obtain information from any person in the UK who either pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or receives such amounts for the benefit of, an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Sale, Exchange and Redemption of Notes

UK Corporation Taxpayers

In general, holders of the Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to interest, currency fluctuations or otherwise) broadly in accordance with their statutory accounts, calculated in accordance with generally accepted accounting practice, and as such no chargeable gain for the purposes of the Taxation of Chargeable Gains Act 1992 should arise on the disposal of the Notes.

Other UK Taxpayers

A disposal of Notes (including a redemption) by an individual holder of the Notes who is resident or ordinarily resident for tax purposes in the UK, or who carries on a trade, profession or vocation in the UK through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or an allowable loss for the purpose of UK capital gains tax.

If the Notes constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 then any gain realized on redemption or transfer of the Notes by a holder of the Notes who is within the charge to UK income tax in respect of the Notes will generally be taxable as income.

On a disposal of Notes (if they do not constitute deeply discounted securities) by a holder of the Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that holder of the Notes is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Additional rules apply under Part 12 of the Income Tax Act 2007 on an issue of securities which are fungible with securities previously issued, and which are issued with an element of accrued interest for which holders pay an additional amount as part of the issue price. In that case, holders of the Notes within the charge to UK income tax may be entitled to an "accrued income loss" equal to the amount of the accrued interest. Where this applies, then it may be possible for such accrued income loss to be set off against income received (or, for the purposes of Part 12 of the Income Tax Act 2007, deemed to be received) by the holder in respect of its holding of Notes.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax is payable on the issue or transfer of the Notes.

EU Savings Directive

Under the Savings Directive, a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within the jurisdiction of the first Member State to an individual, or certain other persons, resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The ending of such transitional period is dependent on the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures.

Payments by a Notes Guarantor

If a Notes Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE SECURITY INTERESTS

Set forth below is a summary of certain limitations on the enforceability of the Notes Guarantees and the security interests in some of the jurisdictions in which Notes Guarantees or Collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes Guarantees and the security interests in the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in the Spain, Sweden, Norway and Portugal.

European Union

The Notes Guarantors in Spain, Sweden and Portugal are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated to have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. To date, no final decisions have been made in cases that have been brought before the European Court of Justice in relation to questions of interpretation of the effects of the EU Insolvency Regulation throughout the European Union.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office in the absence of proof to the contrary, 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". The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "centre of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its "centre of main interests", any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its "centre of main interests" have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's "centre of main interests" is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no territorial proceedings have been opened there. The liquidator appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's "centre of main interests" is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Sweden

Applicable Insolvency Law

The Issuer (as well as several of the Notes Guarantors) is incorporated under the laws of Sweden and as such any insolvency proceedings applicable to the Issuer (and each such Notes Guarantor) including any and all of its assets (in Sweden and abroad) will, as a matter of Swedish law, be governed by Swedish insolvency law (*lex fori concursus*).

In addition, a Swedish party will in principle be subject to insolvency proceedings covered by the Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings (the "Insolvency Regulation") (which includes all collective insolvency proceedings available under Swedish law in respect of bodies corporate) if it has its center of main interest ("COMI") in Sweden. The COMI is presumed, in the case of a company or body corporate, to be the place of its registration as a legal person. Accordingly, if the Swedish party is registered in Sweden, Swedish courts will be entitled to open main insolvency proceedings against it and apply the laws of the relevant insolvency proceedings. If the COMI of a debtor is in a Member State (other than Denmark), under Article 3(2) of the Insolvency Regulation, the Courts of another Member State (other than Denmark) may open "territorial insolvency proceedings" or, after the commencement of main proceedings, "secondary insolvency proceedings", in the event that such debtor possesses an "establishment" in the territory of such other Member State.

Insolvency Proceedings

In the event of bankruptcy the court will appoint a receiver in bankruptcy who will work in the interest of all creditors with the objective of selling the debtor's assets and distribute the proceeds among the creditors.

The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the debtor as soon as possible and to distribute the proceeds. In the interim, the receiver will take over the management and control of the company and the company's directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets.

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (Sw. *förmånsrättslagen*), as amended from time to time, that states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, preferential or secured creditors have the benefit of payment before other creditors.

In case of enforcement outside bankruptcy, an enforcement process is initiated by the creditor obtaining an enforcement order from the Swedish Enforcement Authority or the court. Upon obtaining an enforcement order against a debtor, a creditor may apply to the Swedish Enforcement Authority for enforcement of its claim. If agreed upon between a pledgor and a secured creditor and the secured creditor or its agent is in physical possession of the security assets, the agent may under certain circumstances enforce the pledge without the involvement of the Swedish Enforcement Authority or a court. A provision granting the secured party or its agent such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party or its agent.

Priority of Certain Creditors

As a general principle, under Swedish insolvency law competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, some preferential and secured creditors, where such preference or security may arise as a consequence of law, have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights apply to certain specific property and give the creditor a right to payment from such property. General preferential rights cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment from such property. Claims that do not carry any of the above mentioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are of equal standing as against each other.

Challengeable Transactions

In bankruptcy and company reorganization proceedings, transactions can (in certain circumstances and subject to a time limit) be reversed and the goods or monies can then be returned to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, among others, situations where the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, created a new security interest, granted a guarantee or security that was either not stipulated at the time when the secured obligation arose or not perfected without delay after such time and the delay is not considered to be ordinary, or paid a debt that is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor such as a subsidiary or parent company.

Limitations on Enforceability Due to the Swedish Reorganization Act

The Reorganization Act (Sw. *Lag om företagsrekonstruktion*) provides companies facing difficulty in meeting their payment obligations with an opportunity to resolve these without being declared bankrupt. Corporate reorganization proceedings shall, as a main rule, terminate within three months from commencement but may under certain conditions be extended for up to one year.

An administrator is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors as well as the debtor. However, the debtor remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganization, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required.

The making of an order under the Reorganization Act does not have the effect of terminating contracts with the debtor and, during the reorganization procedure, the debtor's business activities continue in the ordinary course of business. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganization proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor, which is the case with a share pledge over the shares in a Swedish limited liability company where the share certificates of such company has been delivered to the agent and with a Swedish law pledge over a loan governed by a negotiable debt instrument (Sw. *löpande skuldebrev*).

The debtor may apply to the court requesting public composition proceedings (Sw. *offentligt ackord*) which means that the amount of a creditor's claim may be reduced. The proposal for a public composition must meet certain requirements such as that a sufficient proportion of the creditors which are allowed to vote, in respect of a sufficient proportion of the outstanding claims vote in favor of such public composition. Creditors with set-off rights and secured creditors will not participate in the composition unless they wholly or partly waive their set-off rights or priority rights. Should the security not cover a secured creditor's full claim, the remaining claim will, however, be part of a composition. A creditors' meeting is convened to vote on the proposed composition. The public composition is binding proceedings.

Limitations on the Value of a Guarantee or Security Interest

A Swedish limited liability company may not provide a guarantee or a pledge for the obligations of a parent or sister company, unless they belong to the same group of companies and the parent company of that group is domiciled within the EEA. Furthermore, if a Swedish limited liability company provides any security interest or guarantee without receiving sufficient corporate benefit in return, such security interest or guarantee will, in whole or in part, be considered a distribution of assets, which will be lawful only to the extent there is sufficient coverage for the unrestricted equity capital of the Swedish limited liability company after the distribution (i.e., at the time the guarantee is provided or the security is granted). It should also be noted that laws relating to financial assistance in Sweden prohibit limited liability companies incorporated in Sweden from providing guarantees or granting security or other credit support for obligations of any person where such obligations are being incurred for the purpose of acquiring shares in the company itself or in any other superior member of the same Swedish group of companies. The Notes Guarantees of and security granted by Securitas Direct and certain of its subsidiaries incorporated in Sweden are limited in accordance with the above restrictions relating to corporate benefit and the Notes Guarantees of Securitas Direct and certain of its subsidiaries incorporated in Sweden are subject to limitation language limiting the liability of such entities thereunder if required by the above restrictions relating to financial assistance. However, given the passage of time since the closing of the Acquisition and the purpose of the proceeds of this offering of the Notes to repay drawings under the Revolving Credit Facility, it is likely that the Notes Guarantees granted by Securitas Direct and its Swedish subsidiaries would not be considered to be granted for debt incurred for the purpose of the Acquisition. Therefore, it is likely that such Notes Guarantees and security will not be limited by the financial assistance rules in Sweden.

Creation of Valid Security Interests

Under Swedish law, in addition to certain actions that must be taken to perfect a security interest by the secured party and the grantor, for any security to be validly created, the grantor must be effectively deprived of its right to control, deal with or dispose of the assets subject to the security interest. Any security interests purported to be created under Swedish law over assets which the security provider may remain in possession of, retain exclusive control over, freely operate or collect, invest and dispose of any income from until the occurrence of an enforcement event would therefore not be effective until an enforcement event has occurred and the security interests have been perfected. Such unperfected secured assets are vulnerable under applicable provisions of Swedish law of being set aside as a preference in any Swedish insolvency proceeding affecting the security provider. Thus, a security provider must be effectively deprived of its right to control, deal with or dispose of the secured assets, and arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances would be at risk of impairing the validity of the security.

Foreign Currency

Whereas Swedish courts may award judgments in currencies other than Swedish kronor, judgments will be enforced in Swedish kronor, generally at the rate of exchange prevailing at the date of enforcement rather than at the date of judgment.

Security Granted in Favor of an Agent

It is generally possible under Swedish law to grant security interests in favor of an agent acting on behalf of the secured parties. However, it is not established by judicial precedent or otherwise by law that a power of attorney or a mandate of agency, including the appointment of an agent (including any agent for service of process), can be made irrevocable. Therefore, any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

Spain

Financial Assistance

The obligations and liabilities of any Spanish Guarantor (also in respect of the security interests granted by it) shall not include any obligation which if incurred would constitute financial assistance within the meaning of, as applicable, article 150 or 143.2 of the Spanish Corporations Act 1/2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, de la Ley de Socidades de Capital*).

Pursuant to these financial assistance rules, a company may not generally advance funds, grant loans, grant guarantees, provide security or grant any other financial assistance in connection with the acquisition of the shares of such company or its parent company (or, in some cases, of companies within the same group). These limitations would restrict the ability of the Spanish Guarantors to grant Notes Guarantees or provide security over the Collateral for financing used for the acquisition of the Spanish Target and the refinancing of original acquisition debt.

Insolvency Rules

Under Spanish insolvency law, the Issuer's ability to receive payment on the Notes may be more limited than under U.S. bankruptcy laws.

The Spanish Insolvency Law (Law 22/2003), as amended ("Spanish Insolvency Law"), regulates mainly court insolvency proceedings, as opposed to out-of-court liquidation or proceedings (which are only available when the debtor has sufficient assets to meet its liabilities or in specific situations regulated under the Spanish Insolvency Law). The insolvency proceedings, which are called "*concursos de acreedores*", are applicable to all persons or entities (except for Public entities). These proceedings may lead either to the restructuring of the business or to the liquidation of the debtor's assets.

A debtor (and in the case of a company, its directors) is required to apply for insolvency proceedings (within a period of two months) when it is generally not able to meet its current debt obligations on a general basis, and is entitled to apply when it expects that it will be unable to meet its current obligations in the near future. Insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors. As an exception to this obligation, by means of the communication that is foreseen under article 5 *bis* of the Spanish Insolvency Law, a debtor can notify the court that it has started negotiations with its creditors to seek support for either an out-of-court refinancing agreement or an early composition agreement, in which case the debtor will have a three months additional grace period to reach the agreement and one more to file for insolvency, provided that (except for public entities) it files said communication within the two-month limitation period. Applications for insolvency by creditors during the three months following the filing of the pre-insolvency communication will not be accepted.

A judge's insolvency order contains an express request for creditors to declare debts owed to them within one month of the commencement of the insolvency proceedings (although there are some exceptions). Creditors must provide original documentation or electronic form thereof to justify their claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court receivers draw up a report which includes a list of the debtor's assets, and a list of acknowledged claims that are classified according to the categories established under law, which are as follows: (i) claims benefiting from special privileges, (ii) claims benefiting from general privileges, (iii) ordinary claims and (iv) subordinated claims.

- Claims benefiting from special privileges, representing security on certain assets (essentially *in rem* security): These claims may entail separate proceedings, and are subject to certain restrictions related to a mandatory waiting period as described below. Privileged creditors are not subject to the composition agreement for the portion of their claim which is specially privileged, unless they give their express support by voting in favor of the composition agreement. In the event of liquidation, they shall be the first to collect payment against the secured assets.
- Claims benefiting from general privileges, including among others, certain labor debts (subject to certain limits) and those with public administrations: Debts with public administrations corresponding to tax debts and social security obligations are recognized as privileged for half their amount, and debts held by the creditor applying for the corresponding insolvency proceedings, to the extent such application has been approved, up to one half of the amount of such debt. The holders of general privileges are not to be affected by the restructuring if they do not agree to the composition agreement and, in the event of liquidation, they are the first to collect payment against assets other than secured assets (in the order established under law).
- Ordinary claims (non-subordinated and non-privileged claims): They will be paid on a pro rata basis.
- Subordinated claims (which are thus classified by virtue of an agreement or pursuant to law): Subordinated claims include, among others, those held by parties in special relationships with the debtor. In the case of individuals, this includes relatives. In the case of a legal entity, this includes administrators *de jure* or *de facto*, group companies and any shareholders holding more than 5% (for companies that have issued securities listed on an official secondary market) or 10% (for companies which have not issued securities listed in an official secondary market) of the entity's share capital at the moment when the financing was granted with certain exceptions. Claims related to interests accrued prior to the insolvency (except interest in secured claims, up to the value of the security) are subordinated. Subordinated creditors are second-level creditors; they may not vote on an arrangement and have very limited chances of collection.

Notwithstanding the above, claims against the debtor's estate (e.g., certain debts incurred by the debtor following the declaration opening the insolvency proceedings) will be generally payable when due according to their own terms.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of the debtors and creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorized to handle any enforcement proceedings or inferring measures affecting the debtor's asset (whether based upon civil, labor or administrative law).

Creditors holding security *in rem*, which have traditionally been allowed to enforce their claims against secured assets notwithstanding the initiation of insolvency proceedings, are also subject to certain restrictions in order to initiate separate enforcement proceedings (or to continue with such proceedings, if they were being carried out), when the secured asset is necessary for the debtor's activities. In summary, enforcement by the creditor is subject to a delay of a maximum of one year (if at that time liquidation proceedings have not been initiated).

Pursuant to the Spanish Insolvency Law, early termination provisions due to the insolvency of one of the parties to a contract are unenforceable, unless the debtor or the insolvency trustee, with the approval of the court, considers that termination is in interest of the insolvency estate. In addition, the declaration of insolvency determines that interest accrual is suspended, except credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security.

Transactions that are considered detrimental to the insolvency estate may be subject to clawback claims if entered into by the insolvent company within two years before the date of declaration of insolvency. Transactions taking place earlier than two years before insolvency has been declared are subject to the general regime of rescission.

Pursuant to the Spanish Insolvency Law, "detrimental" does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interests. In any case, the following transactions are considered detrimental by virtue of Insolvency Law: (i) disposals made for no consideration (which may include intragroup guarantees, especially guarantees granted to parent and sister companies) and (ii) cancellation of obligations falling due after the declaration of insolvency (other than obligations guaranteed with security *in rem*, which will be subject to the presumption discussed below).

The following transactions are also presumed (unless proven to the contrary) to be detrimental pursuant to Insolvency Law: (i) disposals made for valuable consideration to a "specially related" party, (ii) creation of security interests to secure existing obligations or new obligations assumed in replacement thereof (although this provision does not apply to certain refinancing transactions, subject to the fulfillment of different requirements), and (iii) cancellation of obligations falling due after the declaration of insolvency, which were guaranteed with security in rem.

Transactions that do not fall into any of the categories described above can be subject to clawback claims as long as the party seeking rescission provides sufficient evidence of actual detriment caused to the insolvency estate.

If an insolvency action is successful, restoration of the assets that are the subject of the transaction, together with the proceeds and interest, will be ordered by the courts. If the assets cannot be restored to the debtor, the counterparty to the insolvent debtor must pay an amount in cash equal to the value of the assets at the time of their disposal, plus interest. If the presiding judge rules the transaction has been conducted in bad faith, the liable party will be obliged to indemnify the debtor for loss and damages suffered as its claim will be classified as subordinated. If the judge does not conclude that the transaction was conducted in bad faith, the person who entered into the agreement with the debtor will settle its credit simultaneously with the restoration of the assets and rights to the insolvency estate.

Corporate Interest

The laws of Spain may limit the ability of the Guarantors to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise from the interpretations of various provisions and from certain general principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a guarantee or grant of security on account of a parent or sister company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective. If these limitations were not observed, the Guarantees and the security over the Collateral could be subject to legal challenge.

Trustee and Security Agent

The legal concepts of "trustee" and "security agent" do not exist under Spanish law. Therefore, validity and enforceability of the security over the Collateral granted in favor of the Trustee/Security Agent, and enforcement thereof by the Trustee/Security Agent, may be subject to a due and express power of attorney granted in favor of the Trustee/Security Agent for such purpose, duly notarized and legalized.

Norway

General Limitations—Financial Assistance

Pursuant to Section 8-10 of the Norwegian Private Limited Companies Act of 1997 No. 44/ Norwegian Public Limited Companies Act of 1997 No. 45 (together, the "Acts" and each an "Act"), a Norwegian private or public limited liability company is prohibited from providing financial assistance (including to put funds at disposal, grant loans or provide security or guarantees) in connection with the acquisition of its shares or in connection with the acquisition of shares in its parent company (including any intermediate parent company).

The prohibition against financial assistance referred to above applies irrespective of whether such parent company is a Norwegian or foreign company, and there are no general exemptions available except for special cases of real property financing and employee share purchase programs.

The prohibition applies not only to the granting of loans, guarantees and security, but also to making assets available and other transfers which are not lawful distributions in accordance with the Acts.

The assistance is prohibited if made "in connection with" the acquisition of shares, which may also cover financial assistance after completion of the acquisition (such as the refinancing of an acquisition loan facility or the subsequent merger of the target company and the acquiring entity).

This means that a Norwegian guarantor cannot guarantee or provide security for any loans which have been used to finance the acquisition of the shares in Securitas Direct AB (including any intermediate parent company) or finance the acquisition of the shares in such Norwegian guarantor.

In addition to the general financial assistance prohibition referred to above, Section 8-7 of the Acts restricts a Norwegian limited company from granting credit to, or providing security for the obligations of, its shareholders (or any related party) beyond its distributable reserves (free equity) and then, further provided, that satisfactory security for repayment has been established (which is not very practical).

This restriction applies to granting credit and providing security. The term "credit" covers loans to shareholders but could also cover sales from the company to shareholders on credit and prepayments of purchases by the company from its shareholders. The term "security" covers both asset security as well as personal security (i.e., guarantees, co-debtor arrangements, etc). Whether a credit or security is in compliance with the Acts has to be determined at the time the credit or security is granted. If, for example, the conditions later change so that the company no longer has any distributable funds, this does not affect the status of the credit or security already granted.

The above restriction does not, however, apply to credit or security for the obligations of a parent company or another company within the same "group". This exemption must be read in conjunction with the group definition in Section 1-3 of the Acts which, broadly speaking, includes Norwegian (private or public) limited companies. The group exemption is, according to Section 1-4 of the Acts, extended to limited companies established within the EEA (i.e., all EU countries, together with Norway, Iceland and Liechtenstein), but only to the extent such EEA group companies (which the credit or security is granted in favor of) are subject to laws which are correspondent to or more stringent than the Norwegian rules with respect to lending to, guaranteeing or providing security for the obligations of shareholders.

There are no court decisions which would clarify whether the financial assistance rules of, for example, Sweden, qualify as "correspondent to or more stringent" than those of Norway. In discussions among Norwegian jurists, it has been argued that the financial assistance rules of Norway indeed are the strictest within the European Economic Area, and that therefore the company group exemption most likely will not apply to loans granted to or security or guarantee issued in favor of a parent company located outside Norway or to such parent company's subsidiaries.

As a consequence of the financial assistance rules, the value of a Notes Guarantees and any security provided by a Norwegian guarantor may be limited to zero. In addition, a Notes Guarantees or security interest infringing the limitations set forth in Sections 8-7 and/or 8-10 of the Acts will be void, and any funds paid out will have to be repaid. Finally, an illegal arrangement of this kind may give rise to directors' liability issues.

The Notes Guarantees and the Security Interests provided by the Norwegian companies are subject to limitation language substantially in the form as follows:

The obligations and liabilities of each Guarantor incorporated in Norway ("Norwegian Guarantor") for the Issuer's obligations under the Notes Guarantees shall be deemed to have been given only to the extent such guarantee does not violate Sections 8-7 and 8-10 cf. Sections 1-3 and 1-4 of the Norwegian Private Limited Liability Companies Act No. 44 1997 or the Norwegian Public Limited Liability Companies Act No. 45 1997 (as the case may be) (the "Norwegian Companies Act") regulating unlawful financial assistance and other prohibited loans, guarantees and joint and several liability as well as providing of security, and the liability of each Norwegian Guarantor will only apply to the extent permitted by such provisions of the Norwegian Companies Act. Said limitations of the liabilities and obligations of any Norwegian Guarantor may have the effect of reducing the amount of the obligations or liabilities assumed and/or the amount guaranteed or secured to zero (including, but not limited, to the extent any proceeds under the Notes are used in connection with acquisition of shares in the Targets).

The limitations set forth in these sections will apply mutatis mutandis to any security created by a Norwegian Guarantor under the Collateral and to any guarantee, indemnity, any similar obligation resulting in a payment obligation and payment, including but not limited to set-off, pursuant to the Collateral and made by any Norwegian Guarantor.

The liability of each Norwegian Guarantor for the Issuer's obligations under the Notes will be limited to €1,013,650,000, plus any unpaid amount of interest, fees, liability, costs and expenses under the Notes.

General Limitations—Insolvency

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (the "Bankruptcy Act"), which sets forth the various procedures to be followed both in case of court administered debt negotiations and bank proceedings, and the Creditors Recovery Act of June 8, 1984 No. 59 (the "Recovery Act") containing provisions on, among other things, the priority of claims.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of debtor's assets, (ii) assessment and ranking of claims, (iii) testing and revocation of transactions (including securing of existing claims) made prior to bankruptcy, (iv) handling of the debtor's contractual relationships and (v) distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or pretending to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "cash flow test"), and (ii) the debtor must be in "deficit" (the company's debts must exceed the sum of its assets and revenues) (the "balance sheet test").

During bankruptcy proceedings the debtor's assets are controlled by the court appointed liquidator (generally a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then distribute the available cash to the rightful creditors.

All of the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held by third parties, if these assets are acquired from the debtor in an unlawful manner, or if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests/rights with respect to the seized assets, including but not limited to the realization of assets.

Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realize the security, and cover their claims, however, keeping in mind that the realization of a number of categories of security the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt negotiations). The bankruptcy estate may, subject to certain conditions being fulfilled, also decide to realize the security and divide the proceeds between the secured creditors and other holding legal rights in the assets.

Any under-secured amount (any amount exceeding the value of the secured assets) will be deemed as an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

- Secured claims (valid and perfected security covered up to the value of the secured asset—either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate)
- Super priority claims (claims which arise during the bankruptcy proceedings, liquidator's costs, obligations of the estate)
- Salary claims (within certain limitations)
- Tax claims (such as withholding tax and value-added tax within certain limitations)
- Ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims)
- Subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three up to twelve month period (and in respect of transactions in favor of related parties up to two years) before the opening of the bankruptcy, such as extraordinary payments of certain creditors, security established for old debt and transaction at under-value. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one creditor at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to ten years.

It should also be noted that the bankruptcy estate has a statutory first lien of up to 5% of the respective asset's estimated value or sales value over assets mortgaged/pledged by the debtor or mortgaged/pledged by a third party for the debtor's indebtedness. Such statutory lien is not applicable to financial security pursuant to the Norwegian Financial Security Act no. 17/2004 (cash deposits and financial instruments), cf. the Norwegian Liens Act no. 2/1980 section 6-4 (9).

Solvent Enforcement

Enforcement of a guarantee claim against a solvent guarantor will in principal require a final judgment by a court (unless the guarantee is written on a promissory note). Thereafter the creditor may apply to the enforcement authorities for enforcement of his claim.

Enforcement of security normally requires that the pledgee/chargee files an application to enforcement authorities for the enforcement of the security. Certain types of security may, however, be enforced without the involvement of the enforcement authority or a court. A provision granting the secured party such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party.

Portugal

One or more of the Guarantors of the Notes and providers of security to the Notes are incorporated under the laws of Portugal.

Applicable Insolvency Law

Insolvency proceedings regarding a Portuguese party are governed by the Portuguese Insolvency and Corporate Recovery Code, enacted in 2004 through Decree-Law no. 53/2004, of March 18, as amended (*Código da Insolvência e da Recuperação de Empresas*) ("PICRC").

Insolvency proceedings with respect to any Portuguese company may be initiated in Portugal. Such proceedings shall be governed pursuant the PICRC.

In addition, a Portuguese party will in principle be subject to insolvency proceedings covered by Council Regulation (EC) no. 1346/2000 of May 29, 2000 on insolvency proceedings (the "Insolvency Regulation") if it has its COMI in Portugal. In the case of a company or legal person, the place of the registered office shall be presumed to be the COMI in the absence of proof to the contrary.

Accordingly, if the Portuguese party is registered in Portugal, Portuguese courts will be entitled to open main insolvency proceedings against it and apply the laws of the relevant insolvency proceedings. If the COMI of a debtor is located in a Member State (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of that other Member State shall have jurisdiction to open insolvency proceedings against such debtor or, after the commencement of the main proceedings, "secondary insolvency proceedings" may be brought, in the event that such debtor possesses and "establishment" in the territory of such other Member State.

Portuguese Insolvency Law

The following is a brief description of certain aspects of the insolvency laws of Portugal.

The debtor is deemed insolvent when it is unable to comply with its obligations as they fall due. Companies are also deemed insolvent when liabilities are significantly higher than assets (over-indebted balance sheet). Both are determined on the basis of a fair assessment. However, the insolvency proceeding may be started, for example, in the following cases: (i) general default of the debtor's payment obligations; and (ii) the escape of the members of the board of directors, without appropriate replacements being appointed; among others. It is up to the debtor to prove its solvency with recourse to its legally mandatory statutory books.

In addition to the standard insolvency proceedings provided in the PICRC (as better detailed below), the recent reform in 2012 of the Portuguese insolvency legal framework introduced a new pre-insolvency proceeding named "special revitalization procedure" (*processo especial de revitalização*) which aims at facilitating the recovery of any debtor in financial distress or in the imminence of becoming insolvent by means of an agreement to be reached by the debtor and its creditors.

The insolvency proceedings may be initiated either by (i) the debtor (voluntary insolvency), where the management of the company is under the legal obligation to declare it insolvent within 30 days upon becoming aware of the insolvency situation or after the date the debtor should be aware of the insolvency situation; (ii) any person who is responsible for the debtor's debts; (iii) any of its creditors, whatever the nature of the credit or (iv) by the Public Prosecution Office (*Ministério Público*) (compulsory insolvency).

Following the receipt of a petition, the court will consider whether the company is eligible for insolvency proceedings, with an impact upon the debtor's capacity.

The PICRC establishes a single main insolvency procedure, called *processo de insolvência*. The insolvency proceedings may, after the insolvency's declaration having been issued by the court, lead to the liquidation of the company or to the approval of an insolvency plan.

The commencement of the insolvency proceedings is based in a written petition filed by the debtor or by any of the persons described above with the court. Where the insolvency petition is filed by the debtor (being a legal person), the following information must be therein indicated: (i) an indication as to whether the insolvency situation is existing or imminent; (ii) identification of the company's directors and of its five major creditors, (iii) the debtor's commercial registry certificate issued by the commercial registry office; (iv) a list of all known creditors and the details of each claim and all pending lawsuits brought up against the debtor; (v) a comprehensive explanation of the company's activities over the last three years and all the debtor's establishments, as well as of the reasons, in the debtor's view, that determined the insolvency situation; (vi) identification of all the shareholders, known associates or members of the debtor and those who may be legally liable for the company's debts; (vii) a list of all company's assets and rights; (viii) the accounting books of the company for the preceding three fiscal years; (ix) a list of all the debtor's employees and (x) a copy of the resolution passing the filing of the corresponding petition. Where the insolvency petition is not filed by the debtor, the petitioner shall present the information referred to in (ii) (excluding the petitioner as to the five major creditors) and (iii) above. If it is not possible for the creditor to present such information, it may request the debtor to do so. The petitioner shall also justify the origin, nature and amount of its claim, or its liability for insolvency credits (*créditos sobre a insolvência*), as well as present all information held by it relating to the assets and debts of the debtor.

The court shall notify the debtor to submit within ten days a pleading challenging the insolvency petition. If and when the debtor does not oppose the petition, the court shall immediately declare the insolvency of the debtor. If the debtor submits a pleading challenging the insolvency petition, the court must settle a date for the hearing of the petitioner and the debtor within five days. After the hearing, the court declares the insolvency or orders the closing of the proceedings.

Unsecured creditors have to claim for their rights in the insolvency proceeding within the period determined by the court up to 30 days from the declaration of the debtor's insolvency issued by the court.

In its declaration of the debtor's insolvency, the court shall, among others, appoint the insolvency administrator (*administrador da insolvência*) (the "Liquidator"), who will immediately assume the control of the business. Such declaration is published in the Portuguese Official Gazette (*Diário da República*) and registered at the debtor's commercial registry.

The Liquidator has the power to collect the assets of the debtor company wherever those assets may be located.

Effects of the Insolvency on the Debtor

The Liquidator is entitled to carry out all transactions in the ordinary course of business of the debtor, allowing the debtor to continue trading, being also responsible for collecting the company's assets, selling all these assets and making all the arrangements in order to pay the creditors and all the expenses.

However, the court may decide that the control of business may rest with the insolvent company's management, if: (i) the insolvency has been petitioned by the debtor; (ii) the insolvent company presents a restructuring plan; (iii) there is no expected disadvantage for the creditors or for the insolvency proceedings; and (iv) that it is allowed by the debtor, where the petitioner is not the debtor.

Rules on the Ranking of Credits

During the insolvency proceedings, the Liquidator will assess and quantify the claims against the debtor company. The creditors will be able to submit their claims by lodging them with the Liquidator.

The PICRC distinguishes between guaranteed claims (*créditos garantidos*) which constitute secured claims (including special preferred claims), privileged claims (*créditos privilegiados*) that include general preferred claims over assets of the insolvent estate, common claims (*créditos comuns*) and subordinated claims (*créditos subordinados*).

Before making any payments to the creditors out of the insolvent estate, the Liquidator will withdraw from the insolvent estate the necessary assets or rights in order to pay the debts of the insolvent estate.

The debts of the insolvent estate are paid out of the income of the insolvent estate and, if not enough, are paid out of the proceeds of the sale of the movable and real estate assets. However, in the case of secured assets, only 10% of the proceeds arising from the sale are, in principle, required to be used in the payment of the debts of the insolvent estate. This 10% threshold may, however, be put aside by the Liquidator to the extent necessary to fully satisfy the debts of the insolvent estate or to the extent that such payment of the insolvent estate' debts does not damage the full satisfaction of the secured claims.

After paying the debts of the insolvent estate, the Liquidator may begin to make payments to other creditors of the debtor. Among others, the following creditors or claims have priority over other creditors: (i) claims from employees; (ii) court fees, including the remuneration of the Liquidator and other administrative and legal costs; (iii) taxes and social security; and (iv) creditors with security over the assets of the insolvent company.

Please also note that creditors with real estate securities or pledges over the assets of the company are paid first from the proceeds arising from the sale of such assets, provided that certain requirements are met.

Limitations on the Validity of Certain Transactions

There are several types of transactions which can be challenged by the Liquidator after the debtor is declared insolvent and the corresponding goods or monies may then be returned to the insolvent estate. Some acts may be qualified as disadvantageous to the insolvency estate, e.g., acts that diminish, frustrate, aggravate, put in danger or delay the rights of the creditors, performed within two years prior to the beginning of the insolvency proceedings. Under certain circumstances, such acts may be challenged on behalf of the insolvency estate. In these cases, the termination of said transactions is only possible if the third party has acted in bad faith.

On the other hand, certain acts may be terminated to the benefit of the insolvency estate without depending of any other requirement, such as acts entered into by the debtor which can be qualified as free of charge which have been performed within two years prior to the beginning of the insolvency proceedings, payments of debts which would become due after the date of the insolvency proceedings made within six months prior to the beginning of the relevant insolvency proceedings or after such date but prior to the relevant payment due date, reimbursement of shareholder's loans made during the year before the beginning of the insolvency proceedings, the creation of any security *in rem* to secure preexisting obligations or other obligations that replace such preexisting obligations within six months prior to the beginning of the insolvency proceedings, the creation of personal guarantees within the six months prior to the declaration of insolvency without real interest for the insolvent company or the creation of any security *in rem* simultaneously with the guaranteed obligations within 60 days prior to the beginning of the insolvency proceedings, among others.

Moreover, the insolvency declaration determines the suspension of any judicial enforcement action or any measures requested by the insolvency creditors relating to the assets which form part of the insolvency estate. It also prevents the initiation or continuance of any judicial enforcement procedure brought by the insolvency creditors.

Financial Assistance and Corporate Interest

The guarantees and security granted by any company incorporated under Portuguese law shall not extend to cover any indebtedness which would cause the infringement of article 322 of the Portuguese Companies Code, enacted by Decree-Law no. 262/86, of September 2, as amended (*Código das Sociedades Comerciais*) (the "Portuguese Companies Code"), as applicable, which restricts the ability of companies incorporated under Portuguese law to provide funds or any form of guarantee or security to secure any amount used by third parties to fund the acquisition or subscription of any shares or participations in such Portuguese company (or its direct or indirect controlling company).

Any contract or unilateral act of the Portuguese company in breach of the aforementioned rule shall be deemed null and void, pursuant to article 322(3) of the Portuguese Companies Code and, therefore, the limitation described above on the liabilities and obligations of any Portuguese Guarantor may have the effect of reducing the amount of the obligations or liabilities assumed and/or the amount guaranteed or secured to zero. In addition, we note that a breach of article 322 of the Portuguese Companies Code may also be criminally punishable, pursuant to article 510 of the aforementioned Code.

Pursuant to article 6.3 of the Portuguese Companies Code, the granting of any guarantees or security by a Portuguese company to secure the obligations of the Issuer, as a nonresident entity, shall only be considered included in the corporate power of said company if (i) the relevant beneficiaries of the guarantees or security are part of the same group or are under a controlling interest with the Portuguese company (although it may be sustained that, for these purposes, both the parent and affiliated companies must be domiciled in Portugal); or (ii) the Portuguese company has a justifiable corporate interest (*justificado interesse próprio*) in granting the guarantee and/or security. Please note that Portuguese law does not define the concept nor exemplifies what may be considered a justifiable corporate interest of a given company and Portuguese courts and scholars tend to use as criteria to determine the existence of justifiable corporate interest in specific situations, *inter alia*, the fact of whether the granting of the guarantee and/or security is necessary for the company to obtain a potential economical benefit/advantage or to avoid a loss. Therefore, in the event any Portuguese company is considered not to have a justifiable corporate interest in the granting of guarantees and/or security to secure the obligations of the Issuer, such guarantees and/or security may not be enforceable under Portuguese law.

The documentation in relation to the guarantees and security, to the extent they concern a Portuguese Guarantor, may contain limitation language (including limitations as to the maximum amount that may be guaranteed and secured) and, hence, such guarantees and security interests are limited in the manner described therein.

Limitations on Enforcement

The enforcement of security (including a guarantee) before the Portuguese courts will be subject to the following:

- a Portuguese court may refuse to give effect to any provision of the relevant agreements on the grounds that such provision conflicts with Portuguese public policy (*ordem pública*);
- the Portuguese courts will not grant enforcement in the event that they deem that a right has been exercised in abuse of right (*abuso de direito*) and will not enforce an obligation in case of fraud;

- a Portuguese court may issue an award of damages where specific performance is deemed impracticable;
- a Portuguese court may not enforce a contractual provision which requires any party thereto to pay any amounts on the grounds that such provision is a penalty within the meaning of article 812 of the Portuguese Civil Code which the court would consider excessive as a pre-estimate of damages or if the obligations secured by the penalty have partially complied with; in this event the court may reduce the amount of the penalty.

The principles above mentioned are of general application and in applying such principles a court, among other things, might not allow a creditor to accelerate maturity of a debt upon the occurrence of a default deemed immaterial.

The security documents provide, and the Indenture will provide, that the Notes Guarantee and the collective security interests over the Notes, the Senior Loan and the Revolving Credit Facility granted on a first priority basis by the Notes Guarantors incorporated under the laws of Portugal (and over the shares of the Portuguese subsidiary) will be limited to the agreed maximum amount of €27.0 million. Such limitation will be determined on the date on which the relevant Notes Guarantee or security is granted, in accordance with and subject to certain agreed security principles.

Trustee and Security Agent

The legal concepts of "trustee" and "security agent" do not exist under Portuguese law. Therefore, if enforcement of the Notes Guarantees is carried out by the Trustee/Security Agent, it may be necessary to prove that they are duly and expressly empowered for such purpose by means of a power of attorney granted in their favor by each of the notes holders, duly notarized and legalized.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement related to this offering, each initial purchaser named below has severally agreed to purchase, and the Issuer has agreed to sell to each initial purchaser, the principal amount of the Notes set forth opposite the initial purchaser's name.

Initial Purchaser	Aggregate Principal Amount of the New Series A Notes
Morgan Stanley & Co. International plc	
Goldman Sachs International	
Nomura International plc	
Total	€100,000,000

The initial purchasers propose to offer the Notes to purchasers at the price to investors indicated on the cover page of this offering memorandum. After the initial offering of the Notes, the initial purchasers may from time to time vary the offering price and other selling terms without notice. The offering 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.

The Issuer expects that delivery of the Notes will be made against payment therefor on or about the fifth business day following the date of pricing of the Notes. Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in three business days unless the parties to such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing will be required, by virtue of the fact that the Notes will initially settle five business days following the date of pricing of the Notes or the next succeeding business day, to specify an alternative settlement cycle at the time of such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next two business days should consult their own advisors.

The Issuer has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the initial purchasers may be required to make in respect of any such liabilities. The Issuer will pay the initial purchasers a commission and pay certain expenses of the offering.

No action has been or will be taken in any jurisdiction by us or the initial purchasers that would permit a public offering of the Notes and the Notes Guarantees, or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes and the Notes Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about, and to observe, any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resales of the Notes. See "Transfer Restrictions".

The Issuer has been advised by the initial purchasers that the initial purchasers intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

In connection with the offering, the initial purchasers may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

These activities by the initial purchasers, as well as other purchases by the initial purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the

Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the initial purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

Persons who purchase Notes from the initial purchasers may be required to pay stamp duty, taxes, and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes (including the Notes Guarantees) have not been and will not be registered under the Securities Act, and may not be offered or sold except (i) to QIBs in offers and sales that occur within the United States, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; and (ii) to non-U.S. persons in offers and sales that occur outside the United States, in reliance on Regulation S, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each initial purchaser has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Notes (including the Notes Guarantees) as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in accordance with Rule 903 of Regulation S. Transfer of the Notes (including the Notes Guarantees) will be restricted and each purchaser of the Notes (including the Notes Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "Transfer Restrictions".

Any offer or sale in the United States will be made by affiliates of the initial purchasers who are broker-dealers registered under the Exchange Act. In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the Securities Act and in connection with any applicable state securities laws.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer and its affiliates, for which they received or will receive customary fees and expenses. The initial purchasers acted as initial purchasers and joint bookrunners for the issuance of the Existing Notes and received customary fees and expenses. In addition, the initial purchasers or their respective affiliates are arrangers under, and are lenders under one or more of, the Revolving Credit Facility, the Series A Senior Loan and the Mezzanine Loan that the Issuer entered into in connection with the Acquisition. The net proceeds of this offering will be used to repay borrowings under the Revolving Credit Facility. Certain of the initial purchasers or their respective affiliates acted as financial advisors to the Seller and the Sponsors in connection with the Acquisition.

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 instruments of ours or our affiliates. If the initial purchasers or their affiliates have a lending relationship with us, they routinely 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 offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and 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.

TRANSFER RESTRICTIONS

The following restrictions will apply to the Notes. You are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Notes.

None of the Notes have been registered under the Securities Act, and they may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offering and sold only (A) to qualified institutional buyers in compliance with Rule 144A and (B) outside the U.S. to non-U.S. persons in accordance with Regulation S. A non-U.S. person shall include any dealer or other professional fiduciary organized or resident in the U.S. which is acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust) in reliance upon Regulation S. As used in this section, the terms "U.S." and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have acknowledged, represented and agreed with us and the initial purchasers as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) It is purchasing the Notes for its own account or for an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a qualified institutional buyer, and is aware that the sale to it is being made in reliance on Rule 144A or (B) at the time the buy order was originated, a non-U.S. person that is outside the U.S. (or a non-U.S. person that is a dealer or other fiduciary as referred to above).

(2) It acknowledges that the Notes are being offered for resale in a transaction not involving a public offering in the U.S. (within the meaning of the Securities Act) and have not been registered under the Securities Act or any other securities laws and may not be reoffered, resold, pledged or otherwise transferred within the U.S. or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) It shall not offer, resell, pledge or otherwise transfer the Notes except (A) to the Issuer or any of its subsidiaries, (B) inside the U.S. to a qualified institutional buyer in a transaction complying with Rule 144A, (C) outside the U.S. in an offshore transaction in compliance with Regulation S under the Securities Act, (D) pursuant to an exemption from the registration requirements of the Securities Act (if available), (E) in accordance with another exemption from the registration requirements of the Securities Act or (F) pursuant to an effective registration under the Securities Act. It acknowledges that no representation is made as to the availability of the exemption provided by Rule 144 for resale of the Notes.

(4) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(5) It is relying on the information contained in this offering memorandum in making its investment decision with respect to the Notes. It acknowledges that neither we nor the initial purchasers have made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in this offering memorandum which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us and the initial purchasers.

(6) It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.

(7) It understands that all of the Notes will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE 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, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "*QUALIFIED INSTITUTIONAL BUYER*" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("*RULE 144A*")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "*OFFSHORE TRANSACTION*" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "*RESALE RESTRICTION TERMINATION DATE*") WHICH IS IN THE CASE OF NOTES ISSUED IN RELIANCE ON RULE 144A ONE YEAR AND IN THE CASE OF NOTES ISSUED UNDER REGULATION S 40 DAYS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 OR REGULATION S UNDER THE SECURITIES ACT AS APPLICABLE OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, A GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT, OR ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER 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) TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH 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 SECURITIES LAWS OF ANY STATE OR TERRITORY OF THE UNITED STATES OR ANY OTHER JURISDICTION, 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) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (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 (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(8) It acknowledges that the Trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth herein have been complied with.

(9) It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

(10) It agrees to indemnify and hold us, the Trustee, the initial purchasers and their respective affiliates, employees, officers, agents and directors harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(11) It acknowledges that the New Series A Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the corresponding Existing Series A Notes, and will also bear an applicable restrictive Securities Act legend described under clause (7) above. In the case of the New Series A Notes offered hereby in reliance upon Regulation S, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Regulation S, and the restrictive legend (described in clause (7) above) will be removed at the earlier of (1) 40 days after the Issue Date of the New Series A notes offered hereby and (2) the earliest date or dates permitted under U.S. federal securities laws. in the case of the New Series A Notes offered hereby in reliance upon Rule 144A, the

applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Existing Series A Floating Rate Notes issued on February 15, 2012 in reliance on Rule 144A, and the Rule 144A the restrictive legend (described in clause (7) above) will be removed at the earlier of (1) one year after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws.

(12) It acknowledges that any purported acquisition or transfer of the Notes or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio*.

Each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes (A) constitutes assets of any employee benefit plan as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act, as amended ("ERISA"), (B) includes any plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code, (C) has provisions that under any federal, state, local non-U.S. or other laws or regulations are similar to the applicable provisions (including the fiduciary responsibility or prohibited transaction provisions) of ERISA or the Code (collectively, "Similar Law"), or (D) is any entity whose underlying assets include "plan assets" of any such plan, account or arrangement described in (A), (B) or (C) of this paragraph, or (ii) 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, in the case of any other federal, state, local non-U.S. Plan, a non-exempt violation under any applicable Similar Law.

European Economic Area

This offering memorandum has been prepared on the basis that the offer and sale of the Notes will be made pursuant to an exemption under the Prospectus Directive as implemented in member states of the EEA, from the requirement to produce and publish a prospectus which is compliant with the Prospectus Directive, as so implemented, for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA or any of its member states (each a "Relevant Member State") of the Notes which are the subject of the placement referred to in this offering memorandum must only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to produce and publish a prospectus which is compliant with the Prospectus Directive, including Article 3 thereof, as so implemented for such offer. For EEA jurisdictions that have not implemented the Prospectus Directive, all offers of the Notes must be in compliance with the laws of such jurisdictions. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute a final placement of the Notes.

In relation to each 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 it has not made and will not make an offer of the Notes which are the subject of this offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 natural or legal persons or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 initial purchasers nominated by the Issuer for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Notes shall result in a requirement for the publication by the Issuer or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus 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 for the Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that: (i) it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive; and (ii) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (A) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (B) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons. The Issuer, the initial purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the initial purchasers of such fact in writing may, with the consent of the initial purchasers, be permitted to subscribe for or purchase the Notes in the offering.

Sweden

This offering memorandum has not been, and will not be, registered with or approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden, other than under circumstances that are deemed not to constitute an offer to the public which would require a prospectus in Sweden under the Swedish Financial Instruments Trading Act (Sw. *Lag om handel med finansiella instrument* (1991:980)). Hence, this offering memorandum is intended for qualified investors (Sw. *kvalificerade investerare*, as defined in the Swedish Financial Instruments Trading Act) and a limited number (less than 150) of unqualified investors in Sweden.

United Kingdom

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or "FSMA"), and other persons to whom it may lawfully be communicated, falling within Article 29(2) of the Order (all such persons together being referred to as "relevant persons"). Accordingly, by accepting delivery of this offering memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. 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.

Each of the initial purchasers, severally and not jointly, has represented and warranted to us that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Notes Guarantors; and

(2) 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 United Kingdom.

LEGAL MATTERS

Various legal matters will be passed upon for us by Kirkland & Ellis LLP, as to matters of U.S. federal and New York state law, Advokatfirman Vinge KB, as to matters of Swedish law, and Uría Menéndez Abogados, S.L.P., as to matters of Spanish law. Certain partners in Kirkland & Ellis LLP and Kirkland & Ellis International LLP are members of a limited partnership that is an investor in one or more investment funds affiliated with Bain

Capital. Kirkland & Ellis LLP and Kirkland & Ellis International LLP represent entities affiliated with Bain Capital in connection with certain other legal matters. Certain legal matters will be passed upon for the initial purchasers by Cravath, Swaine & Moore LLP, as to matters of U.S. federal and New York state law, Advokatfirman Cederquist KB, as to matters of Swedish law, and Clifford Chance S.L., as to matters of Spanish law.

INDEPENDENT AUDITORS

The consolidated financial statements of Securitas Direct as of and for the years ended December 31, 2008, 2009 and 2010, included elsewhere in this offering memorandum, have been audited by Deloitte AB, independent auditors, as stated in the report appearing herein.

The consolidated financial statements of Verisure Holding AB (publ) as of December 31, 2011 and for the Successor period from September 1, 2011 to December 31, 2011 and of Securitas Direct AB as of August 31, 2011 and the Predecessor period from January 1, 2011 to August 31, 2011, included elsewhere in this offering memorandum, have been audited by Deloitte AB, independent auditors, as stated in the report appearing herein.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a Swedish company. The Notes Guarantors are entities organized under the laws of Spain, Sweden, Norway and Portugal. All the respective directors and executive officers of the Issuer and the Notes Guarantors are resident outside of the United States. All the assets of the Issuer and the Notes Guarantors and their respective directors and officers are located outside the United States. Although the Issuer and the Notes Guarantors have agreed, in accordance with the terms of the Indenture, to accept agent for service of process in the United States by agents designated for such purpose, it may not be possible for holders of the Notes to (a) effect service of process upon the Issuer, the Notes Guarantors or their respective directors or officers, or (b) enforce judgments of courts of the United States predicated upon the civil liability of such entities or persons under the U.S. securities laws and state securities laws or other laws against any such entities or persons in the courts of a foreign jurisdiction.

Sweden

Pursuant to the provisions of the Council Regulation (EC) No. 44/2001 of December 22, 2000 on jurisdiction, recognition and enforcement of judgments in civil and commercial matters (the "Brussels Regulation"), a judgment entered against a company in the courts of a Member State (as defined therein, i.e., all Member States of the European Union) and which is enforceable in such a Member State, will be directly enforceable in the Kingdom of Sweden only upon the satisfaction of the following requirements: (a) that a motion for enforcement has been filed with and granted by Svea Court of Appeal at Stockholm and (b) that the formal requirements in the Brussels Regulation have been fulfilled. However, upon an appeal against the declaration of enforceability pursuant to the Brussels Regulation the court with which the appeal is lodged may stay the proceedings.

With regard to the provisions of the 1988 and 2007 Lugano Conventions on the Recognition of Judgments in Civil and Commercial Matters (the "Lugano Convention"), a judgment entered against a company in the courts of a Contracting State (as defined in the Lugano Convention) and which is enforceable in such a state, will be directly enforceable in the Kingdom of Sweden only upon the satisfaction of the following requirements: (a) that a motion for enforcement has been filed with the Svea Court of Appeal at Stockholm as provided by law and has been granted; (b) that no appeals lie against the judgment entered in the courts of such contracting state; (c) that the courts of such contracting state had jurisdiction; (d) that a summons has been duly served on the respondent in the proceedings before the courts of such state; (e) that the judgment is not inconsistent with a prior judgment given between the same parties in the same matter; and (f) that the judgment does not contravene fundamental principles of the legal order or the public policy of the Kingdom of Sweden;

Judgments entered against any Swedish party in the courts of a state which is not a member state under the terms of the Brussels Regulation or a contracting state under the terms of the 1988 and 2007 Lugano Conventions (the "Conventions") (e.g., the United States of America), would not be recognized or enforceable in Sweden as a matter of right without retrial on its merits. If the party in whose favor the final judgment is rendered brings a new suit in a competent court in Sweden, the party may however submit to the Swedish court the final judgment that has been rendered in the United States. A judgment by a court in the United States will be regarded by a court, administrative tribunal or executive or other public authority of the Kingdom of Sweden only as evidence of the outcome of the dispute to which the judgment relates, and a Swedish court may choose to rehear the dispute *ab initio*.

However, there is Swedish case law to indicate that such judgments:

- that are based on a contract which expressly exclude the jurisdiction of the courts of the Kingdom of Sweden;
- that were rendered under observance of due process of law;
- against which there lies no further right to appeal; and
- the recognition of which would not manifestly contravene fundamental principles of the legal order or the public policy of the Kingdom of Sweden,

should be acknowledged without retrial on their merits.

Spain

We have been advised by our Spanish counsel that the United States and Spain are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments. In the absence of any such treaty or proof that similar Spanish judgments are recognized and enforced in the jurisdiction rendering the judgment (in which case the judgment will not be recognized in Spain), such judgment will be recognized and enforced in Spain provided that it meets the following requirements:

(i) the judgment must be final, translated into Spanish and apostilled;

(ii) the judgment shall not be contrary to Spanish public policy;

(iii) there shall not be a pending proceeding between the same parties and in relation to the same issues in Spain;

(iv) there shall not be a judgment rendered between the same parties and for the same cause of action in Spain or in another country provided that in this latter case the judgment has been recognized in Spain;

(v) where rendering the judgment, the courts rendering it must have not infringed an exclusive ground of jurisdiction provided for in Spanish law or have based their jurisdiction on exorbitant grounds;

(vi) the rights of defense of the defendant should have been protected where rendering the foreign judgment, including but not limited to a proper service of process carried out with sufficient time for the defendant to prepare its defense and appear before the courts;

(vii) the legal action has to be taken with the acknowledgment of and appearance by the defendant in the proceeding; and

(viii) the obligation that the petitioner tries to execute has to be lawful in Spain.

Norway

Norwegian courts will, as a general rule, not recognize or enforce judgments rendered by a foreign court unless Norway has entered into a bilateral or multilateral treaty with the relevant country(ies) regarding the recognition and enforcement of judgments and subject to the provisions of section 19-16 of the Norwegian Dispute Act of 2005 No. 90. Due to the Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of 2007, Norwegian courts will recognize as valid judgment, and enforce, any final civil judgment obtained in a foreign court in a state which is a party to the Lugano Convention, without a further re-examination of the merits of the case. The exceptions stated in the Lugano Convention itself will apply.

In case there is no treaty between Norway and the relevant jurisdiction regarding the recognition and enforcement of judgments, a judgment rendered by a foreign court (for example, the courts of United States) may nevertheless be recognized and enforced in Norway without further re-examination of the merits of the case, provided that the foreign proceedings and the judgment itself fulfill the conditions stated in the Norwegian Enforcement Act of 1992 No. 86, and the Norwegian Dispute Act of 2005 No. 90.

Portugal

The United States and the Portuguese Republic currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicted solely upon U.S. federal or state securities laws, would not automatically be enforceable in Portugal.

A final and conclusive judgment by a U.S. federal or state court for the payment of a specific sum of money based on civil liability would be enforceable in the courts of Portugal, after having been confirmed by a Portuguese court, as set forth in the Portuguese Code of Civil Procedure (*Código de Processo Civil*).

The Portuguese court with jurisdiction over such confirmation will be the *Tribunal da Relação*, of the judicial district where the relevant person against whom the judgment will be enforced is established.

Also under the terms set forth in the Portuguese Code of Civil Procedure (*Código de Processo Civil*), in order for the judgment rendered in the U.S. federal or state courts to be enforceable, the following conditions must be met:

- there be no doubts regarding the authenticity of the document containing the judgment, nor about the judgment's intelligence;
- the judgment be a "condition of *res judicata*" according to the U.S. federal or state laws where the judgment was rendered;

- that the U.S. federal or state courts jurisdiction was not claimed fraudulently in order to waive the applicable Portuguese laws and that the case submitted did not belong to the exclusive jurisdiction of the Portuguese courts;
- *lis pendens* and *condition of res judicata* cannot be alleged based on a case pending or judged on a Portuguese court, except if the foreign U.S. federal or state courts prevented the jurisdiction;
- that the defendant was duly notified of the procedure, under the U.S. federal or state laws, and that the adversarial nature of proceedings and the principle of equality of the parties were duly complied with during the procedure; and
- that the judgment rendered is not incompatible with the international public policy of the Portuguese State.

If a judgment by a U.S. federal or state court is issued against a Portuguese national (either an individual or a company), its confirmation may also be challenged whenever its final outcome is less favorable to the Portuguese party than it would have been if the relevant court had applied Portuguese law and, according to the Portuguese conflict rules, Portuguese law should have been applied. It shall be mentioned that such a confirmation may also be challenged if (i) there is another final judgment which proves that the judgment under analysis arises from a crime committed by the judge in the exercise of his functions, (ii) a document is presented whose existence a party was not aware of or if such party could not use such document during the procedure from which arose the judgment under analysis, *provided* that such document alone is deemed sufficient to modify the judgment in a most favorable way to the defeated party or (iii) the judgment is based on a sham litigation and the court has not prevented the parties from obtaining their intended result due to the fact that the court was not aware of the fraud.

In addition, Portuguese courts may refuse to apply the designated law if its application contravenes Portuguese public policy (*ordem pública*). In an action brought in Portugal on the basis of U.S. federal or state securities laws, Portuguese courts may not have the requisite power to grant all the remedies sought.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum 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 the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized 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 other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of the 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(a) or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the 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 required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer c/o Securitas Direct AB, Box 392, 201 23 Malmö, Sweden.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture governing the Notes 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 and the rules of that exchange so require, copies of the Issuer's organizational documents, the Indenture 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 will be made to list the New Series A Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market in accordance with the rules of that exchange. For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, all notices to holders of the Notes, including any notice of any additional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of that exchange require, 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 organizational documents of the Issuer;
- the Issuer's most recent audited consolidated financial statements, which will be produced within 120 days of December 31 of each year and audited by the Issuer's independent auditors, Deloitte AB, and any interim financial statements published by us on a quarterly basis;
- the Indenture relating to the Notes (which includes the form of the Notes);
- the Intercreditor Agreement; and
- the Security Documents

The Issuer has appointed Wilmington Trust SP Services (Luxembourg) S.A. as Luxembourg listing agent, Citibank N.A., London Branch as principal paying agent and transfer agent and Citigroup Global Markets Deutschland AG as registrar. We reserve the right to change these appointments and, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, 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 on the official website of the Luxembourg Stock Exchange.

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 for trading on the Euro MTF market, the Notes will be freely transferable and negotiable in accordance with the rules of the Luxembourg Stock Exchange.

Clearing Information

During the applicable distribution compliance period, the New Series A Notes sold pursuant to Rule 144A will be represented by a temporary global note with the temporary ISIN and common code . Following the applicable distribution compliance period, the New Series A Notes sold pursuant to Regulation S will have the ISIN XS0747354362 and common code 074735436.

During the applicable distribution compliance period, the New Series A Notes sold pursuant to Regulation S will be represented by a temporary global note with the temporary ISIN and common code . Following the applicable distribution compliance period, the New Series A Notes sold pursuant to Regulation S will have the ISIN XS0747353802 and common code 074735380.

For a description of the applicable distribution compliance period, see "Transfer Restrictions".

Incorporation of the Issuer

Verisure Holding AB (publ), a public limited liability company organized under the laws of Sweden, was formed on May 17, 2011 and registered on May 26, 2011 with a registration number of 556854-1410. The Issuer's business address is c/o Securitas Direct AB, Box 392, 201 23 Malmö, Sweden. The Issuer's main activity is the ownership and management, directly or indirectly, of goods and real property and any other related activities. The Issuer has a capital of €56,104.13, represented by 500,000 fully paid up shares. The Issuer holds preferred equity certificates in the amount of €450.0 million. Upon the consent of the board of managers of the Issuer, any holder may, at its election, convert such preferred equity certificates into a number of ordinary shares determined by dividing the par value of such preferred equity certificates by the conversion price. The conversion is subject to the approval of the general shareholders meeting of the company.

The Issuer's main investments as of the date of this filing include all of the outstanding shares in Securitas Direct AB (reg. no. 556222-9012). There are no other investments being currently made or planned.

Incorporation of the Guarantors

Securitas Direct AB, a public limited liability company organized under the laws of Sweden, registered on November 22, 1982, with registration number 556222-9012. Securitas Direct AB's business address is Box 392, 201 23 Malmö, Sweden. Securitas Direct AB is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct AB is indirectly wholly owned by the Issuer.

Securitas Direct Sverige AB, a private limited liability company organized under the laws of Sweden, registered on November 8, 1971 with registration number 556153-2176. Securitas Direct Sverige AB's business address is Box 2511, 580 02 Linköping, Sweden. Securitas Direct Sverige AB is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct Sverige AB is indirectly wholly owned by the Issuer.

Verisure Logistics AB (f/k/a Aroundio Logistics AB), a private limited liability company organized under the laws of Sweden, registered on April 13, 2006 with registration number 556702-0747. Verisure Logistics AB's business address is Box 1310, 581 13 Linköping, Sweden. Verisure Logistics AB is an operating company whose main activity is to offer goods and services relating to alarm systems. Verisure Logistics AB is indirectly wholly owned by the Issuer.

Verisure Innovation AB (f/k/a Securitas Direct Services AB), a private limited liability company organized under the laws of Sweden, registered on February 13, 2007 with registration number 556723-5329. Verisure Innovation AB's business address is Box 392, 20123 Malmö, Sweden. Verisure Innovation AB is a holding company whose main activity is to own warrants in Securitas Direct AB. Verisure Innovation AB is indirectly wholly owned by the Issuer.

Verisure Holding AS, a limited liability company organized under the laws of Norway, was formed on September 30, 2011, with organization number 997 434 366. Verisure Holding AS's business address is Drammensveien 175-177, 0277 Oslo, Norway. Verisure Holding AS is an operating company whose main activity is to offer goods and services relating to alarm systems and the accompanying services and other related business activities, including ownership in companies with similar activities. Verisure Holding AS is indirectly wholly owned by the Issuer.

Securitas Direct AS, a limited liability company organized under the laws of Norway, was formed on February 11, 1965 (and transferred to the Register of Business Enterprises on May 21, 1990) with organization number 929 120 825. Securitas Direct AS's business address is Drammensveien 175, N-0277 Oslo, Norway. Securitas Direct AS is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct AS is indirectly wholly owned by the Issuer.

ESML SD Iberia Holding, S.A.U., a company organized under the laws of Spain, incorporated on September 25, 2008 as *a sociedad de responsabilidad limitada* and converted into *a sociedad anónima* with effect from December 19, 2011, and with registration number A-85537363, is the resulting entity of a merger with Dream Spanish Bidco, S.A.U. registered on December 27, 2011. ESML SD Iberia Holding, S.A.U.'s business address is C/Priégola 2, 28224, Pozuelo de Alarcón, Madrid. ESML SD Iberia Holding S.A.U. is indirectly wholly owned by the Issuer.

Securitas Direct España S.A.U., a company organized under the laws of Spain, was formed and registered on March 17, 1989, with registration number A-26106013. Securitas Direct España S.A.U.'s business address is c/Priégola 2, 28224, Pozuelo de Alarcón, Madrid. Securitas Direct España S.A.U. is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct España S.A.U. is indirectly wholly owned by the Issuer.

Securitas Direct Portugal, Unipessoal, Lda., a private limited liability company by quotas (sociedade por quotas) organized under the laws of the Portuguese Republic, was registered on December 4, 2001 at the Commercial Registry Office (Conservatória do Registo Comercial) of Cascais under the single corporate and tax number 505760320. Securitas Direct Portugal, Unipessoal, Lda.'s business address is Praceta Professor Alfredo de Sousa, no. 3, parish of Algés, in Oeiras, Portugal. Securitas Direct Portugal, Unipessoal, Lda. Is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct Portugal, Unipessoal, Lda. is indirectly wholly owned by the Issuer.

Corporate Authority

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

Periodic Reporting Under the Exchange Act

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act.

CERTAIN NON-IFRS OPERATING DATA

We assess the performance of our businesses using a variety of measures. Some of these measures are not defined under IFRS. We do not regard these operating measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. To allow investors to compare certain results of operations across periods, we have presented our Adjusted EBITDA for the nine months ended September 30, 2011 and the twelve months ended December 31, 2011 on a Pro Forma Basis. We believe that such presentation promotes the overall usefulness of the comparison given the complexities involved with comparing periods of differing lengths as well as periods that are affected by the impact of the Acquisition Transactions. Detailed explanation of the pro forma adjustments and effects are discussed under "Unaudited Pro Forma Condensed Consolidated Financial Information". The operating measures described below may not be directly comparable with similarly titled measures used by other companies. Our non-IFRS operating metrics have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS operating metrics only supplementally to evaluate our performance. See "Presentation of Financial and Other Information".

Adjusted EBITDA for Portfolio Services and Customer Acquisition

We evaluate the performance of our operating segments and allocate resources to those segments based on our analysis of Adjusted EBITDA for each of our segments. Adjusted EBITDA for our segments is defined as net sales (including external and internal sales) minus cost of sales and selling and administrative expenses. Our calculation of segment Adjusted EBITDA does not include the impact of depreciation and amortization, retirements of assets, financial items or income tax expense because these items are allocated at the group level. In addition, it does not reflect eliminations due to intercompany sales. Adjusted EBITDA by segment is not a measure of financial condition or performance determined in accordance with IFRS and is not calculated in the same manner as our group Adjusted EBITDA. The following tables reconcile net sales to Adjusted EBITDA for our segments and our Group for the respective periods.

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	
Customer Acquisition segment					
Net sales, external	988	910	92.0	735	1,004
Net sales, internal	237	277	30.8	208	305
Total net sales	1,224	1,187	122.8	943	1,309
Cost of sales	(1,395)	(1,352)	(108.5)	(1,093)	(1,514)
Total cost of sales	(1,395)	(1,352)	(108.5)	(1,093)	(1,514)
Segment gross profit	(171)	(164)	14.3	(150)	(205)
Selling and administrative expenses	(839)	(905)	(81.8)	(698)	(982)
Segment Adjusted EBITDA	(1,010)	(1,069)	(67.5)	(848)	(1,187)
Pro forma adjustment				(11)	(11)
Pro forma Adjusted EBITDA				(859)	(1,197)

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	
Portfolio Services segment					
Net sales, external	4,498	4,599	473.0	3,717	5,031
Net sales, internal	32	1	—	0	—
Total net sales	4,530	4,600	473.0	3,717	5,031
Cost of sales	(1,783)	(1,690)	(178.0)	(1,311)	(1,855)
Total cost of sales	(1,783)	(1,690)	(178.0)	(1,311)	(1,855)
Segment gross profit	2,746	2,910	295.1	2,406	3,176
Selling and administrative expenses	(414)	(395)	(41.4)	(291)	(424)
Segment Adjusted EBITDA	2,333	2,515	253.7	2,115	2,752
Pro forma adjustment				(11)	62
Pro forma Adjusted EBITDA				2,104	2,814

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	
Consolidated(1)					
Net sales, external	5,485	5,510	565.0	4,452	6,035
Net sales, internal	269	277	30.8	208	305
Adjustment and eliminations	(269)	(277)	(30.8)	(208)	(305)
Total net sales	5,485	5,510	565.0	4,452	6,035
Cost of sales	(3,178)	(3,042)	(286.4)	(2,404)	(3,369)
Adjustment and eliminations	269	277	30.8	208	305
Total cost of sales	(2,910)	(2,764)	(255.6)	(2,196)	(3,064)
Consolidated gross profit	2,576	2,745	309.4	2,256	2,971
Selling and administrative expenses	(1,253)	(1,300)	(123.2)	(989)	(1,406)
Adjusted EBITDA	1,323	1,445	186.2	1,267	1,566
Pro forma adjustment				(23)	51
Pro forma Adjusted EBITDA				1,245	1,617
Group level adjustments					
Depreciation and amortization	(450)	(463)	(143.4)	(1,165)	(1,629)
Retirements of assets	(155)	(154)	(18.9)	(128)	(178)
Integration costs	—	—	(15.9)	—	—
Net finance costs	(446)	(642)	(177.7)	(1,669)	(1,560)
Income tax expense/benefit	(103)	(57)	16.1	447	371
Result for the period	169	128	(153.6)	(1,271)	(1,380)

(1) Consolidated measures are adjusted for intercompany consolidation and eliminations as well as components of depreciation and amortization, retirements of assets, financial items and income tax expenses as such items are allocated by management at the consolidated level.

Sales Growth Adjusted for FX

Adjusted sales growth is a non-IFRS measure of sales growth excluding the impacts of foreign exchange from year-over-year comparisons. We believe this provides investors with a more complete understanding of underlying sales trends by providing sales growth on a consistent basis. Adjusted sales growth is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

Average Monthly Revenue per User (ARPU)

Average monthly revenue per user ("ARPU") is an operating measure that represents the total average monthly revenue attributable primarily to our alarm monitoring and other sales activities. Management uses ARPU to identify average revenue per subscriber, to track changes in average subscriber revenues over time, and to help evaluate how changes in our business, including changes in our service offerings, affect our average revenue per customer and to forecast future subscriber revenue. ARPU is calculated by taking net sales for the Portfolio Services segment for the reporting period divided by the number of months in the period and the average number of subscribers during the relevant period. We use ARPU primarily as a tool to track changes in our average revenue per customer and to compare our per customer service revenues to those of other companies in the RHSB market. ARPU is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

The following table presents the derivation of ARPU for the respective periods:

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	
Total net sales, Portfolio Services segment (in millions)	4,530	4,600	473.0	3,717	5,031
Number of months in period	12	12	9	9	12
Average monthly revenue (in millions)(1)	377	383	52.6	413	419
Average number of subscribers	1,170,552	1,258,625	1,471,029	1,356,650	1,371,203
Average revenue per user (ARPU) (per month)	322	305	35.7	304	306

(1) Average monthly revenue contains both external and internal sales for the Portfolio Services segment.

Monthly Adjusted EBITDA per Subscriber (EPC)

Monthly Adjusted EBITDA per subscriber ("EPC") is an operating measure that represents ongoing profitability from managing our existing subscriber portfolio and is calculated by dividing Adjusted EBITDA from Portfolio Services by the number of months in the period and by the average number of subscribers during the period. We believe EPC is useful to management and investors as indicators of our per subscription profitability. EPC per subscriber is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

The following table shows the derivation of EPC for the respective periods:

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		*(euro millions)*	*(SEK millions)*	
Pro forma adjusted EBITDA from Portfolio Services			253.7	2,104	2,814
Adjusted EBITDA from Portfolio Services	2,333	2,515			
Number of months in period	12	12	9	9	12
Average monthly Adjusted EBITDA from Portfolio Services	194	210	28.2	234	234
Average number of subscribers	1,170,552	1,258,625	1,471,029	1,356,650	1,371,203
Adjusted EBITDA per Subscriber (EPC) (per month)	166	167	19.2	172	171

Cancellation Rate

Cancellation rate is a measure that allows us to monitor the proportion of contractual subscribers who choose to terminate our services during a given time period. We define cancellation rate as the number of subscribers who terminate our monitoring services in the last twelve months divided by our average number of customers in the last twelve months. We believe cancellation rate is useful to management to monitor and manage our portfolio base and trends, as it provides evidence to our measure of competitiveness and assists us in identifying possible indicators of customer dissatisfaction. We also believe that this measure, like ARPU, provide useful information to management and investors concerning the appeal of our service offerings and our performance in attracting and retaining our customers. Cancellation rate is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

The following table shows the derivation of cancellation rates for the respective periods:

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		*(euro millions)*	*(SEK millions)*	
Number of terminated subscriptions to monitoring services	100,417	103,222	126,292	103,760	108,386
Average number of subscribers	1,170,552	1,258,625	1,456,475	1,332,473	1,371,203
Cancellation rate	8.6%	8.2%	8.7%	7.8%	7.9%

Cash Acquisition Cost per New Subscriber (CPA)

Cash acquisition cost per new subscriber (“CPA”) is an operating measure that represents the net investment required to acquire a subscriber, and is defined as Adjusted EBITDA for our Customer Acquisition segment plus the capital expenditures we incur to acquire a new subscriber, divided by the gross number of subscribers added during the period. Management uses CPA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPA provides management with a useful measure to compare our per customer acquisition costs with those of our competitors. We believe investors use CPA primarily as a tool to track changes in our average cost of acquiring new customers and to compare our per customer acquisition costs to those of other companies in the RHSB market. CPA is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	(euro millions)
Pro forma Adjusted EBITDA from Customer Acquisition			(67.5)	(859)	(1,197)
Adjusted EBITDA from Customer Acquisition	(1,010)	(1,069)			
Capital expenditures	(703)	(695)	(98.4)	(581)	(794)
Total Customer Acquisition costs	(1,713)	(1,764)	(165.9)	(1,440)	(1,991)
New subscriptions per period	184,409	195,988	163,465	161,937	220,645
Cash acquisition cost per new subscriber	(9,290)	(9,000)	(1,015)	(8,892)	(9,025)

Payback Period

Payback period is an operating measure that represents the time in years required to recapture the initial capital investment made by us to acquire a new subscriber and is calculated as CPA divided by EPC, divided by 12. Our management uses the payback to measure the efficiency of our customer acquisition efforts. In addition, payback provides management with a useful measure to compare our per customer recovery rates with that of our competitors. Payback period is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

	Historical			Pro forma	
	For the year ended December 31,		For the nine months ended September 30,	For the nine months ended September 30,	For the twelve months ended December 31,
	2009	2010	2012	2011	2011
	(SEK millions)		(euro millions)	(SEK millions)	
CPA	9,290	9,000	1,015	8,892	1,000
EPC	166	167	19.2	172	18.9
Payback period (in years)	4.7	4.5	4.4	4.3	4.4

INDEX TO FINANCIAL STATEMENTS

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statements

EUR thousands	Note	Successor July 1 Sept 30, 2012	Successor Jan 1 Sept 30, 2012	Successor Sept 1 Sept 30, 2011	Predecessor July 1 Aug 31, 2011	Predecessor Jan 1 Aug 31, 2011
Net sales	1,2	190,189	565,003	56,747	111,501	437,020
Cost of sales		-108,324	-303,284	-32,214	-63,557	-246,980
Gross profit		**81,865**	**261,719**	**24,533**	**47,944**	**190,040**
Selling and administrative expenses		-81,921[(1)]	-253,745[(1)]	-40,523[(1)]	-27,175	-105,612
Operating profit		**-56**[(1)]	**7,974**[(1)]	**-15,990**[(1)]	**20,769**	**84,428**
Finance income		2,248	4,340	1,807	4,979	20,151
Finance costs		-53,888	-182,030	-16,777	-7,785	-25,634
Result before tax		**-51,696**	**-169,716**	**-30,960**	**17,963**	**78,945**
Income tax benefit/expense		6,791	16,138	540	-5,105	-22,158
Result for the period		**-44,905**	**-153,578**	**-30,420**	**12,858**	**56,787**

(1) Whereof EUR 35.3 (July-Sept 2012), and 105.9 (Jan-Sept 2012) and 9.7 (Sept 2011) million respectively relates to amortization expense resulting from the amortization of intangible assets acquired in the Acquisition.

According to IAS 27 the income and expense from a subsidiary is included from the acquisition date. This means that the comparative period from an IFRS perspective is from September to December 2011 as the Acquisition transaction occurred on September 2, 2011. For information purpose we have added the income and expense from the Securitas Direct Group (Predecessor) for the period January-August 2011. This information is considered as supplementary information and not part of the formal financial statements according to IFRS. The Predecessor income statement has been translated from SEK to EUR using an FX rate of 8.9843 (August 2011) and 9.0172 (September 2011).

All result is attributable to equity holders of the parent company.

Consolidated statements of comprehensive income

EUR thousands	Successor July 1 Sept 30, 2012	Successor Jan 1 Sept 30, 2012	Successor Sept 1 Sept 30, 2011	Predecessor July 1 Aug 31, 2011	Predecessor Jan 1 Aug 31, 2011
Result for the period	**-44,905**	**-153,578**	**-30,420**	**12,858**	**56,787**
Other comprehensive income/loss					
Foreign currency translation:					
– Currency translation differences on foreign operations:					
Subsidiaries	1,611	2,908	3,468	-1,051	-8,213
Other comprehensive income	**1,611**	**2,908**	**3,468**	**-1,051**	**-8,213**
Comprehensive income for the period					
Attributable to:					
– Equity shareholders	-43,294	-150,670	-26,952	11,807	48,574

Comparative numbers refer to Securitas Direct Group (the Predecessor). The Predecessor income statement has been translated from SEK to EUR using an FX rate of 8.9843 (August 2011) and 9.0172 (September 2011):

Consolidated statements of financial position

EUR thousands	Successor Sept 30, 2012	Successor Sept 30, 2011	Successor Dec 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment	292,211	248,230	262,582
Goodwill	821,095	824,020	819,420
Customer portfolio	1,334,641	1,508,742	1,435,274
Other intangible assets	183,561	109,795	149,683
Other non-current receivables	3,965	3,868	23,712
Deferred tax assets	1,352	808	981
Total non-current assets	**2,636,825**	**2,695,463**	**2,691,652**
Current assets			
Inventories	69,661	60,520	57,015
Trade receivables	60,144	49,994	52,116
Current tax assets	13,898	10,680	2,717
Prepayments and accrued income	14,327	8,693	10,834
Other current receivables	5,697	12,649	4,124
Cash and cash equivalents	4,670	2,218	12,206
Total current assets	**168,397**	**144,754**	**139,012**
TOTAL ASSETS	**2,805,221**	**2,840,217**	**2,830,664**

Comparative numbers refer to Securitas Direct Group (the Predecessor). The Predecessor balance sheet has been translated from SEK to EUR using an FX rate of 9.2690 (September 2011) and 8.9450 (December 2011):

Consolidated statements of financial position

EUR thousands	Note	Successor Sept 30, 2012	Successor Sept 30, 2011	Successor Dec 31, 2011
EQUITY AND LIABILITIES				
Equity				
Share capital		56	56	56
Other paid in capital		569,068	548,896	569,068
Other reserves		73	3,925	-2,835
Retained earnings		-269,957	-30,496	-116,379
Total equity attributable to equity holders of the parent company		**299,240**	**522,381**	**449,910**
Non-current liabilities				
Long-term borrowings	3, 4	1,884,303	1,708,679	1,758,772
Other non-current liabilities		21,044	534	7,009
Deferred tax liabilities		407,432	439,772	426,713
Other provisions		1,269	603	1,374
Total non-current liabilities		**2,314,048**	**2,149,588**	**2,193,868**
Current liabilities				
Trade payables		54,569	55,392	58,870
Current tax payable		11,688	11,243	2,975
Short-term borrowings	3, 4	2,974	2,479	2,608
Accrued expenses and deferred income		108,313	86,562	110,217
Other current liabilities		14,389	12,572	12,216
Total current liabilities		**191,933**	**168,248**	**186,886**
TOTAL EQUITY AND LIABILITIES		**2,805,221**	**2,840,217**	**2,830,664**

Comparative numbers refer to Securitas Direct Group (the Predecessor). The Predecessor balance sheet has been translated from SEK to EUR using an FX rate of 9.269 (September 2011) and 8.945 (December 2011):

Consolidated statements of changes in equity

EUR thousands	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
	Attributable to equity holders of the parent company					
Balance at January 1, 2012	**56**	**569,068**	**-2,835**	**—**	**-116,379**	**449,910**
Comprehensive income for the period	—	—	2,908	—	-153,578	-150,670
Balance at September 30, 2012	**56**	**569,068**	**73**	**—**	**-269,957**	**299,240**

Comparative numbers refer to Securitas Direct Group (the Predecessor). The Predecessor balance sheet has been translated from SEK to EUR using an FX rate 9.269 (September 2011) and 8.945 (December 2011) and the income statement using a FX rate of 9.0172:

Consolidated statements of cash flows

EUR thousands	Successor July 1 Sept 30, 2012	Successor Jan 1 Sept 30, 2012	Successor Sept 1 Sept 30, 2011	Predecessor July 1 Aug 31, 2011	Predecessor Jan 1 Aug 31, 2011
Operating activities					
Operating loss/profit	-57	7,974	-15,990	20,769	84,428
Reversal of depreciation/amortisation	48,632	143,408	13,917	7,548	27,946
Other non-cash items	7,347	18,730	1,805	3,066	12,380
Interest received	2,248	4,340	537	985	4,829
Other financial items	189	-1,878	-153	-1,201	-2,652
Income tax paid	-2,284	-6,588	-376	-390	-1,440
Cash flow from operating activities before change in working capital	**56,075**	**165,986**	**-260**	**30,777**	**125,491**
Change in working capital					
Change in inventories	-3,492	-11,888	249	-5,682	-7,444
Change in trade receivables	-1,395	-6,649	-4,140	3,789	-3,438
Change in other receivables	-1,326	-5,438	1,529	2,850	-1,176
Change in trade payables	-3,244	-5,308	-11,741	19,867	27,453
Change in other payables	-4,310	13,987	1,224	-2,526	5,723
Cash flow from operating activities	**42,308**	**150,690**	**-13,139**	**49,075**	**146,609**
Investing activities					
Purchase of property, plant and equipment	-22,932	-72,101	-8,893	-16,550	-63,780
Purchase of intangible assets	-14,938	-47,010	-1,059	-1,591	-8,330
Disposals of property, plant and equipment	—	—	13	—	—
Acquisition of subsidiaries	—	—	-1,803,616	—	-15,529
Cash flow from investing activities	**-37,870**	**-119,111**	**-1,813,555**	**-18,141**	**-87,639**
Financing activities					
Share capital	—	—	55	—	—
Shareholders' contribution	—	—	564,512	—	—
New loans	—	—	1,798,834	—	—
Other financial expenses	—	-22,838	-68,299	—	—
Interest paid	-42,383	-107,595	-6,583	-4,118	-22,156
Repayment of borrowings	—	—	-460,603	—	—
Change in bank overdraft	37,028	91,166	—	6,427	-6,562
Change in long term receivables/debts	—	—	—	-36,861	-36,861
Cash flow from financing activities	**-5,355**	**-39,267**	**1,827,916**	**-34,552**	**-65,579**
Cash flow for the period	**-917**	**-7,688**	**1,221**	**-3,618**	**-6,609**
Cash and cash equivalents at start of period	5,493	12,206	—	36,300	39,764
Exchange difference on translating cash and cash equivalents	94	152	997	3	-470
Cash and cash equivalents at end of period	**4,670**	**4,670**	**2,218**	**32,685**	**32,685**

Comparative numbers refer to Securitas Direct Group (the Predecessor). The Predecessor balance sheet has been translated from SEK to EUR using an FX rate of 8.9450 (December 2011) and 9.269 (September 2011) and the income statement using a FX rate of 8.9843 (August 2011) and 9.0172 (September 2011):

Notes to the financial statements

Basis of presentation and accounting periods

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 1 in the Annual Report for 2011.

On September 2, 2011 Verisure Holding AB acquired the Securitas Direct Group. As a result of the Acquisition, a new basis of accounting was created beginning September 1, 2011. The periods prior to the Acquisition are referred to as the Predecessor periods and the periods after the Acquisition are referred to as the Successor periods. The financial information for the Predecessor financial statements, comprise Securitas Direct AB and its consolidated subsidiaries. The Predecessor balance sheet has been translated from SEK to EUR using an FX rate of 9.269 (September 2011) and 8,945 (December 2011) and the income statement using a FX rate of 8.9843 (August 2011) and 9.0172 (September 2011).

The financial statements for the period following the acquisition, the Successor financial statements, comprise Verisure Holding AB and its consolidated subsidiaries.

These Financial Statements should be read in conjunction with the Annual Report 2011.

These Financial Statements have not been audited or reviewed by an auditor.

Note 1 Critical accounting estimates and judgments

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed at the balance sheet date and the amounts of revenue and expenses recognized during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the Group operates and information available from the Group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is discussed below.

Testing for impairment of goodwill and other assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When testing for impairment of goodwill and other assets, the carrying amount should be compared with the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flow derived from such assets using cash flow projections which have been discounted at an appropriate rate. Since there are normally no quoted prices available to estimate the fair value less costs to sell an asset, the asset's value in use is usually the value against which the carrying amount is compared for impairment testing purposes and is measured on the basis of assumptions and estimates. In calculating the net present value of the future cash flow, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- long-term sales growth rates;
- growth in adjusted EBITDA;

- timing and quantum of future capital expenditures;
- change in working capital; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and approves formal five year management plans for our operations, which are used in value in use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP rates for the country of operation; and
- a combination of an assumed 3% gross rate for the maturing markets and a projected long-term compound annual growth rate for adjusted EBITDA in years six to ten, estimated by management for developing countries.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect our impairment evaluation and hence results.

Measurement of deferred income tax assets and deferred income tax liabilities

The Group is liable to pay income taxes in various countries. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions, the resolution for which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of our structure following our geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge in the consolidated income statement and tax payments. We also have exercised significant accounting judgment regarding net operating loss utilization.

The Group also has exercised significant accounting judgment regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realized. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognized.

The amounts recognized in the consolidated financial statements in respect of each matter are derived from the company's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore impact the company's results and cash flow.

Measurement of provisions and allocation for accrued expenses

The Group exercises judgment in connection with significant estimates in relation to staff related costs and in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment

The charge in respect of periodic depreciation for alarm equipment is derived after determining an estimate of expected useful life of alarm equipment and the expected residual value at the end of its life. Increasing expected life of an asset or its residual value results in a reduced depreciation charge recording in the consolidated income statement.

The useful lives and residual values of our assets are determined by management at the time of acquisition and reviewed annually for appropriateness. The lives are based primarily on historical experience in regards to the lifecycle of subscribers as well as anticipation of future events which may impact their life, such as changes in technology and macroeconomic factors.

Customer acquisition costs

As commented in the Q1 report, as of January 1, 2012, in line with IAS 38, the group changed the accounting policy regarding customer acquisition costs. Historically the group has expensed direct costs related to the acquisition of customer contracts. The new policy is to capitalize these costs as intangible assets, as they fulfill the requirement in IAS 38 Intangible Assets of internally generated intangible assets. The impact on EBITDA of this change is EUR 11.7 million in Q3 2012 and 36.9 million accumulated for the first nine months in 2012. The policy change does not impact portfolio adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012, as retrospective application is impracticable.

Note 2 Segment reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the Chief Operating Decision Maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the executive management group as its CODM and the Group uses adjusted EBITDA to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in the Group's segment disclosures.

The Group's ongoing operating segments are "Customer acquisition" and "Portfolio services".

	Customer acquisition		Portfolio services		Overhead and adjustments		Group	
	Successor	Predecessor	Successor	Predecessor	Successor	Predecessor	Successor	Predecessor
EUR thousands	July 1 Sept 30, 2012	Jan 1 Sept 30, 2012	July 1 Sept 30, 2012	Jan 1 Sept 30, 2012	July 1 Sept 30, 2012	Jan 1 Sept 30, 2012	July 1 Sept 30, 2012	Jan 1 Sept 30, 2012
Net sales, external	27,530	91,972	162,659	473,031	—	—	190,189	565,003
Net sales, internal	11,270	30,848	—	—	-11,270	-30,848	—	—
Total net sales	**38,800**	**122,820**	**162,659**	**473,031**	**-11,270**	**-30,848**	**190,189**	**565,003**
Adjusted EBITDA	**-25,193**(1)	**-67,480**	**85,742**	**253,679**	**—**	**—**	**60,549**(1)	**186,199**(1)
Depreciation and amortisation	—	—	—	—	—	—	-48,596(2)	-143,408(2)
Retirements of assets	—	—	—	—	—	—	-7,346	-18,911
Integration costs	—	—	—	—	—	—	-4,664	-15,906
Net finance costs	—	—	—	—	—	—	-51,640	-177,690
Profit before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-51,697**	**-169,716**

Eliminations refer to internal sales between the segments.

(1) Including capitalization according to new accounting policy EUR 11.7 million and 36.9 respectively in 2012.

(2) Whereof EUR 35.3 million relates to amortization expense resulting from the amortization of intangible assets acquired in the Acquisition.

EUR thousands	Customer acquisition Successor Sept 1 Sept 30, 2011	Customer acquisition Predecessor July 1 Aug 31, 2011	Portfolio services Successor Sept 1 Sept 30, 2011	Portfolio services Predecessor July 1 Aug 31, 2011	Overhead and adjustments Successor Sept 1 Sept 30, 2011	Overhead and adjustments Predecessor July 1 Aug 31, 2011	Group Successor Sept 1 Sept 30, 2011	Group Predecessor July 1 Aug 31, 2011
Net sales, external	9,117	17,092	47,630	94,409	—	—	56,747	111,501
Net sales, internal	3,092	5,421	—	—	-3,092	-5,421	—	—
Total net sales	**12,209**	**22,513**	**47,630**	**94,409**	**-3,092**	**-5,421**	**56,747**	**111,501**
Adjusted EBITDA	**-10,990**	**-22,331**	**26,830**	**53,839**	**—**	**—**	**15,840**	**31,508**
Depreciation and amortization	—	—	—	—	—	—	-13,540(1)	-7,530
Retirements of assets	—	—	—	—	—	—	-1,738	-3,209
Integration costs	—	—	—	—	—	—	-16,552	—
Net finance costs	—	—	—	—	—	—	-14,970	-2,806
Profit before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-30,960**	**17,963**

Eliminations refer to internal sales between the segments.

(1) Where of EUR 9.7 million relates to amortization expense resulting from the amortization of intangible assets acquired in the Acquisition.

EUR thousand	Customer acquisition	Portfolio services	Overhead and adjustments	Group
	Predecessor			
	Jan 1 Aug 31, 2011	Jan 1 Aug 31, 2011	Jan 1 Aug 31, 2011	Jan 1 Aug 31, 2011
Net sales, external	72,469	364,551	—	437,020
Net sales, internal	19,981	—	-19,981	—
Total net sales	**92,450**	**364,551**	**-19,981**	**437,020**
Adjusted EBITDA	**-82,886**	**207,668**	**—**	**124,782**
Depreciation and amortization	—	—	—	-27,908
Retirements of assets	—	—	—	-12,446
Integration costs	—	—	—	—
Net finance costs	—	—	—	-5,483
Profit before tax	**—**	**—**	**—**	**78,945**

Eliminations refer to internal sales between the segments.

Note 3 Borrowings

EUR thousands	Successor					
	September 30, 2012			December 31, 2011		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Principal amount:						
Secured						
Senior Secured Notes	—	871,500	871,500	—	—	—
Bridge Facility/Series A Senior Secured Loan	—	50,000	50,000	—	921,500	921,500
Mezzanine Loan	—	393,500	393,500	—	393,500	393,500
Revolver Cash Drawn	—	108,598	108,598	—	17,432	17,432
Unsecured						
Shareholder Funding Instrument	—	504,600	504,600	—	450,000	450,000
Other	—	388	388	—	404	404
Finance Lease Liability	2,974	3,739	6,713	2,608	5,145	7,753
Total	**2,974**	**1,932,325**	**1,935,299**	**2,608**	**1,787,981**	**1,790,589**
PIK Interest, Shareholder Funding Instrument	—	5,046	5,046	—	18,000	18,000
PIK Interest, Mezzanine Loan	—	13,428	13,428	—	—	—
Bank arrangement and facility fees	—	-66,496	-66,496	—	-47,209	-47,209
Total borrowings (carrying amount)	**2,974**	**1,884,303**	**1,887,277**	**2,608**	**1,758,772**	**1,761,380**

EUR thousands	Successor		
	September 30, 2011		
	Current liabilities	Non-current liabilities	Total
Principal amount:			
Secured			
Senior Secured Notes	—	—	—
Bridge Facility/Series A Senior Secured Loan	—	921,500	921,500
Mezzanine Loan	—	390,691	390,691
Revolver Cash Drawn	—	—	—
Unsecured			
Shareholder Funding Instrument	—	450,000	450,000
Other	—	413	413
Finance Lease Liability	2,479	5,512	7,991
Total	**2,479**	**1,768,116**	**1,770,595**
PIK Interest, Shareholder Funding Instrument	—	4,200	4,200
PIK Interest, Mezzanine Loan	—	2,808	2,808
Bank arrangement and facility fees	—	-66,445	-66,445
Total borrowings (carrying amount)	**2,479**	**1,708,679**	**1,711,158**

Note 4 Pledged assets

EUR thousands	Successor		
	Sept 30, 2012	Sept 30, 2011	Dec 31, 2011
Endowment insurance	494	430	457
Shares in subsidiaries	2,419,333	2,450,230	2,358,742
Bank accounts	968	-4,107	5,332
Trademark	84,583	89,583	88,333
Accounts receivables	47,562	38,242	39,589
Inventories	60,928	53,669	681
Motor vehicles	107	155	131

The Group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP-rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct Group and certain rights under reports in relation to the acquisition of the Securitas Direct Group as collateral for bank borrowings as disclosed in note 3.

Malmö, 28 November 2012

AUDITOR'S REPORT

To the Board of Directors in Verisure Holding AB (publ)
Corporate identity number 556854-1410

Report on the consolidated financial statements

We have audited the consolidated financial statements of Verisure Holding AB (publ) for the financial year ended 31 December 2011. The consolidated financial statements comprise the consolidated statement of financial position of Verisure Holding AB (publ) and its subsidiaries ("the Company") as at 31 December 2011 ("Successor Company statement of financial position") and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 September 2011 through 31 December 2011 ("Successor Company operations") and a summary of significant accounting policies and other explanatory information. We have also audited the statement of financial position of Securitas Direct AB and its subsidiaries ("Predecessor Company") as at 31 August 2011 ("Predecessor Company statement of financial position") and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2011 through 31 August 2011 ("Predecessor Company operations") and a summary of significant accounting policies and other explanatory information. The financial statements of the Company and the Predecessor Company are included in the printed version of this document on pages 44-95.

The consolidated financial statements have been prepared by the Board of Directors and the Managing Director with the purpose to present the operations of Verisure Holding AB (publ), as performed by the Predecessor and Successor Company for the full year 2011.

Responsibilities of the Board of Directors and the Managing Director for the consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgement, 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 auditor considers internal control relevant to the Company'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 Company'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 and the Managing Director, 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 for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Successor Company as at 31 December 2011, and the related Successor Company operations and cash flows for the period from 1 September 2011 through 31 December 2011, and the financial position of the Predecessor Company as at 31 August 2011 and the related Predecessor Company operations and cash flows for the period from 1 January 2011 through 31 August 2011, in accordance with International Financial Reporting Standards, as adopted by the EU.

Basis of Accounting and Use

Without modifying our opinion, we draw attention to the Notes of the consolidated financial statements, which describes the basis of preparation and accounting. The consolidated financial statements have been prepared by the Board of Directors and the Managing Director to present the operations of Verisure Holding AB (publ), as performed by the Predecessor and Successor Company for the full year 2011. As a result, the consolidated financial statements may not be suitable for other purposes.

Malmö 27 April, 2012

Deloitte AB

Per-Arne Pettersson

Authorized Public Accountant

Consolidated income statements

SEK thousands	Note	Successor	Predecessor	
		September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Net sales		2,109,108	3,926,089	5,509,501
Cost of sales	7, 9, 10	-1,289,948	-2,218,976	-3,281,580
Gross profit		**819,160**	**1,707,113**	**2,227,921**
Selling and Administrative expenses	5,7,8, 9, 10	-1,200,137	-949,097	-1,400,193
Operating loss/profit		**-380,977**	**758,016**	**827,728**
Finance income	4, 11	25,742	160,243	30,700
Finance costs	4, 8, 11	-806,654	-206,743	-673,024
Result before tax		**-1,161,889**	**711,516**	**185,404**
Income tax benefit/expense	12	120,881	-202,562	-57,089
Result for the period		**-1,041,008**	**508,954**	**128,315**

All result is attributable to equity holders of the parent company.

Consolidated statements of comprehensive income

SEK thousands	Successor	Predecessor	
	September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Result for the period	**-1,041,008**	**508,954**	**128,315**
Other comprehensive income/loss			
Foreign currency translation:			
– Currency translation differences on foreign operations:			
Subsidiaries	-25,359	-73,787	589,044
Hedge of net investment	—	—	-1,900
Income tax benefit on net investment hedges	—	—	500
Other comprehensive income	**-25,359**	**-73,787**	**587,644**
Comprehensive income for the period	**-1,066,367**	**435,167**	**715,959**
Attributable to:			
– Equity shareholders	-1,066,367	435,167	715,959

Consolidated statements of financial position

SEK thousands	Note	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
ASSETS				
Non-current assets				
Property, plant and equipment	15	2,348,799	2,246,305	1,919,309
Goodwill	16	7,329,712	199,234	173,592
Customer portfolio	17	12,838,526	630,487	472,833
Other intangible assets	18	1,338,912	186,077	172,424
Other non-current receivables	23	212,109	35,343	28,613
Deferred tax assets	19	8,778	201,784	345,957
Total non-current assets		**24,076,836**	**3,499,230**	**3,112,728**
Current assets				
Inventories	20	510,001	558,984	483,201
Trade receivables	21	466,174	424,581	381,274
Current tax assets		24,307	152,356	186,441
Prepayments and accrued income		75,470	129,567	126,985
Other current receivables	4	58,325	51,326	63,523
Cash and cash equivalents		109,178	299,654	357,952
Total current assets		**1,243,455**	**1,616,468**	**1,599,376**
TOTAL ASSETS		**25,320,291**	**5,115,698**	**4,712,104**
EQUITY AND LIABILITIES				
Equity	22			
Share capital		500	371,494	371,494
Other paid in capital		5,090,314	1,322,827	1,322,827
Other reserves		-25,359	936,412	1,010,199
Retained earnings		-1,041,008	-3,562,872	-4,071,826
Total equity attributable to equity holders of the parent company		**4,024,447**	**-932,139**	**-1,367,306**
Non-current liabilities				
Long-term borrowings	3, 23	15,732,214	4,209,136	4,165,878
Other non-current liabilities	3, 4	62,696	4,902	380,001
Deferred tax liabilities	19	3,816,951	256,576	181,066
Other provisions	25	12,298	5,404	4,167
Total non-current liabilities		**19,624,159**	**4,476,018**	**4,731,112**
Current liabilities				
Trade payables		526,596	617,459	363,463
Current tax payable		26,612	98,135	139,584
Short-term borrowings	23	23,329	22,517	19,930
Accrued expenses and deferred income	26	985,894	702,297	683,386
Other current liabilities	4	109,254	131,411	141,935
Total current liabilities		**1,671,685**	**1,571,819**	**1,348,298**
TOTAL EQUITY AND LIABILITIES		**25,320,291**	**5,115,698**	**4,712,104**

PLEDGED ASSETS 27
CONTINGENT LIABILITIES 27

Consolidated statements of changes in equity

	Predecessor					
	Attributable to equity holders of the parent company					
SEK thousands	**Share capital**	**Other paid in capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings**	**Total**
Balance at 1 January 2010	**371,494**	**1,077,124**	**519,006**	**-96,451**	**-4,019,059**	**-2,147,886**
Comprehensive income for the period	—	—	589,044	-1,400	128,315	715,959
Shareholders' contributions received	—	245,703	—	—	—	245,703
Group contributions paid	—	—	—	—	-245,703	-245,703
Tax on group contributions	—	—	—	—	64,621	64,621
Balance at 31 December 2010	**371,494**	**1,322,827**	**1,108,050**	**-97,851**	**-4,071,826**	**-1,367,306**
Balance at 1 January 2011	**371,494**	**1,322,827**	**1,108,050**	**-97,851**	**-4,071,826**	**-1,367,306**
Comprehensive income for the period	—	—	-73,787	—	508,954	435,167
Shareholders' contributions received	—	—	—	—	—	—
Balance at 31 August 2011	**371,494**	**1,322,827**	**1,034,263**	**-97,851**	**-3,562,872**	**-932,139**

	Successor					
	Attributable to equity holders of the parent company					
Balance at 1 September 2011	—	—	—	—	—	—
Issue of ordinary shares	50	—	—	—	—	50
New issue of shares	450	—	—	—	—	450
Shareholder's contribution	—	5,090,314	—	—	—	5,090,314
Comprehensive income for the period	—	—	-25,359	—	-1,041,008	-1,066,367
Balance at 31 December 2011	**500**	**5,090,314**	**-25,359**	**—**	**-1,041,008**	**4,024,447**

The Board of Directors propose that no dividend be paid for the 2011 financial year.

Consolidated statements of cash flows

SEK thousands	Note	Successor September 1 December 31, 2011	Predecessor January 1 August 31, 2011	January 1 December 31, 2010
Operating activities				
Operating loss/profit		-380,977	758,016	827,728
Reversal of depreciation/amortisation	10	554,314	251,071	463,296
Other non-cash items	13	145,202	111,227	154,621
Interest received		4,844	43,385	24,754
Interest paid	23	-241,788	-199,053	-289,497
Other financial items		7,890	-23,316	63,064
Income tax paid		-65,082	-12,936	-24,977
Cash flow from operating activities before change in working capital		**24,403**	**928,394**	**1,218,989**
Change in working capital				
Change in inventories		38,832	-66,880	19,058
Change in trade receivables		-49,964	-30,889	7,282
Change in other receivables		87,509	-10,569	-8,496
Change in trade payables		-84,740	246,649	4,156
Change in other payables		-19,418	51,421	66,198
Cash flow from operating activities		**-3,378**	**1,118,126**	**1,307,187**
Investing activities				
Purchase of property, plant and equipment	15	-323,364	-573,016	-738,125
Purchase of intangible assets	17, 18	-41,919	-74,841	-133,395
Disposals of property, plant and equipment		120	—	3,053
Acquisition of subsidiaries	14	-16,263,568	-139,516	—
Cash flow from investing activities		**-16,628,731**	**-787,373**	**-868,467**
Financing activities				
Share capital		500	—	—
Shareholders' contribution		5,090,313	—	—
New borrowings		16,498,053	—	—
Other financial expenses		-685,359	—	—
Repayment of borrowings		-4,153,352	—	—
Change in bank overdraft		—	-58,958	53,764
Change in long term debt		—	-331,168	-464,972
Cash flow from financing activities		**16,750,155**	**-390,126**	**-411,208**
Cash flow for the period		**118,046**	**-59,373**	**27,512**
Cash and cash equivalents at start of period		—	357,952	340,563
Exchange difference on translating cash and cash equivalents		-8,868	1,073	-10,123
Cash and cash equivalents at end of period		**109,178**	**299,652**	**357,952**

Notes to the financial statements

Incorporation of the company and acquisition of Securitas Direct AB and EsmL SD Iberia Holding, S.L.U.

Verisure Holding AB (publ) (‘the Company’ or ‘the Successor’) is a newly organized public limited liability company incorporated on May 25, 2011 in and under the laws of Sweden with the registration number 556854-1410 and registered office in Malmö.

The Company’s ultimate parent entity is Dream LuxCo SCA (‘LuxCo’), which operates in and under the laws of Luxemburg. The LuxCo is owned by a consortium representing the interests of Bain Capital, Ltd (‘Bain’) and Hellman & Friedman LLC (‘H&F’), global private equity investment firms, and management of the Company.

On September 2, 2011, Dream Purchaser AB, a newly organized company existing under the laws of Sweden and a wholly owned subsidiary of the Company became the purchaser of the entire outstanding stock of Securitas Direct AB and the subsidiaries (the ‘Securitas Direct Group’) through an assignment and novation of the Share Sale and Purchase Agreement from Verisure Holding AB (publ), with the exception of ESML SD Iberia Holdings S.L.U (‘Spanish Subsidiary’) which shares have been acquired by the Dream Spanish Bidco S.A.E. a company organized under the laws of Spain and a wholly owned subsidiary of Dream Purchaser AB, through an assignment and novation of the Share Sale and Purchase agreement from Global Sudong S.L.U. Together, the acquisitions are referred to as Securitas Direct Business.

Further information on the acquisition of the group headed by the Company is presented in note 14.

References in these consolidated financial statements to ‘the Group’ refer, in the periods prior to the acquisition of the Securitas Direct Business, to Securitas Direct AB, the Predecessor, and its subsidiaries and, in the period subsequent to the acquisition of the Securitas Direct Business, to the Company and its subsidiaries.

Nature of operations

The Group is a provider of high-quality monitored alarms based on a standardized range of alarm products to consumers and small and medium-sized businesses. The Group operates in nine European countries, Chile and Brazil. The European markets are Finland, Sweden, Norway, Denmark, Netherlands, Belgium, France, Spain and Portugal.

A typical installed alarm consists of an electronic central unit for communication and control and other alarm components, a keypad for arming and disarming the system, an alarm siren, camera or motion detectors, magnetic contacts and alarm stickers, and (in some markets) smoke detectors. The Group’s products are primarily wireless, although the company also supplies custom-designed wired solutions to small and medium-sized businesses.

The Group is comprised of two business segments: Customer acquisition and Portfolio services. Customer acquisition segment sells and installs our alarm systems for new subscribers in return for an installation fees. Portfolio Services segment provides monitoring services to our existing subscribers for a monthly subscription fee.

Basis of presentation and accounting periods

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities designated at fair value through profit or loss and business acquisition, which have all been measured at fair value.

The financial statements for the periods preceding the acquisition of Securitas Direct Business, the Predecessor financial statements, comprise the consolidated financial statements of Securitas Direct AB and subsidiaries. Predecessor financial statements are presented as at and for the eight-month period ended August 31, 2011 and with respect to the consolidated statements of financial position as at August 31, 2011 and December 31, 2010. The Predecessor financial statements do not reflect the effects of the accounting for the acquisition of the Securitas Direct Business.

The financial statements for the period following the acquisition, the Successor financial statements, comprise the Company's consolidated financial statements as at and for the period ended December 31, 2011. Although the Company was incorporated on May 25, 2011, it had no assets or liabilities (other than the proceeds of the ordinary shares issued on incorporation, which was nominal) and no operations prior to the acquisition of Securitas Direct Business. Accordingly, the Successor financial statements present the results of the Successor's operations for the four-month period from September 1, 2011 to December 31, 2011 and the consolidated financial position as at December 31, 2011.

These consolidated financial statements have been prepared on the assumption that the Successor is a going concern and will continue in operation for the foreseeable future. The management believes that the going concern assumption is appropriate for the Successor due to adequate liquidity, capital position, and continued improvement in operating results. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Successor's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Financial statements are presented for the periods preceding and succeeding the acquisition of the Securitas Direct Business.

Note 1 Accounting policies

Summary of significant accounting policies

The Successor and the Predecessor applies the International Financial Reporting Standards (IFRS) approved by the EU.

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the Company and entities controlled, both unilaterally and jointly, by the Company.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The effect of potential voting rights which are currently exercisable or convertible are taken into account when determining whether the Company has a controlling influence on another entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases. Group income and components in other comprehensive income are attributable to equity holders of the parent company. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the Group.

All inter-company transactions, balances and unrealized gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Business combinations

(i) Background

Effective January 1, 2010, the Group adopted IFRS 3 (Revised 2008) 'Business Combinations', IAS 27 (Revised 2008) 'Consolidated and Separate Financial Statements', which contained a number of changes that affected the accounting for business combinations and subsequent changes in the Group's ownership interest in a subsidiary.

The revised standards were applied prospectively to business combinations with an effective date of acquisition on or after January 1, 2010.

(ii) Businesses acquired before January 1, 2010

Business combinations were accounted for using the purchase method.

Goodwill arising in a business combination was measured as the excess of the cost of acquisition over the interest acquired by the Group in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognized at the acquisition date. Where the interest acquired by the Group in the fair value of the identifiable assets, liabilities and contingent liabilities that were recognized exceeded the cost of acquisition, the excess was recognized as a gain in profit or loss.

The cost of acquisition comprised the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business and any costs directly attributable to the business combination.

The identifiable assets, liabilities and contingent liabilities of the acquired business that were recognized were measured at their fair value at the acquisition date, except for assets that were classified as held for sale, which were measured at fair value less costs to sell.

Any non-controlling interests were initially measured at their share of the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognized at the acquisition date.

If the initial accounting for a business combination was incomplete by the end of the reporting period in which the combination occurred, the Group reported provisional amounts for the items for which the accounting was incomplete. If, within a maximum of one year after the acquisition date, new information was obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date, adjustments were made to the amounts recognized, or new assets and liabilities recognized, as at the acquisition date. Otherwise, with the exception of adjustments to contingent consideration and the recognition of previously unrecognized deferred tax assets of the acquired business, adjustments to the provisional amounts were recognized in profit or loss.

Subsequent adjustments to the estimated amount of contingent consideration were recognized as adjustments to the cost of acquisition.

Where deferred tax assets of the acquired business at the acquisition date were not initially recognized but were subsequently recognized, the income tax benefit was recognized as income but, in addition, the Group reduced the carrying amount of goodwill recognized on the acquisition and recognized the reduction in the carrying amount of goodwill as an expense in profit or loss.

Where a business combination was achieved in stages, the Group treated each exchange transaction separately and applied the purchase method at the date of each exchange transaction. Where the Group sold an interest in a subsidiary, the difference between the consideration received and the carrying amount of the interest in the subsidiary that was sold was recognized in profit or loss.

(iii) Businesses acquired on or after January 1, 2010

Business combinations are accounted for using the acquisition method. The consideration for the business combination is measured at fair value at the acquisition date, which is calculated as the sum of the acquisition-date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition-related costs are recognized in the income statement during the period in which they are incurred.

The consideration also includes fair value at the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration.

Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time of the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. All other changes to the fair value of an additional consideration that is classified as an asset or liability are recognized in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognized in equity.

The identifiable acquired assets, assumed liabilities and contingent assets are recognized at fair value as at the acquisition date, with the following exceptions:

- Deferred income tax assets or liabilities and assets or liabilities attributable to the acquired company's agreement concerning remuneration of employees are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits.
- Debts or equity instruments attributable to the acquired company's share-based allocations or for the exchange of the acquired company's share-based allocations with the acquirers are measured at the acquisition date in accordance with IFRS 2 Share-based Payment.
- Non-current assets (or disposal group) were classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations measured in accordance with this standard.

Contingent liabilities assumed in a business combination are recognized as existing liabilities arising from events that have occurred, the fair value of which can be calculated in a reliable manner.

In a business combination where the sum of the consideration, any non-controlling interests and acquisition date fair value of previously-held equity interest exceeds acquisition-date fair value of identifiable acquired net assets, the difference is recognized as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognized as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously-held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company's identifiable net assets.

In an acquisition achieved in stages, the previously-held equity interest in the acquired company is remeasured at its acquisition-date fair value (i.e. when control is obtained). Any gain or loss is recognized in profit or loss. Any changes in the value of the previously-held equity interests that, prior to the acquisition date were recognized in other comprehensive income, are reclassified in the income statement on the same basis as would be required if these shares had been sold.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in the Swedish krona, which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognized in the statement of income when they arise. Exchange differences from operating items are recognized as either cost of sales or selling and administrative expenses, while exchange differences from financial items are recognized as financial income or financial expenses. When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Group companies

The results and financial position of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates
- All resulting translation differences are recognized in other comprehensive income.

On consolidation, the assets and liabilities of entities with a functional currency other than Swedish krona are expressed in Swedish krona using exchange rates prevailing on the end of reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognized in comprehensive income. When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the Chief Operating Decision Maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the executive management group as its CODM. The segments identified based on the Group's operating activities are "Customer acquisition" and "Portfolio services" and are explained further below:

Customer acquisition

This includes the part of the Group that sells and installs wireless and wired alarms and security solutions for homes and small businesses. Sales and installations can be performed both by Securitas Direct staff and by external partners. Each new customer generates installation income which is recognized when installation of the alarm equipment has been completed. The company's costs for materials, installation, administration and marketing exceed the non-recurring income, resulting in negative cash flow for the segment.

Portfolio services

All customers are connected to dedicated alarm centers that handle alarm monitoring and customer support. Alarm centers are the core of Securitas Direct's business.

Existing customers generate a monthly revenue stream as they subscribe to the Group's services. This segment generates stable positive cash flow. The cost base is also more stable in this segment and primarily comprises fixed salaries or fees to external partners.

Business segments are recognized using the same accounting policies as applied by the Group.

Income recognition

Income comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the Group, and is recognized only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred and, where there are contractual acceptance provisions, the customer has accepted the goods (or the right to reject them has lapsed), the sale price is fixed or determinable and the collectability of revenue is reasonably assured.

More specifically income is recognized as follows:

Alarm monitoring

Income from alarm monitoring services is recognized during the period to which the service relates.

Installation fees

As part of alarm installation, customers pay an installation fee and, in certain cases, payment for products sold. This fee is recognized when the installation is completed.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Operating expenses

The company's business model involves sales and installation being carried out by the same individuals. The costs of these activities are recognized in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Income taxes

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been defined or announced and are highly likely to be laid down. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognized directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognized. Deferred income tax is recognized using the balance sheet method which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the amounts can be utilized.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

As of 1 January 2011, the group made a new estimate, based on new information, of the estimated useful life of alarm equipment. Depreciation is based on the assets' cost and is allocated using the straight-line method over their estimated useful lives, as follows:

Alarm equipment	6–16 years (5–10 years)
Other machinery and equipment	3–10 years (3–10 years)

Machinery and equipment are primarily alarm equipment installed on customers' premises.

An asset's residual value and value in use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are recognized in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and the acquisition-date fair value of any previously-held equity interest exceeds the acquisition-date fair value of identifiable acquired net assets, the difference is recognized as goodwill. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows or cash-generating units ("CGU"), is not subject to amortization and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value, and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the CGU level. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognized for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal 5 year management plans for its operations, which are used in the value in use calculations.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and associated customer relationships. These are carried at cost less accumulated depreciation and amortization and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the asset's cost and is on a straight line basis over the estimated useful life.

Other intangible assets

Other intangible assets are primarily computer software and rental rights. Rental rights usually have a limited useful life and are recognized at cost less cumulative amortization and any cumulative impairment loss. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life. Development costs for new identifiable and unique software products are capitalized if they are controlled by the Group and are likely to generate economic benefits. The capitalized amounts consist of direct costs and the capital sable portion of indirect costs.

Costs associated with developing or maintaining computer software are expensed as incurred. Capitalized development costs have a definable useful life and are amortized on a straight-line basis from the date the software entered use.

Amortization for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio	5–16 years
Computer software	3–10 years
Other intangible assets	3–18 years (3–5 years)

Rental rights and similar rights are amortized over the same period as the underlying contract.

An asset's residual value and value in use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortization and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant pre-tax WACC, which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognized impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognized. If this is the case, a reversal of the impairment loss is carried out to increase the carrying amount of the impaired assets to its recoverable amount. A reversal of a previous impairment loss is only recognized to the extent that the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortization) had the impairment loss not been recognized in the first place. Impairment losses on goodwill are never reversed.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognized using the balance sheet method which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the amounts can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognized when the Group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably. Additionally, in a business combination, a provision is required in respect of a present obligation of the acquired business at the acquisition date even where it is not probable that payments will be made to settle the obligation but the payment can be estimated reliably.

Financial instruments

The Group classifies its financial instruments as:

- Financial assets at fair value through profit or loss, held for trading
- Loans and trade receivables
- Liabilities at fair value through profit or loss
- Other financial liabilities

The classification depends on the purpose for which the financial assets were acquired.

Purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of "Financial assets carried at fair value through profit or loss" are recognized as a financial item as incurred.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and are primarily derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Derivative instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group uses foreign currency forward contracts and interest rates to economically hedge specific substantial foreign currency payments and receipts and variability of cash flows due to interest rate risk on the Group's long-term debt. The Group has no derivatives that are designated as hedging instruments. The Group does not use derivative financial instruments for speculative purposes.

All derivative instruments are recognized initially either as assets or liabilities at fair value on the contract date in the consolidated balance sheet and are subsequently remeasured at fair value on each reporting date.

The changes in value of derivatives that are not designated are recognized in the income statement within finance income and finance costs line items. Gains and losses on hedging instruments (which include bonds, commercial paper and foreign exchange contracts) designated as hedges of the net investments in foreign operations are recognized in equity to the extent that the hedging relationship is effective. These amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognized immediately in the income statement for the period. Gains and losses accumulated in the translation reserve are included in the income statement when the foreign operation is disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the Company chooses to end the hedging relationship.

The components and fair values of the Group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy. The Company uses observable market inputs based on the type of derivative and the nature of underlying instrument and also measures its counterparty and own risk as appropriate, based on current published credit default swap rates when determining the fair value of its derivatives.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and trade receivables do not carry any interest and are stated at their nominal value less any provision for bad debts. There are no loans or trade receivables that are classified as available for sale or held for trading as a result of the fair value election A provision for bad debts is made when there is objective evidence that the Group will not receive all amounts due. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

The provision is recognized under "Cost of sales" in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category only includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current liabilities.

Other financial liabilities

Liabilities to credit institutions

Borrowings are recognized initially at fair value less transaction costs and thereafter at amortized cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognized in the income statement over the term of the loan using the effective interest method.

Trade payables

Trade payables are recognized at fair value.

Government grants

Like other employers, the Group qualifies for various employment-related government grants in specific jurisdictions such as Sweden. Such assistance may include training, job creation, reduced working hours and so forth. All grants are recognized in the income statement as cost reductions in the same period as the underlying cost.

Employee benefit expense

The Group offers cover both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which the company pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period.

Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For such plans amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

All pension plans in foreign units are classified as defined contribution plans. The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

All pension liabilities in Swedish units are classified as defined contribution plans, except pensions for office-based staff which are through a pension plan with SPP (a Swedish pension and life insurance company). According to the Swedish Financial Reporting Board's UFR 3 statement, the SPP plan is a defined benefit pension plan covering multiple employers. The information regarding the actuarial present values of vested and nonvested benefits and fair value of plan assets for the separate employers in the plan is not available and accordingly the Group funds pension costs when they fall due similar to a defined contribution plan.

Leases

Leases in which the company substantially enjoys the financial benefits and carries the financial risks that pertain to them – known as finance leases – are recognized as non-current assets in the consolidated balance sheet. The discounted present value of the corresponding commitment to pay lease fees is recognized as a liability.

Paid lease fees are recognized in the consolidated income statement and are apportioned between amortization and interest.

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made during the period of the lease are charged to the income statement on a straight-line basis over the term of the lease.

New standards, amendments of standards and interpretations, effective as from 1 January 2011, with no material impact on presentation or disclosures:

Standard/interpretation

- Amendments to IAS 24 Related Party Disclosures (Revised definition and partial exemption for government-related entities)

- Amendments to IAS 32 Financial instruments: Classification (Classification of Rights Issues)
- Improvements to IFRSs issued 2010
- Amendments to IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Prepayments of a Minimum Funding Requirement)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Accounting pronouncements not yet adopted

Recently-issued accounting pronouncements that may be relevant to the Group's operations but have not yet been adopted are outlined below. None of these pronouncements has yet been endorsed for use in the European Union. Management has not yet completed its assessment of these pronouncements and is therefore not currently able to estimate reliably the impact of their adoption on the Group's results or financial position.

IFRS 9 'Financial Instruments'

In November 2009, the IASB issued IFRS 9 which represents the first phase of its replacement of IAS 39 and introduces new requirements for the classification and measurement of financial assets and removes the need to separately account for certain embedded derivatives.

IFRS 9 is effective for annual periods commencing on or after January 1, 2015. Early adoption is permitted, but the standard has not yet been endorsed for use in the European Union.

Suite of pronouncements on consolidation, joint arrangements and disclosures

In May 2011, the IASB issued the following four pronouncements on consolidation, joint arrangements and disclosures. These pronouncements, together with IAS 27 'Separate Financial Statements (revised 2011)', which is not relevant to the Group's consolidated financial statements, are effective for annual periods commencing on or after January 1, 2013. Early adoption is permitted, provided that all five pronouncements are adopted at the same time.

IAS 28 'Investments in Associates and Joint Ventures (2011)'

The revisions to the existing standard have been made largely to conform it with the changes arising from the issuance of IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements', and to incorporate the accounting for joint ventures as prescribed by IFRS 11.

IFRS 10 'Consolidated Financial Statements'

This standard will require a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'.

IFRS 11 'Joint Arrangements'

IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations accordingly. Joint arrangements are either joint operations (where the parties recognize their assets, liabilities, revenue and expenses in relation to their interest in the joint operation) or joint ventures (where the parties apply the equity method of accounting for its investment in accordance with IAS 28 'Investments in Associates and Joint Ventures (2011)'. The use of proportionate consolidation is no longer permitted.

IFRS 12 'Disclosure of Interests in Other Entities'

This standard requires extensive disclosure of information to enable users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

These disclosures would include significant judgments and assumptions (such as how control, joint control, significant influence has been determined), details of the structure of the group, risks associated with structured entities and the nature, extent and financial effects of interests in joint arrangements and associates.

IFRS 13 'Fair Value Measurement'

Also during May 2011, the IASB replaced the guidance on fair value measurement in existing IFRSs with a standard that establishes a single framework for fair value measurements required by other IFRSs.

This IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.

With some exceptions, the standard requires entities to classify these measurements into the three-level 'fair value hierarchy' currently required for financial instruments based on the nature of the inputs.

Entities are required to make various disclosures depending upon the use of the fair value measurement (e.g. whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

IFRS 13 is effective for annual periods commencing on or after January 1, 2013 and is to be adopted prospectively from the adoption date, with early adoption permitted.

IAS 19 'Employee Benefits (2011)'

During June 2011, the IASB issued an amended version of IAS 19 'Employee Benefits' with revised requirements for pensions and other post-retirement benefits and termination benefits. The key amendments include the elimination of the 'corridor approach' permitted by the existing IAS 19, requirements for the disaggregation of changes in the defined benefit plan obligations and plan assets into specific components, enhanced disclosures around defined benefit plans, and certain modifications to the accounting for termination benefits.

The amendments to IAS 19 are effective for annual periods commencing on or after January 1, 2013 and are to be adopted on retrospective basis from the adoption date (with certain exceptions), with early adoption permitted.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)'

These amendments to IAS 1 'Presentation of Financial Statements' revise the way in which OCI is presented. The amendments will require items presented in OCI (including the tax associated with such items) to be grouped based on whether or not they may subsequently be reclassified to profit or loss.

The amendments to IAS 1 are effective for annual periods commencing on or after July 1, 2012, with early adoption permitted.

Amendments to IAS 32 'Financial instruments: Presentation' and IFRS 7 'Financial instruments: Disclosures'

In December 2011, the IASB issued amendments to IAS 32 to clarify the application of rules for offsetting financial instruments. The revisions focused on the meaning of "currently has a legally enforceable right of set-off", the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

Amendments were concurrently made to IFRS 7 to require disclosure of information about financial instruments that have been set off in accordance with IAS 32. The amendments also require disclosures around financial instruments that are subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

The amendments to IFRS 7 are effective on a retrospective basis for annual periods commencing on or after January 1, 2013, while the amendments to IAS 32 are effective for annual periods commencing on or after January 1, 2014, also on a retrospective basis.

Note 2 Critical accounting estimates and judgements

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed at the balance sheet date and the amounts of revenue and expenses recognized during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the Group operates and information available from the Group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is discussed below.

Testing for impairment of goodwill and other assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When testing for impairment of goodwill and other assets, the carrying amount should be compared with the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flow derived from such assets using cash flow projections which have been discounted at an appropriate rate. Since there are normally no quoted prices available to estimate the fair value less costs to sell an asset, the asset's value in use is usually the value against which the carrying amount is compared for impairment testing purposes and is measured on the basis of assumptions and estimates. In calculating the net present value of the future cash flow, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- long-term sales growth rates;
- growth in adjusted EBITDA;
- timing and quantum of future capital expenditures;
- change in working capital; and
- the selection of discount rates to reflect the risks involved.

The Group prepare and approve formal five year management plans for our operations, which are used in value in use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP rates for the country of operation; and
- a combination of an assumed 3% gross rate for the maturing markets and a projected long-term compound annual growth rate for adjusted EBITDA in years six to ten estimated by management for developing countries.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect our impairment evaluation and hence results.

Measurement of deferred income tax assets and deferred income tax liabilities

The Group is liable to pay income taxes in various countries. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions the resolution for which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of our structure following our geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the consolidated income statement and tax payments. We also have exercised significant accounting judgment regarding net operating loss utilization.

The Group also has exercised significant accounting judgment regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realized. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognized.

The amounts recognized in the consolidated financial statements in respect of each matter are derived from the company's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore impact the company's results and cash flow.

Measurement of provisions and allocation for accrued expenses

The Group exercise judgment in connection with significant estimates in relation to staff related costs and in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment

The charge in respect of periodic depreciation for alarm equipment is derived after determining an estimate of expected useful life of alarm equipment and the expected residual value at the end of its life. Increasing expected life of an asset or its residual value results in a reduced depreciation charge recording in the consolidated income statement.

The useful lives and residual values of our assets are determined by management at the time of acquisition and reviewed annually for appropriateness. The lives are based primarily on historical experience in regards to the lifecycle of subscribers as well as anticipation of future events which may impact their life, such as changes in technology and macroeconomic factors.

As of 1 January 2011, the Predecessor has revised its estimate of the useful life for alarm equipment, based on the change in estimate of the length of time during which our subscribers would subscribe to our services increased based on a longer operating history with our subscriber base. The change has resulted in a decrease in depreciation cost of approximately 48 MSEK and 101 MSEK for the four months ended December 31, 2011, and the eight months ended August 31, 2011. The impact of the change in the estimate on the future periods was deemed impracticable to determine. The policy was consistently applied in the Successor statements as at December 31, 2011.

Note 3 Financial risk management

The Group is exposed to risks relating to financial instruments including short-term investments, trade receivables, trade payables borrowings and derivatives. Risks relating to these instruments are primarily:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the Group has approved a group treasury policy stating how financial risks should be managed and controlled. Risk management is carried out using derivative financial instruments in accordance with the limitations set out in the treasury policy.

The treasury policy contains guidelines for the administration of operating risks that arise in the management of financial instruments. The guidelines include clear division of roles and responsibilities, and the allocation of proxies.

The management of financial risks has been centralized in the Group Treasury department. Group Treasury functions as an internal bank with responsibility for external banking relations, finance costs, interest-bearing liabilities and liquidity management.

Credit risk

Credit risk is the risk of loss if the opposite party, with whom the Group has a claim, is unable to fulfill its obligations. These risks are apportioned between credit risk from trade receivables and financial credit risk. The company limits credit risk by only using banks with a high credit ranking. Investments of cash and cash equivalents in excess of SEK 1 million are made only with banks with a minimum A rating according to Standard & Poor's.

Maximum credit exposure representing the value of our trade receivables at the end of December 2011 was SEK 466,174 (SEK 381,274 thousands).

Credit risk from trade receivables

The Group has no significant concentrations of credit risk in relation to trade receivables. The Group Credit Policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The policy´s goal is to ensure that sales are made only to customers with an appropriate credit rating. While the trade receivables closely follow the geography of our operations there are no significant concentrations of credit risk by customer as the Group has a large number of customers in many countries that are not individually significant or related. Due to this management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

Financial credit risk

The Group applies principles that limit the size of its credit exposure to individual banks or counterparties. Cash and cash equivalents may only be invested in government bonds or deposited in banks with an investment grade credit rating.

Financial instruments by category and valuation level

	Successor	Predecessor		
	Loans and trade receivables			
Assets, SEK thousands	**December 31, 2011**	**August 31, 2011**	**December 31, 2010**	**Valuation level**
Cash and cash equivalents	109,178	299,654	357,952	—
Trade receivables	466,174	424,581	381,274	—
Other receivables	43,920	91,190	102,485	—

	Successor	Predecessor		
	Other financial liabilities			
Assets, SEK thousands	**December 31, 2011**	**August 31, 2011**	**December 31, 2010**	**Valuation level**
Derivatives	2,824	731	—	2

Fair value of the financial assets and liabilities excluding derivative instruments were concluded to approximate their carrying value due to short maturity of the instruments. Valuation of derivative instruments was deemed to be based on market observable inputs for similar instruments. (Level 2 according to the fair value hierarchy).

Financial instruments by category and valuation level

	Successor	Predecessor		
	Financial assets at fair value through profit or loss			
Liabilities, SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010	Valuation level
Derivatives	57,615	172	84,813	2

	Successor	Predecessor		
	Liabilities measured at fair value through profit or loss			
Liabilities, SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010	Valuation level
Liabilities to credit institutions	11,991,567	4,231,653	4,185,808	—
Shareholder funding instrument	4,186,260	—	—	—
Other non-current liabilities	5,081	4,902	336,206	—
Trade payables and other liabilities	1,278,978	1,113,247	845,543	—

Fair value of the financial assets and liabilities excluding derivative instruments were concluded to approximate their carrying value due to short maturity of the instruments. Valuation of derivative instruments was deemed to be based on market observable inputs for similar instruments. (Level 2 according to the fair value hierarchy)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. Management's policy is to reduce liquidity risk by diversifying the Group's funding sources and by staggering the maturity of its borrowings.

Financing risk

Financing risk relates to the Group encountering difficult or incurring greater expense in refinancing its outstanding borrowings. The risk is minimised by analysing and monitoring the maturity structure of external loans.

Maturities of financial liabilities

	Successor			
	December 31, 2011			
SEK thousands	Less than 1 year	1–4 years	5–10 years	Total
Liabilities to credit institutions	23,329	46,022	11,922,216	11,991,567
Shareholder funding instrument	—	—	4,186,260	4,186,260
Other non-current liabilities	—	—	5,081	5,081
Trade payables and other liabilities	1,278,978	—	—	1,278,978
Derivatives	—	57,615	—	57,615

The above table shows financial liabilities by their date of maturity.

The Bridge loan of SEK 8,099 million (included in the liabilities to credit institutions above) was on February 15, 2012 replaced by Senior Secured Note, Senior Secured Floating Rate Note and a Series A Senior Secured Loan Agreement Facility.

Maturities of financial liabilities

	Predecessor							
	August 31, 2011				December 31, 2010			
SEK thousands	Less than 1 year	1–4 years	5–10 years	Total	Less than 1 year	1–4 years	5–10 years	Total
Liabilities to credit institutions	22,517	51,983	4,157,153	4,231,653	19,930	55,398	4,110,480	4,185,808
Other non-current liabilities	—	—	4,902	4,902	—	—	336,206	336,206
Trade payables and other liabilities	1,110,785	—	—	1,110,785	845,543	—	—	845,543
Derivatives	172	—	—	172	41,018	43,795	—	84,813

Maturities of financial assets

	Successor			
	December 31, 2011			
SEK thousands	Less than 1 year	1–4 years	5–10 years	Total
Trade receivables	466,174	—	—	466,174
Derivatives	2,824	—	—	2,824
Other receivables	43,920	—	—	43,920

The above table shows financial assets by their date of maturity.

Maturities of financial assets

	Predecessor							
	August 31, 2011				December 31, 2010			
SEK thousands	Less than 1 year	1–4 years	5–10 years	Total	Less than 1 year	1–4 years	5–10 years	Total
Trade receivables	424,581	—	—	424,581	381,274	—	—	381,274
Derivatives	731	—	—	731	—	—	—	—
Other receivables	91,190	—	—	91,190	102,485	—	—	102,485

Maturities of derivative financial instruments

	Successor		Predecessor			
	December 31, 2011		August 31, 2011		December 31, 2010	
SEK thousands Currency forwards	Less than 1 year	1–5 years	Less than 1 year	1–5 years	Less than 1 year	1–5 years
Outflow	449,629	—	189,643	—	178,578	—
Inflow	452,716	—	189,695	—	179,040	—

The above table shows undiscounted derivative financial instruments by their date of maturity.

Market risk

Interest rate risk

Interest rate risk relates to a negative impact on Group profit arising from changes in interest rates. Group income and operating cash flow are substantially dependent on changes in market interest rates. An increase in the interest rate creates a risk of an adverse impact on customers' willingness to invest. Moreover, some balance sheet items, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk.

A lasting increase in interest rates of 1 percentage point would, under current conditions (including derivatives), raise finance costs by around SEK 31 million in 2011 (10 million).

Currency risk

Translation risk

Translation risk is the risk that the value in SEK of the consolidated income statement and balance sheet will fluctuate due to changes in foreign exchange rates connected with the translation of the Group's foreign subsidiaries. As many of the Group's subsidiaries operate in foreign markets, these effects can be significant. Normally the Group hedges this exposure by means of economic hedges. Currency forwards are used mainly to economically hedge lending and borrowing by the parent company in currencies other than SEK. The primary currency exposures are to the EUR, DKK and NOK. The Group may elect to use qualifying hedging strategies for this exposure in the future.

Transaction risk

Transaction risk is the risk of exchange losses made by group companies from purchases and sales in currencies other than the local currency of the subsidiaries concerned. Because transactions with other countries arise on only a very limited basis in the various subsidiaries, the Group currently does not hedge its transaction exposure. This form of currency exposure is therefore not significant for the Group.

Sensitivity analysis

The Group's sales and results are subject to a variety of factors. The effect on the Group of changes in a number of key variables is shown below. Projections are based on Securitas Direct's operations (Both Successor and Predecessor) in 2011 and should be viewed as an estimate of the effect of an isolated change in each variable.

The interest rate analysis does not include the Mezzanine loans since the interest rate is hedged or the PEC loan since fixed interest rate.

Variable	Change	Effect
Interest rate	+/– 1 percentage point	Decrease/increase of approx. SEK 31 million in net finance income and costs
Currency rate EUR/SEK	+/– 10 %	Increase/decrease of approx. SEK 408 million in sales Increase/decrease of approx. SEK 73 million in operating profit

Objectives and guidelines for capital management

The Group has defined the managed capital as the total of equity and net debt.

Asset management is aimed at ensuring the Group's financial resources are used in an optimal way so as to guarantee future operations, provide security for lenders and generate a beneficial return for shareholders. Asset management is also there to ensure the Group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition, which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans.

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Non-current liability to credit institutions	11,968,238	4,209,136	4,165,878
Current liability to credit institutions	310,672	27,033	23,875
Financial liability, group companies	—	—	331,170
Shareholder funding instrument	4,186,260	—	—
Cash and cash equivalents	-109,178	-299,652	-357,952
Net debt	**16,355,992**	**3,936,517**	**4,162,971**
Equity	4,024,447	-932,139	-1,367,306
Managed capital	**20,380,439**	**3,004,378**	**2,795,665**

Note 4 Related-party transactions

Transactions between Group companies, which are related parties, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below.

Transactions and balances with group companies

	Successor	Predecessor	
SEK thousands	**September 1 December 31, 2011**	**January 1 August 31, 2011**	**January 1 December 31, 2010**
Interest income	—	—	2,649
Interest expense	-158,303	-5,570	-10,864
Other non-current liabilities	—	—	331,168
Shareholder funding instrument	4,186,260	—	—
Other current liabilities	—	—	—

For information on remuneration of directors and executive management, see note 5.

A. Consulting Services Agreement, Advisory Agreement and Transaction Services Agreement

The Group and its two main shareholders entered into a consulting services agreement ("Consulting Agreement"), pursuant to which the owners provide Company's management with financial consulting and other advisory services for a total fee of SEK 30 million per annum plus reimbursement for reasonable out-of-pocket fees. The Consulting Agreement has an initial term of ten years.

Also, in connection with the acquisition, the Group and the parties who became the owners, entered into a transaction services agreement and advisory agreement (the "Transaction Services Agreement") pursuant to which the Group received certain advice and services related to transaction-specific functions for a fee approximately SEK 211,6 million, of which SEK 158,8 million was recognized as an expense and reflected in the Selling and Administrative expenses of the Successor's income statement for the four months period ended December 31, 2011 and SEK 52,8 million was allocated to the prepaid arrangement fees of the new borrowings, reflected in the long terms borrowings of statement of financial position and will be amortized as a bank charge until the maturity of the loan facility.

B. Shareholder Funding Instruments

In connection with the acquisition transaction, the Successor issued equity certificates (the "Shareholder Funding Instruments") to two main shareholders. The Shareholder Funding Instruments bear interest at 12 annual fixed rate (payable to the extent, among other things, of the issuing entity's interest income, dividends and capital gains received from its investments which will accrue and be carried forward and treated as part of the principal for purposes of calculating interest due in succeeding periods. As disclosed in Note 23 borrowings, the total liability recorded on the books in connection with this facility is SEK 4,186 million.

Note 5 Remuneration of directors and executive management

	Successor				
	Fees to directors/ Fixed salary	**Bonus**	**Pension**	**Other benefits**	**Total remuneration**
SEK thousands	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**
Chairman	1,729	984	119	66	2,898
Dick Seger, President	1,405	3,437	144	22	5,008
Directors and other executive management(4)	3,644	485	111	219	4,459
Total	**6,778**	**4,906**	**374**	**307**	**12,365**

	Predecessor									
	Fees to directors/ Fixed salary		Bonus		Pension		Other benefits		Total remuneration	
SEK thousands	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010
Chairman	—	525	—	—	—	—	—	—	—	525
Dick Seger, President	3,068	3,639	1,690	1,898	289	904	68	77	5,115	6,518
Directors and other executive management(6)	5,168	8,165	6,178	5,663	230	374	323	364	11,899	14,566
Total	**8,236**	**12,329**	**7,868**	**7,561**	**519**	**1,278**	**391**	**441**	**17,014**	**21,609**

The President

The president's salary for the 2011 financial year including social security cost was SEK 9,600 thousands (SEK 5,537 thousands), including a bonus of SEK 5,127 thousands (SEK 1,898 thousands). In the event of termination, notice periods of 12 months for the company and 6 months for the President apply. In the event that the company was to terminate the President's contract, an entitlement to severance pay might arise. Severance pay is subject to a maximum of 12 months' salary. If the President terminates his contract, severance pay is only payable under specific conditions, such as a change in the company's ownership. In such cases, any such severance pay is subject to a predetermined ceiling. Pensionable age for the President is 65.

Note 6 Segment reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the Chief Operating Decision Maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the executive management group as its CODM and the Group uses adjusted earnings before interest, tax, depreciation, amortization, and write-offs as the ('adjusted EBITDA') to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in the Group's segment disclosures.

The Group's ongoing operating segments are "Customer acquisition" and "Portfolio services" and are described in note 1.

During 2011, the transaction costs incurred in business combinations amounting to 205 MSEK, is included in EBITDA allocated 102,5 MSEK each on Customer acquisition respectively Portfolio services for the period of September to December 2011.

Segment information for the Group's continuing operations is presented below.

	Successor			
	Customer acquisition	Portfolio services	Overhead and adjustments	Group
SEK thousands	Sep 1 Dec 31, 2011	Sep 1 Dec 31, 2011	Sep 1 Dec 31, 2011	Sep 1 Dec 31, 2011
Net sales, external	353,238	1,755,870	—	2,109,108
Net sales, internal	125,077	—	-125,077	—
Total net sales	**478,315**	**1,755,870**	**-125,077**	**2,109,108**
Segment adjusted EBITDA	-544,392	784,512	—	240,120
Depreciation and amortisation	—	—	—	-554,315
Write offs	—	—	—	-66,712
Finance cost net	—	—	—	-780,982
Result before tax	**—**	**—**	**—**	**-1,161,889**
Total assets	**912,847**	**24,407,444**	**—**	**25,320,291**

Eliminations refer to internal sales between the segments.

	Predecessor							
	Customer acquisition		Portfolio services		Overhead and adjustments		Group	
SEK thousands	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**
Net sales, external	650,855	910,444	3,275,234	4,599,057	—	—	3,926,089	5,509,501
Net sales, internal	179,636	276,920	—	546	-179,636	-277,466	—	—
Total net sales	**830,491**	**1,187,364**	**3,275,234**	**4,599,603**	**-179,636**	**-277,466**	**3,926,089**	**5,509,501**
Segment adjusted EBITDA	-744,920	-1,069,411	1,865,712	2,514,780	—	—	1,120,792	1,445,369
Depreciation and amortisation	—	—	—	—	—	—	-251,070	-463,296
Retirements of assets	—	—	—	—	—	—	-111,777	-154,345
Financial items	—	—	—	—	—	—	-46,429	-642,324
Profit before tax	**—**	**—**	**—**	**—**	**—**	**—**	**711,516**	**185,404**
Total assets	**1,176,473**	**1,214,444**	**3,939,224**	**3.497,660**	**—**	**—**	**5,115,698**	**4,712,104**

Eliminations refer to internal sales between the segments.

Information on geographic markets

	Successor			
	Sweden	Spain	Other	Group
SEK thousands	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**	**Sep 1 Dec 31, 2011**
Net sales	345,212	963,575	800,321	2,109,108
Non-current assets[1)]	5,947,713	8,694,648	9,213,588	23,855,949

1) Represents a sum of Property, plant and equipment; Goodwill; Customer portfolio; and other intangible assets.

	Predecessor							
	Sweden		Spain		Other		Group	
SEK thousands	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**	**Jan 1 Aug 31, 2011**	**Jan 1 Dec 31, 2010**
Net sales	638,461	874,196	1,842,141	2,724,771	1,445,488	1,910,534	3,926,089	5,509,501
Non-current assets[1)]	457,208	423,245	1,153,508	1,018,612	1,651,387	1,296,301	3,262,103	2,738,158

1) Represents a sum of Property, plant and equipment; Goodwill; Customer portfolio; and other intangible assets.

Note 7 Expenses by nature

	Successor	Predecessor	
SEK thousands	**September 1 December 31, 2011**	**January 1 August 31, 2011**	**January 1 December 31, 2010**
Costs of materials	197,271	306,651	513,892
Employee benefit expense	720,794	1,380,374	1,974,903
Depreciation and amortisation expense	554,314	251,071	463,296
Retirements of assets	66,714	111,775	154,345
Guarding services	53,490	115,921	174,282
Telecommunications costs	41,761	135,936	163,631
Other operating expenses	855,741	866,345	1,237,424
Total operating expenses	**2,490,085**	**3,168,073**	**4,681,773**

SEK thousands	Successor September 1 December 31, 2011	Predecessor January 1 August 31, 2011	Predecessor January 1 December 31, 2010
Currency translation differences included in operating profit:	2,820	8,988	3,901

Currency translation differences included in finance income and costs are shown in Note 11.

Note 8 Transaction costs

In connection with the acquisition and financing of the acquisition as described in note 14 of these statements the company incurred the following costs:

	Successor	Predecessor	
SEK thousands	Sep 1 Dec 31, 2011	Jan 1 Aug 31, 2011	Jan 1 Dec 31, 2010
Acquisition of Securitas Direct Business:			
Acquisition-related costs	204,611	—	—
Financing-related costs	84,524	—	—
Acquisition of Homesafety:			
Acquisition-related costs	—	1,211	—
Total transaction costs	**289,135**	**1,211**	**—**

The transaction costs are reflected in the Selling and Administrative expenses line (SEK 205 million) and Finance cost line (SEK 85 million) of the Group's income statements.

Note 9 Operating leases

Operating lease payments totalled SEK 196,9 million (124,6 in august 2011 and 188.4 in 2010). The nominal value of future payments due under contracted future operating leases is as follows:

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Term to maturity < 1 year	172,496	167,824	159,714
Term to maturity 1–5 years	321,913	320,729	299,448
Term to maturity > 5 years	115,816	114,618	116,380

Note 10 Depreciation and amortization

	Successor	Predecessor	
SEK thousands	September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Property, plant and equipment	104,812	184,253	377,522
Customer portfolio	406,313	33,743	54,861
Other intangible assets	43,189	33,075	30,913
Total depreciation and amortisation	**554,314**	**251,071**	**463,296**

Depreciation and amortisation is reflected as follows in the income statement:

	Successor	Predecessor	
SEK thousands	September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Cost of sales	98,482	171,629	364,708
Selling and administrative expenses	455,832	79,442	98,588
Total depreciation and amortisation	**554,314**	**251,071**	**463,296**

Note 11 Finance income and costs

SEK thousands	Successor	Predecessor	
	September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Interest receivable on currency derivatives	661	814	520
Interest receivable on interest derivatives	2,503	23,293	
Interest income, other	1,458	10,865	30,180
Realised gain on interest swap	—	54,780	—
Fair value changes in currency derivatives	2,265	15,885	—
Bank Charges	—	-8,730	—
Other Items	18,855	-3,715	—
Net Currency Translation differences	—	67,051	—
Finance income	**25,742**	**160,243**	**30,700**
Interest on PEC-Loan	-163,873	—	—
Interest on Mezzanine-Loans	-143,046	—	—
Interest on Term-Loans (Bridge and senior loans)	-204,074	-116,499	—
Interest payable, other	-15,333	-12,234	-297,044
Interest payable on interest rate swaps	-3,300	-75,608	—
Interest payable on currency derivatives	-240	-66	-2,156
Fair Value changes in Currency derivatives	—	—	-11,421
Fair Value changes in Interest rate derivatives	-57,978	—	82,037
Interest element of finance leases rentals	-1,265	-2,336	—
Net currency translation differences	-98,326	—	-429,695
Bank charges	-119,219	—	—
Other items	—	—	-14,745
Finance costs	**-806,654**	**-206,743**	**-673,024**
Finance income and costs	**-780,912**	**-46,500**	**-642,324**

(1) Amortization of bank arrangement and facility fees incurred in relation to the Predecessors' borrowings are included in Bank charges. In conjunction with the rearrangement of the loan-facility, the old loans were repaid and the capitalized deferred borrowing costs outstanding as of transaction date in the amount of 34 SEK million were written off. As discussed in note 23, the Group capitalized the amount of SEK 686 million of the bank arrangements and facility fees in connection with the issuance of the new borrowings. Accordingly amortization of such costs for the Successor's new loans in the amount of 85 SEK million are included in Finance Cost line in the consolidated income statements for the four months ended December, 31, 2011. SEK179 million of the bank arrangements and facility fees are classified as other non-current receivables.

Details of Borrowings are presented in note 23.

From time to time, interest rate swaps are used to manage the interest rate profile of the Group's borrowings. Net interest payable or receivable on such interest rate swaps is therefore included in interest expense.

Note 12 Income tax benefit and expense

Income statements

	Successor	
	September 1 December 31, 2011	
	SEK thousands	%
Income tax benefit and expense		
current tax	-64,766	-5,6
deferred tax	185,647	16,0
Total income tax benefit	120,881	10,4

The Swedish rate of corporate income tax is 26.3 % in 2011 and 2010.

Income statements

	Predecessor			
	January 1 August 31, 2011		January 1 December 31, 2010	
	SEK thousands	%	SEK thousands	%
Income tax expense				
current tax	-21,436	-3,0	-82,563	-44,5
deferred tax	-181,126	-25,5	25,474	13,7
Total income tax expense	**-202,562**	**-28,5**	**-57,089**	**-30,8**

The Swedish rate of corporate income tax is 26.3% in 2011 and 2010.

Difference between Swedish domestic tax rate and actual tax for the Group

	Successor	
	September 1 December 31, 2011	
	SEK millions	%
Tax calculated at Swedish domestic tax rate	305,6	26,3
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	13,1	1,1
Non recongnized deferred tax assets on losses carried forward	-143,2	-12,3
Other	1,6	0,1
Tax effect of expenses not deductible for tax purposes and non-taxable income	-56,2	-4,8
Income tax benefit	**120,9**	**10,4**

The main part of the non-deductible expenses refers to transaction costs relating to the acquisition.

Difference between Swedish domestic tax rate and actual tax for the Group

	Predecessor			
	January 1 August 31, 2011		January 1 December 31, 2010	
	SEK millions	%	SEK millions	%
Tax calculated at Swedish domestic tax rate	-187,1	-26,3	-48,8	-26,3
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	-2,3	-0,3	-4,5	-2,4
Non recongnized deferred tax assets on losses carried forward	-7,6	-1,1	—	—
Other	-3,0	-0,4	-1,1	-0,7
Tax arising in prior years	—	—	0,7	0,4
Tax effect of expenses not deductible for tax purposes and non-taxable income	-2,6	-0,4	-3,4	-1,8
Income tax expense	**-202,6**	**-28,5**	**-57,1**	**-30,8**

Note 13 Non-cash items

	Successor	Predecessor	
SEK thousands	September 1 December 31, 2011	January 1 August 31, 2011	January 1 December 31, 2010
Retirements of assets[1)]	66,714	111,775	154,345
Reversal of fair value adjustment deferred revenue	71,560	—	—
Other	6,928	-548	276
Total	**145,202**	**111,227**	**154,621**

1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 14 Business combinations

Successor

A. Acquisition of Securitas Direct Business

On September 2, 2011, Dream Purchaser AB, a newly organized company existing under the laws of Sweden and a wholly owned subsidiary of the Company became the purchaser of the entire outstanding stock of Securitas Direct AB and the subsidiaries (the 'Securitas Direct Group') through an assignment and novation of the Share Sale and Purchase Agreement from Securitas Direct Holding AB, with the exception of ESML SD Iberia Holdings S.L.U ('Dream Spanish Bidco Group') which shares have been acquired by the Dream Spanish Bidco S.A.E. a company organized under the laws of Spain and a wholly owned subsidiary of Dream Purchaser AB, through an assignment and novation of the Share Sale and Purchase agreement from Dream Spanish Bidco S.A.E. The both acquisitions are referred to as Securitas Direct Business.

Consideration payable on the acquisition of Securitas Direct Business amounted to SEK 16,6 billion, which was settled in cash. The acquisition was funded from borrowings of SEK 12,1 billion, SEK 4,1 billion in preferred convertible equity certificates issued in connection with the acquisition and shareholders' contribution of SEK 5,1 billion. See note 4 and 23 for further description of the financing arrangements in connection with transaction. Based on the initial estimate of the fair value of the assets acquired and liabilities assumed at the date of acquisition, the Group has recognized goodwill of SEK 7,6 billion on the acquisition of Securitas Direct Business. Management has been unable to finalize its assessment of the fair values at the acquisition date but expects to complete the assessment during the first half of 2012.

Goodwill recognized on the acquisition of Securitas Direct Business is principally attributable to expected future opportunities to increase sales and further enhance margins by further developing Company's service capabilities, extending Company's global presence by further penetrating markets in the emerging economies, and by pursuing performance improvement initiatives. None of the goodwill is expected to be deductible for tax purposes.

At the date of finalization of these consolidated financial statements, the initial accounting for this business combination had not been finalized; accordingly the Group reported the provisional amounts currently representing the Group's best estimate of the acquisition date values.

Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Acquisition costs of SEK 205 million were recognized and expensed during four months ended December 31, 2011.

Subsidiaries acquired

SEK thousands	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Securitas Direct Business	Alarm business	September 2, 2011	100	16,563,220
				16,563,220

Consideration transferred

SEK thousands	Securitas Direct Business
Cash	16,563,220
Total	16,563,220

B. Financial effect of the acquisition

Assets acquired and liabilities recognized at the date of acquisition

SEK thousands	Total
Non-Current Assets	
Customer portfolio	13,568,640
Other intangible assets	1,368,819
Other non-current assets	35.343
Deferred tax assets	201,784
Property and equipment	2,246,305
Current Assets	
Inventory	558,984
Accounts receivable	424,581
Other current receivables	333,249
Cash	299,652
Non-current liabilities	
Long-term borrowings	-4,209,136
Deferred tax liabilities	-4,301,485
Other provisions	-5,404
Current liabilities	
Accounts payable	-617,460
Short term borrowings	-22,517
Other current and non-current liabilities	-863,399
Total	**9,017,956**

The fair value in the initial accounting for receivables acquired (mainly accounts receivables) amounts to SEK 757,830 thousand. The receivables have a gross contractual amount of SEK 846,752 thousand.

Goodwill arising on acquisition

SEK thousands	Securitas Direct Business
Consideration transferred	16,563,220
Less: fair value of identifiable net assets acquired	-9,017,956
Goodwill	**7,545,264**

Net cash outflow on acquisition of subsidiaries

SEK thousands	Total
Consideration paid in cash	16,563,220
Less: cash acquired	-299,652
Net cash outflow	**16,263,568**

Predecessor

A. Acquisition of Homeseafety business

During the period ended August 31, 2011 Securitas Direct acquired the Dutch market leader Homeseafety. Homeseafety is a well-run company that provides safety and security for homes through a professional monitored alarm service for fire and intrusion, mainly focusing on the residential segment. The cash outflow relating to the acquisition amounted to SEK 167 million. The Company recognized goodwill from acquisition in the amount of 21 million in the consolidated statement of financial position as at 31 March 2011. The fair value of the net assets of the company as of the acquisition date is presented below.

At the date of finalization of these consolidated financial statements, the initial accounting for this business combination had not been finalized; accordingly the Group reported the provisional amounts currently representing the Group's best estimate of the acquisition date values.

Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Subsidiaries acquired

SEK thousands	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Homesafety, the Netherlands	Alarm business	March 31, 2011	100	167,172
Verisure, Brazil	Alarm business	March 31, 2011	100	445
				167,617

Homeseafety were acquired to continue the expansion in the Netherlands. In March the group started a company in Brazil to facilitate future growth.

Consideration transferred

SEK thousands	Homeseafety	Verisure Brazil
Cash	167,172[1]	445
Total	167,172	445

1) 167,172 SEK thousands has been paid in cash whereof 47,193 SEK thousands to an escrow account. In order to secure possible liabilities of the Seller for breach of Warranty (as defined in the SPA), the Parties have agreed for the Purchaser to pay an amount into a restricted bank account. After 5 years the amount shall be released to the seller unless the Escrow agent has received any claims on the amount.

Acquisition-related costs amounting to 3,427 SEK thousands (1,211 SEK thousands in 2011 and 2,216 SEK thousands in 2010) is not included in the consideration transferred and have been recognised as an expense within the consolidated income statement.

B. Financial effect of the acquisition

Assets acquired and liabilities recognized at the date of acquisition

SEK thousands	Homeseafety	Verisure Brazil	Total
Non-Current Assets			
Customer portfolio	153,345	—	153,345
Trademark	580	—	580
Property and equipment	8,840	—	8,840
Other non-current receivables	5,881	—	5,881
Current Assets			
Inventory	1,877	—	1,877
Accounts receivable	6,373	—	6,373
Other current receivables	893	445	1,338
Cash	28,101	—	28,101
Non-current liabilities			
Long-term borrowings	-3,799	—	-3,799
Deferred tax	-38,784	—	-38,784
Current liabilities			
Accounts payable	-3,227	—	-3,227
Other non-current liabilities	-13,738	—	-13,738
Total	**146,342**	**445**	**146,787**

The fair value in the initial accounting for receivables acquired (mainly accounts receivables) amounts to SEK 7,711 thousands. The receivables have a gross contractual amount of 8,390 SEK thousands.

Goodwill arising on acquisition

SEK thousands	Homeseafety
Consideration transferred	167,172
Less: fair value of identifiable net assets acquired	-146,342
Goodwill	**20,830**

Goodwill arose in the acquisition of Homeseafety because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of subsidiaries

SEK thousands	Homeseafety	Verisure Brazil	Total
Consideration paid in cash	167,172	445	167,617
Less: cash acquired	-28,101	—	-28,101
Net cash outflow	**139,071**	**445**	**139,516**

Note 15 Property, plant and equipment

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Cost at beginning of period	—	4,129,183	4,219,788
Acquisition via subsidiaries	4,528,796	20,499	—
Investments	323,364	573,016	748,982
Disposals/retirements of assets	-158,749	-276,784	-367,466
Translation differences	-111,501	82,882	-472,121
Cost at end of period	**4,581,910**	**4,528,796**	**4,129,183**
Amortisation at beginning of period	—	-2,209,874	-2,298,539
Acquisitions via subsidiaries	-2,282,491	-11,423	—
Disposals/retirements of assets	94,865	168,162	214,792
Depreciation charge for the year	-104,812	-184,253	-377,522
Translation differences	59,327	-45,103	251,395
Accumulated amortisation at end of period	**-2,233,111**	**-2,282,491**	**-2,209,874**
Carrying amount at end of period	**2,348,799**	**2,246,305**	**1,919,309**

1) Property, plant and equipment relates to equipment (of which alarm equipment installed on customers' premises has a carrying amount of SEK 2,172 million (2,061 and 1,739), vehicles and IT and telecommunications equipment

SEK 10,661 thousands (10,857) of this year's investment relates to finance leases. The carrying amount of finance leases at 31 December amounts to SEK 68,530 thousands (80,325) and relates to property and IT equipment in Spain.

As of 1 January 2011, the group made a new estimate, based on new information, of the estimated useful life of alarm equipment. Depreciation is based on the assets' cost and is allocated using the straight-line method over their estimated useful lives, as follows:

Alarm equipment	6–16 years (5–10 years)
Other machinery and equipment	3–10 years (3–10 years)

Note 16 Goodwill

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Cost at beginning of period	—	173,592	185,369
Acquisitions via subsidiaries	7,545,264	20,830	—
Translation differences	-215,552	4,812	-11,777
Cost at end of period	**7,329,712**	**199,234**	**173,592**

At the date of finalisation of these consolidated financial statements, the initial accounting for this business combination had not been finalised, accordingly the Group reported the provisional amounts currently representing the Group's best estimate of the acquisition date values. Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Impairment testing of goodwill

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units), which in The Group's case is by country.

Goodwill is allocated to cash-generating units, as follows (SEK thousands):

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
France	327,444	24,517	23,442
Norway	2,048,625	153,346	150,150
Netherlands	—	21,371	—
Sweden	1,502,885	—	—
Finland	579,324	—	—
Denmark	117,544	—	—
Spain	2,157,773	—	—
Portugal	444,988	—	—
Chile	151,129	—	—
Total	**7,329,712**	**199,234**	**173,592**

Impairment tests

Goodwill is tested for impairment annually and whenever there are indications that it may have suffered impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell of the CGU or group of CGUs to which it is allocated. Impairment tests were carried out during the year ended December 31, 2011. In each case, the recoverable amount of all items of goodwill was determined based on value in used calculations.

Management based the value in used calculations on cash flow forecasts derived from the most recent five-year financial plans approved by the Board of the Group, in which the principal assumptions were those regarding sales growth rates, operating margin and change in operating capital employed. Applied pre-tax WACC varies between different countries in the Group. The lowest rate is 8 % in Sweden and the highest rate is 15,7 % in Chile. Cash flows for the years beyond the five-year financial plans for the CGUs to which individually significant amounts of goodwill were extrapolated using the projected growth of 3% per annum, which rates do not exceed expected long-term growth rates in the respective principle markets.

Note 17 Customer portfolio

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Cost at beginning of period	—	694,529	685,231
Acquisitions via subsidiaries	13,568,640	153,345	—
Investments	—	29,379	55,753
Disposals/retirements of assets	—	-7,859	-10,994
Translation differences	-323,801	16,218	-35,461
Cost at end of period	**13,244,839**	**885,612**	**694,529**
Amortisation at beginning of period	—	-221,696	-184,103
Disposals/retirements of assets	—	4,707	6,505
Amortisation charge for the year	-406,313	-33,743	-54,861
Translation differences	—	-4,393	10,763
Accumulated amortisation at end of period	**-406,313**	**-255,125**	**-221,696**
Net book value at end of period	**12,838,526**	**630,487**	**472,833**

Intangible assets arising on acquisitions principally represented acquired customer relationships and have finite useful lives.

Management has assessed the recoverability of the carrying amount of the customer portfolio as of the acquisition date, whereby the value in use of those assets represents the present value of the cash flows projected from future income expected from the customer relationships expected over remaining useful life of the relationship. The key assumptions used in the analysis are the remaining useful life of the relationship and forecast recurring monthly revenue at the CGU level. No impairment has been identified.

Note 18 Other intangible assets

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Cost at beginning of period	—	281,525	218,170
Acquisitions via subsidiaries	1,509,876	580	—
Investments	41,919	45,462	77,642
Disposals/retirements of assets	-4,930	—	-852
Translation differences	-25,369	-434	-13,435
Cost at end of period	**1,521,496**	**327,133**	**281,525**
Amortization at beginning of period	—	-109,101	-86,962
Acquisitions via subsidiaries	-141,057	—	—
Disposals/retirements of assets	1,789	—	615
Amortisation charge for the year	-43,189	-33,075	-30,913
Translation differences	-127	1,120	8,159
Accumulated amortisation at end of period	**-182,584**	**-141,056**	**-109,101**
Net book value at end of period	**1,338,912**	**186,077**	**172,424**

Other Intangible assets includes trademark amounting to SEK thousands 790,139 in December 2011.

Note 19 Deferred tax

Breakdown

Deferred tax assets, SEK thousands	Successor	Predecessor	
	December 31, 2011	August 31, 2011	December 31, 2010
Difference between depreciation in accounts and according to plan	2,781	6,370	9,160
Staff-related liabilities		3,1	
	3,035	38	3,319
Risk reserves	4,812	4,428	4,960
Tax loss carry-forwards	280,897	192,816	380,655
Other temporary differences	2,441	31,911	7,481
Total deferred tax assets	**293,966**	**238,663**	**405,575**
Netting[1)]	-285,188	-36,879	-59,618
Total deferred tax assets charged to the balance sheet	**8,778**	**201,784**	**345,957**

Deferred tax liabilities, SEK thousands	Successor	Predecessor	
	December 31, 2011	August 31, 2011	December 31, 2010
Difference between depreciation in accounts and according to plan	247,814	217,228	206,240
Acquisition related intangible assets	3,839,990	38,185	—
Other temporary differences	14,335	38,042	34,444
Total deferred tax liabilities	**4,102,139**	**293,455**	**240,684**
Netting[1)]	-285,188	-36,879	-59,618
Total deferred tax liabilities charged to the balance sheet	**3,816,951**	**256,576**	**181,066**
Deferred net tax receivables	**-3,808,173**	**-54,792**	**164,891**

1) The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed.

Deferred tax assets are recognized in respect of tax loss carry-forwards to the extent that the realization of the related tax benefit through taxable profits is probable. The subsidiaries in Sweden, Spain, France, Norway, the Netherlands, Belgium and Chile had tax loss carry-forwards of SEK 2,466 million (1,482) at end of December. Deferred tax assets of SEK 280,9 million (380,5) have been recognized in respect of these loss carry-forwards. A time limitation respect of tax loss carry-forward utilization exists in the Netherlands and in Spain. No such limitation exists in the other countries.

Tax loss carry-forwards have been capitalized in companies that have reported losses because the Group's business model is based on new customer contracts being loss-making initially. The company expect profits in the future.

Note 20 Inventories

SEK thousands	Successor	Predecessor	
	December 31, 2011	August 31, 2011	December 31, 2010
Materials and consumables	510,001	558,984	483,201

Impairment for obsolescence in inventories at year-end totalled SEK 57,883 thousands, 62,849 and 61,780 respectively.

The cost of materials recognised as an expense and included in "Cost of sales" amounted to SEK 197,271 thousands, (306,651 and 513,892).

Inventories arise wholly in the businesses of Securitas Direct Business and were initially recognised by the successor at their fair value at the date of acquisition of Securitas Direct Business. Accordingly, in the successor financial statements the allowance for excess, obsolete or slow-moving items reflects only those items of inventory that have been identified as excess, obsolete or slow-moving since the acquisition of Securitas Direct Business.

Note 21 Trade receivables

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Trade receivables before provision for bad debt	574,405	513,503	520,910
Provision for bad debt	-108,231	-88,922	-139,636
Total trade receivables	**466,174**	**424,581**	**381,274**

Due dates for trade receivables

	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Past due 0–3 mths	63,521	69,639	50,978
Past due 3–6 mths	38,257	32,294	30,579
Past due 6–9 mths	28,903	28,495	26,410
Past due 9–12 mths	26,910	19,600	24,612
Past due >12 mths	95,504	80,547	108,873
Total past due trade receivables	**253,095**	**230,575**	**241,452**

Customer credit losses recognized in the income statement totalled SEK 79 million (SEK 52 million and SEK 89 million).

Provisions for bad debts

	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Balance at beginning of period	—	139,636	147,602
Acquisitions via subsidiaries	88,922	—	—
Change during year	19,307	-50,714	-7,966
Balance at end of period	**108,229**	**88,922**	**139,636**

Note 22 Share capital

Successor

Verisure Holding AB's (publ) share capital totalled SEK 500,000 at December 31, 2011, distributed among 500,000 shares with a quotient value of SEK 1. All shares are same class.

Change in number of shares

	Successor December 31, 2011
Number of shares at beginning of period	0
Number of shares at 25 May, 2011	50,000
New share issue	450,000
Number of shares at end of period	500,000

Predecessor

The shares in Predecessor represent the shares in former parent company of the group, Securitas Direct AB which is unchanged. The company was acquired by Dream Purchaser AB on 2 September 2011.

Securitas Direct AB's share capital totalled SEK 371,494,170 at 31 December 2010, distributed among 371,494,170 shares with a quotient value of SEK 1.

Change in number of shares

	Predecessor	
	August 31, 2011	December 31, 2010
Number of shares at beginning of period	371,494,170	371,494,170
New share issue	—	—
Number of shares at end of period	371,494,170	371,494,170

Class of share	Predecessor			
	August 31, 2011			
	Number of shares	%	Number of votes	%
Class A	17,142,600	4.61	171,426,000	32.60
Class B	354,351,570	95.39	354,351,570	67.40
Total	**371,494,170**	**100**	**525,777,570**	**100**

Note 23 Borrowings

SEK thousands	Successor		
	December 31, 2011		
	Current liabilities	Non-current liabilities	Total
Carrying amount			
Secured			
Term loans (Bridge+ Senior)	—	8,098,946	8,098,946
Mezzanine Loan	—	3,367,384	3,367,384
Revolver Cash Drawn	—	29,987	29,987
Unsecured			
Shareholder Funding Instrument	—	4,186,260	4,186,260
Other	—	3,615	3,615
Total	**—**	**15,686,192**	**15,686,192**
Finance Lease Liability	23,329	46,022	69,351
Total borrowings	**23,329**	**15,732,214**	**15,755,543**

SEK thousands	Predecessor					
	August 31, 2011			December 31, 2010		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Carrying amount						
Secured						
Term loans (Bridge+ Senior)	—	4,153,352	4,153,352	—	4,105,484	4,105,484
Unsecured						
Other	—	3,801	3,801	—	—	—
Total	**—**	**4,157,153**	**4,157,153**	**—**	**4,105,484**	**4,105,484**
Finance Lease Liability	22,517	51,983	74,500	19,930	60,394	80,324
Total borrowings	**22,517**	**4,209,136**	**4,231,653**	**19,930**	**4,165,878**	**4,185,808**

The Group's secured borrowings are jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of the Company's direct and indirect subsidiaries and secured by liens on substantially all of their assets. An analysis of the security given is presented in note 27.

The carrying amount of borrowings may be reconciled to the principal amount outstanding as follows:

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Principal amount	16,013,954	4,231,653	4,185,808
Bank arrangement and facility fees	-422,284	—	—
Accrued interest payable	163,873	—	—
Carrying amount	**15,755,543**	**4,231,653**	**4,185,808**

The bank arrangement and facility fees are fully related to the new bank arrangement that occurred in relation to the acquisition.

The accrued interests payable are included in "interest paid" in the consolidated statements of cash flow.

Bank arrangement and facility fees amounted to SEK 179 Millions relating to the Senior Secured Notes are presented in "other non-current receivables" in the Consolidated Statement of Financial position.

Borrowings – currency and interest rate profile

The currency and interest rate profile of outstanding borrowings, after taking into account the effect of the Group's currency and interest rate hedging activities, was as follows:

	Successor						
SEK thousands	Floating interest rate		Fixed interest rate			Interest free	
As at December, 2011	SEK thousands	Weighted average interest rate %	SEK thousands	Weighted average interest rate %	Weighted average period for which rate is fixed years	SEK thousands	Total SEK thousands
SEK	—	—	—	—	—	—	—
EUR	8,471,918	7,73	3,519,858	11,99	4	—	11,991,776
NOK	—	—	—	—	—	—	—
Total	**8,471,918**		**3,519,858**				**11,991,776**

Shareholder Funding Instrument of SEK 4,186,260 with a fixed interest rate of 12% is not included in the table above. The maturity date for the liability is in 50 year or earlier under certain circumstances.

	Predecessor						
SEK thousands	Floating interest rate		Fixed interest rate			Interest fee	
As at August 31, 2011	SEK thousands	Weighted average interest rate %	SEK thousands	Weighted average interest rate %	Weighted average period for which rate is fixed years	SEK thousands	Total SEK thousands
SEK	1,581,735	4,99	—	—	—	—	1,581,735
EUR	2,515,693	3,89	—	—	—	—	2,515,693
NOK	134,225	4,88	—	—	—	—	134,225
Total	**4,231,653**						**4,231,653**

SEK thousands	Predecessor						
	Floating interest rate		Fixed interest rate			Interest free	
As at December 31, 2010	SEK thousands	Weighted average interest rate %	SEK thousands	Weighted average interest rate %	Weighted average period for which rate is fixed Years	SEK thousands	Total SEK thousands
SEK	681,735	3,43	900,000	5,92	0,9	—	1,581,735
EUR	—	—	2,473,586	6,23	0,9	—	2,473,586
NOK	—	—	130,487	7,26	1,4	—	130,487
Total	**681,735**		**3,504,073**				**4,185,808**

Obligation under finance leases

The nominal value of future payments due under contracted future finance leases is as follows:

	Successor	Predecessor	
	December 31, 2011	August 31, 2011	December 31, 2010
Term to maturity < 1 year	23,329	22,517	19,930
Term to maturity 1–5 years	46,022	51,983	55,398
Term to maturity > 5 years	—	—	4,996

The Group leases certain of its facilities and IT equipment in Spain under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Note 24 Derivative Financial Instruments

Derivative financial instruments are held in relation to the Group's Treasury policy. The Group does not hold or issue derivatives for speculative purposes. The Group's objective is to minimize the risk of adverse impact on the Income Statement due to increasing interest rates. For this purpose the Group will enter into interest rate derivatives to minimize this risk.

The carrying amount of derivative financial instruments held by the Group was as follows:

SEK thousands	Successor		
	December 31, 2011		
	Assets	Liabilities	Net
Hedging activities			
Interest rate swaps	—	-57,615	-57,615
Other items			
Currency forwards	2,824	—	2,824
	2,824	**-57,615**	**-54,791**
Classified as:			
Current	2,824	—	2,824
Non-current	—	-57,615	-57,615
	2,824	**-57,615**	**-54,791**

SEK thousands	Predecessor					
	August 31, 2011			December 31, 2010		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Hedging activities						
Interest rate swaps	—	—	—	—	-84,351	-84,351
Other items						
Currency forwards	731	-172	559	—	-462	-462
	731	**-172**	**559**	**—**	**-84,813**	**-84,813**
Classified as:						
Current	731	-172	559	—	-41,018	-41,018
Non-current	—	—	—	—	-43,795	-43,795
	731	**-172**	**559**	**—**	**-84,813**	**-84,813**

Currency derivatives

As at December 31, 2011, the notional principal amount of outstanding foreign exchange contracts that are used to manage the currency profile of the Group's net assets was SEK 442,842 thousands for the full year and 140,466 for the eight months period ending August 31, 2011 (December 31, 2010: SEK 179,040 thousands). The Group has not designated any such contracts for hedge accounting purposes, accordingly, all gains and losses are recognized in the income statement in respect of currency derivatives that were held to provide an economic hedge of transactional currency exposures but were not designated as hedges for accounting purpose. Such amounts are included in the finance income and cost as disclosed in note 11.

Interest rate swaps

Until August 31, 2011, the Group held interest rate swaps to swap the Senior Notes from floating interest rates to fixed interest rates. The Group had designated these contracts as fair value hedges in relation to the notes.

In the last four months additional interest rate swaps were executed to fix the interest rates related to the Mezzanine loans.

In connection with the acquisition completed on September 2, 2011 and repayment of underlying notes, the swap agreement was terminated as per August 31, 2011 and the Group recognized the impacts of the termination of the swap as a cost in the amount of SEK 28,927 thousands as included in Realised gain of interest swap. For 2011 the accumulated impact from the swap was positive in the amount of SEK 54,780 thousands.

Unrealized losses from interest swaps related to the mezzanine loan amounted to SEK 57,615 at end of December 2011.

Note 25 Other provisions

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Balance at beginning of period	—	4,167	3,574
Acquisition via subsidiaries	5,404	—	—
Reclassifications	-16	669	—
Additional provisions	7,081	186	1,080
Utilised provisions	-206	—	-307
Translation differences	35	382	-180
Balance at end of period	**12,298**	**5,404**	**4,167**

Breakdown

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Provision for staff-related costs	2,737	2,659	2,314
Provision for taxes	-220	-227	—
Other items	9,781	2,972	1,853
Total other provisions	**12,298**	**5,404**	**4,167**

Note 26 Accrued expenses and deferred income

	Successor	Predecessor	
SEK thousands	December 31, 2011	August 31, 2011	December 31, 2010
Staff-related costs	220,946	193,633	191,859
Subscription fees invoiced in advance	323,720	312,709	285,943
Interest expense	287,343	—	—
Other items	153,885	195,955	205,584
Total accrued expenses and deferred income	**985,894**	**702,297**	**683,386**

Note 27 Pledged assets and contingent liabilities

Pledged assets

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Endowment insurance	4,089	3,945	3,656
Shares in subsidiaries	21,098,945	788.619	582,378
Bank accounts	47,691	—	—
Trademark	790,139	—	—
Accounts receivables	354,121	—	—
Inventories	6.092	—	—
Motor vehicles	1,175	—	—

Contingent liabilities

SEK thousands	Successor December 31, 2011	Predecessor August 31, 2011	Predecessor December 31, 2010
Guarantees	50,662	51,758	71,404

The Group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP-rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct Group and certain rights under reports in relation to the acquisition of the Securitas Direct Group as collateral for bank borrowings as disclosed in note 23. Guarantees relate primarily to Guarantees provided to suppliers.

Note 28 Events after the reporting period

The company has changed the reporting currency as of 1 January 2012 from SEK to EUR. The conversion rate regarding SEK/EUR used for the opening balance of 2012 was 8.912.

On February 15, 2012 the company issued EUR 771,5 million Senior Secured Notes and EUR 100 million Senior Secured Floating Rate Notes. The company also entered into a Series A Senior Secured Loan Agreement Facility amounting to EUR 50 million. The old Bridge Loan EUR 921,5 million was repaid at the same date.

Malmö, 24 April 2012

Dick Seger
President and CEO

Lars Andersson
Chairman

Cecilia Hultén

Stefan Götz

Steve Barnes

Independent auditor's report

To the Board of Directors

We have audited the accompanying consolidated financial statements of Securitas Direct AB and its subsidiaries, (on pages F-34 to F-37) which comprise the consolidated balance sheets as at 31 December 2010, 31 December 2009 and 31 December 2008 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes (on pages F-38 to F-61).

The Board of Directors' and the Managing Director's responsibility for the consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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 auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, 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 for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view in accordance with IFRS, as adopted by the EU of the financial position of Securitas Direct AB and its subsidiaries as at 31 December 2010, 31 December 2009 and 31 December 2008, and their results of operations and cash flows for the years then ended.

11 March 2011

Deloitte AB

/s/ Lars Svantemark
Authorized Public Accountant

Consolidated income statement

SEK thousands	Note	2010	2009	2008
Net sales		5,509,501	5,485,233	4,579,861
Cost of sales	7, 8, 9	-3,281,580	-3,422,513	-2,785,457
Gross profit		**2,227,921**	**2,062,720**	**1,794,404**
Selling and administrative expenses	7, 8, 9	-1,400,193	-1,345,072	-1,455,077
Operating profit		**827,728**	**717,648**	**339,327**
Income from financial investments				
Finance income	4, 10	30,700	20,093	15,705
Finance costs	4, 10	-673,024	-465,772	-85,931
Result before tax		**185,404**	**271,969**	**269,101**
Income tax expense	11	-57,089	-102,714	-83,647
Result for the year		**128,315**	**169,255**	**185,454**

All result is attributable to equity holders of the parent company.

Consolidated statement of comprehensive income

SEK thousands	2010	2009	2008
Result for the year	**128,315**	**169,255**	**185,454**
Translation differences	589,044	283,136	218,659
Hedge of net investment	-1,900	-11,790	-121,892
Tax effect of hedge of net investment	500	3,101	34,130
Other comprehensive income	**587,644**	**274,447**	**130,897**
Total comprehensive income for the year	**715,959**	**443,702**	**316,351**

All comprehensive income is attributable to equity holders of the parent company.

Consolidated statement of financial position

SEK thousands	Note	2010-12-31	2009-12-31	2008-12-31
ASSETS				
Non-current assets				
Property, plant and equipment	14	1,919,309	1,921,249	1,654,353
Goodwill	15	173,592	185,369	167,317
Customer portfolio	16	472,833	501,128	477,913
Other intangible assets	17	172,424	131,208	106,001
Deferred tax assets	18	345,957	318,009	181,384
Advance payments		13,872	18,770	18,547
Other non-current receivables	4	14,741	334,456	12,274
Total non-current assets		**3,112,728**	**3,410,189**	**2,617,789**
Current assets				
Inventories	19	483,201	569,865	670,156
Trade receivables	20	381,274	429,871	462,536
Current tax assets		186,441	34,118	23,669
Prepayments and accrued income		126,985	134,511	147,427
Other current receivables	4	63,523	91,971	253,509
Cash and cash equivalents		357,952	340,563	91,706
Total current assets		**1,599,376**	**1,600,899**	**1,649,003**
TOTAL ASSETS		**4,712,104**	**5,011,088**	**4,266,792**
EQUITY AND LIABILITIES				
Equity	21			
Share capital		371,494	371,494	371,494
Capital increases		1,322,827	1,077,124	1,077,124
Reserves		1,010,199	422,555	148,108
Retained earnings		-4,200,141	-4,188,314	401,443
Net profit for the year		128,315	169,255	185,454
Total equity attributable to equity holders of the parent company		**-1,367,306**	**-2,147,886**	**2,183,623**
Non-current liabilities				
Liabilities to credit institutions	3, 22	4,165,878	4,812,716	648,600
Other non-current liabilities	3, 4	380,001	177,175	46,367
Deferred tax liabilities	18	181,066	171,418	151,735
Other provisions	23	4,167	3,574	22,757
Total non-current liabilities		**4,731,112**	**5,164,883**	**869,459**
Current liabilities				
Trade payables		363,463	399,328	263,814
Current tax liabilities		139,584	36,054	32,418
Liabilities to credit institutions	22	19,930	18,201	7,136
Accrued expenses and deferred income	24	683,386	648,885	761,661
Other current liabilities	4	141,935	891,623	148,681
Total current liabilities		**1,348,298**	**1,994,091**	**1,213,710**
TOTAL EQUITY AND LIABILITIES		**4,712,104**	**5,011,088**	**4,266,792**
PLEDGED ASSETS	25			
CONTINGENT LIABILITIES	25			

Consolidated statement of changes in equity

SEK thousands	Attributable to equity holders of the parent company					
	Share capital	Other increases	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at 1 January 2008	**365,059**	**906,592**	**17,211**	**—**	**401,443**	**1,690,305**
Total comprehensive income for the period	—	—	218,659	-87,762	185,454	316,351
New issue of shares	6,435	170,532	—	—	—	176,967
Balance at 31 December 2008	**371,494**	**1,077,124**	**235,870**	**-87,762**	**586,897**	**2,183,623**
Balance at 1 January 2009	**371,494**	**1,077,124**	**235,870**	**-87,762**	**586,897**	**2,183,623**
Total comprehensive income for the period	—	—	283,136	–8,689	169,255	443,702
Repayment to shareholders	—	—	—	—	-3,000,000	-3,000,000
Dividend	—	—	—	—	-1,200,000	-1,200,000
Group contributions paid	—	—	—	—	-780,476	-780,476
Tax on group contributions	—	—	—	—	205,265	205,265
Balance at 31 December 2009	**371,494**	**1,077,124**	**519,006**	**-96,451**	**-4,019,059**	**-2,147,886**
Balance at 1 January 2010	**371,494**	**1,077,124**	**519,006**	**-96,451**	**-4,019,059**	**-2,147,886**
Total comprehensive income for the period	—	—	589,044	-1,400	128,315	715,959
Shareholders’ contributions received	—	245,703	—	—	—	245,703
Group contributions paid	—	—	—	—	-245,703	- 245,703
Tax on group contributions	—	—	—	—	64,621	64,621
Balance at 31 December 2010	**371,494**	**1,322,827**	**1,108,050**	**-97,851**	**-4,071,826**	**-1,367,306**

The Board of Directors and executive management propose that no dividend be paid for the 2010 financial year.

Consolidated statement of cash flows

SEK thousands	Note	2010	2009	2008
Operating activities				
Operating profit		827,728	717,648	339,327
Non-cash items	12	617,917	585,243	697,411
Interest received		24,754	20,093	15,705
Interest paid		-289,497	-84,960	-92,370
Other financial items		63,064	175,026	—
Income tax paid		-24,977	-21,478	-96,400
Cash flow from operating activities before change in working capital		**1,218,989**	**1,391,572**	**863,673**
Change in working capital				
Change in inventories		19,058	70,379	-49,446
Change in trade receivables		7,282	18,754	-21,925
Change in other receivables		-8,496	83,752	-230,540
Change in trade payables		4,156	141,510	-94,090
Change in other payables		66,198	-48,525	282,694
Cash flow from operating activities		**1,307,187**	**1,657,442**	**750,366**
Investing activities				
Investments in property, plant and equipment	14	-738,125	-752,312	-659,116
Investments in intangible assets	16, 17	-133,395	-107,536	-72,888
Disposals of property, plant and equipment		3,053	379	818
Acquisition of subsidiaries	13	—	—	-360,619
Cash flow from investing activities		**-868,467**	**-859,469**	**-1,091,805**
Financing activities				
Change in bank overdraft		53,764	-226,543	358,194
Change in non-current receivables		-464,972	-320,175	—
Cash flow from financing activities		**-411,208**	**-546,718**	**358,194**
Cash flow for the year		**27,512**	**251,255**	**16,755**
Cash and cash equivalents at 1 January		340,563	91,706	66,450
Translation differences on cash and cash equivalents		-10,123	-2,398	8,501
Cash and cash equivalents at 31 December		**357,952**	**340,563**	**91,706**

Notes

Note 1 Accounting policies

General information

Securitas Direct is a provider of high-quality monitored alarms based on a standardised range of alarm products to consumers and small and medium-sized businesses. The company operates in nine European countries and Chile. The European markets are Finland, Sweden, Norway, Denmark, Netherlands, Belgium, France, Spain and Portugal.

The parent company Securitas Direct AB has its registered office in Malmö. The head office address is Ångbåtsbron 1 in Malmö.

Ownership structure at year-end

As at 31 December 2010, Securitas Direct AB was 100% owned by Securitas Direct Holding AB, corporate identity number 556723-5741, which is 100% owned by Securitas Direct Midholding AB, corporate identity number 556723-5733, which is 100% owned by Securitas Direct Topholding AB, corporate identity number 556735-0060. Securitas Direct Topholding AB is controlled by private equity firm EQT via EQT V.

Summary of significant accounting policies

Securitas Direct applies the International Financial Reporting Standards (IFRS) approved by the EU, RFR 1, Supplementary Accounting Regulations for Groups, of the Swedish Financial Reporting Board, and the Annual Accounts Act. The consolidated financial statements were prepared using the cost method, with the exception of financial assets and liabilities held at fair value through profit or loss.

New standards, amendments of standards and interpretations, effective as from 1 January 2010, with no material impact on presentation or disclosure:

- Amendment to IFRS 3 Business Combinations (Revised standard) and amendment to IAS 27 Consolidated and Separate Financial Statements (Revised standard).
- Amendments to IFRS 1 First-time Adoption of IFRS
- Amendment to IFRS 2 Share-based Payment (Group Cash-settled Share-based Payment Transactions)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (Explanation of what can be hedged items)
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 17 Distribution of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

Standards, amendments and interpretations of existing standards not yet effective and not applied in advance by the Group

There are a number of standards and interpretations not yet effective and not applied in advance by the Group.

Management is reviewing what impact new and amended standards will have on the consolidated financial statements.

Consolidated financial statements

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled, both unilaterally and jointly, by the Company.

Scope of consolidated financial statements

Subsidiaries in which the parent company, Securitas Direct AB, directly or indirectly owns more than 50% of the voting rights or in other ways exercises a controlling influence are fully consolidated. Controlling influence means having the power to shape directly or indirectly the policies of a company with the purpose of securing economic benefits. The effect of potential voting rights which are currently exercisable or convertible are taken into account when determining whether the Group has a controlling influence on another entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases.

Group income and components in other comprehensive income are attributable to equity holders of the parent company. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the Group. All inter-company transactions, balances and unrealised gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Business combinations

The acquisition method is used for all business combinations. The consideration for the business combination is measured at fair value at the acquisition date, which is calculated as the sum of the acquisition-date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement during the period in which they are incurred.

The consideration also includes fair value at the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration. Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time of the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. All other changes to the fair value of an additional consideration that is classified as an asset or liability are recognised in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognised in equity.

The identifiable acquired assets, assumed liabilities and contingent assets are recognised at fair value as at the acquisition date, with the following exceptions:

- Deferred income tax assets or liabilities and assets or liabilities attributable to the acquired company's agreement concerning remuneration of employees are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits.
- Debts or equity instruments attributable to the acquired company's share-based allocations or for the exchange of the acquired company's share-based allocations with the acquirer's are measured at the acquisition date in accordance with IFRS 2 Share-based Payment.
- Non-current assets (or disposal group) were classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations measured in accordance with this standard.

Contingent liabilities assumed in a business combination are recognised as existing liabilities arising from events that have occurred, the fair value of which can be calculated in a reliable manner.

In a business combination where the sum of the consideration, any non-controlling interests and acquisition-date fair value of previously-held equity interest exceeds acquisition-date fair value of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognised as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously-held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company's identifiable net assets.

In an acquisition achieved in stages, the previously-held equity interest in the acquired company is remeasured at its acquisition-date fair value (i.e. when control is obtained). Any gain or loss is recognised in profit or loss. Any changes in the value of the previously-held equity interests that, prior to the acquisition date were recognised in other comprehensive income, are reclassified in the income statement on the same basis as would be required if these shares had been sold.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in the Swedish krona, which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are initially recorded at the functional currency exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets are reported as part of the fair value gain or loss and are included in equity.

Group companies

The results and financial position of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates
- All resulting translation differences are recognised in other comprehensive income.

On consolidation, the assets and liabilities of entities with a functional currency other than Swedish krona are expressed in Swedish krona using exchange rates prevailing on the end of reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised directly in equity. When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial model

Customer acquisition

Number of new customers
x
Cost of acquiring a new customer (CPA)
=
Total acquisition cost

Portfolio services

Gross service portfolio
–
Customer cancellation rate
=
Net service portfolio
x
Monthly contribution per customer (CPC)
=
Cash flow from portfolio

Payback period

Portfolio growth

Cash flow

Segment reporting

Operating segments are presented from the point of view of management and are identified based on internal reporting to the company's top executives. The segments are based on the Group's operating activities and are "Customer acquisition" and "Portfolio services".

The Group has identified the executive management group as its top executives and the internal reporting that the Group uses to monitor the business and allocate resources forms the basis for the presentation of segment information.

Customer acquisition

This includes the part of the Group that sells and installs wireless and wired alarms and security solutions for homes and small businesses. Sales and installations can be performed both by Securitas Direct staff and by external partners. Each new customer generates installation income which is recognised when installation of the alarm equipment has been completed. The company's costs for materials, installation, administration and marketing exceed the non-recurring income, resulting in negative cash flow for the segment.

Portfolio services

All customers are connected to dedicated alarm centres that handle alarm monitoring and customer support. Alarm centres are the core of Securitas Direct's business.

Existing customers generate a monthly revenue stream as they subscribe to the Group's services. This segment generates stable positive cash flow. The cost base is also more stable in this segment and primarily comprises fixed salaries or fees to external partners.

Business segments are recognised using the same accounting policies as applied by the Group.

Income recognition

Income comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the Group. Income is recognised as follows:

Alarm monitoring

Income from alarm monitoring services is recognised during the period to which the service relates

Installation fees

As part of alarm installation, customers pay an installation fee and, in certain cases, payment for products sold. This fee is recognised when the installation is completed.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Operating expenses

The company's business model involves sales and installation being carried out by the same individuals. The costs of these activities are recognised in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Income taxes

Income taxes include current and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognised directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognised.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognised using the balance sheet method which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences and Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is based on the assets' cost and is allocated using the straight-line method over their estimated useful lives, as follows:

Alarm equipment	5–10 years
Other machinery and equipment	3–10 years

Machinery and equipment are primarily alarm equipment installed on customers' premises.

An asset's residual value and value in use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are recognised in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and the acquisition-date fair value of any previously-held equity interest exceeds the acquisition-date fair value of identifiable acquired net assets, the difference is recognised as goodwill. Goodwill is allocated to cash-generating units, is not subject to amortisation and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value, and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal 5 year management plans for its operations, which are used in the value in use calculations.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and associated customer relationships. These are carried at cost less accumulated depreciation and amortisation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the asset's cost and is on a straight-line basis over the estimated useful life.

Other intangible assets

Other intangible assets are primarily computer software and rental rights. Rental rights usually have a limited useful life and are recognised at cost less cumulative amortisation and any cumulative impairment loss. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life. Development costs for new identifiable and unique software products are capitalised if they are controlled by the Group and are likely to generate economic benefits. The capitalised amounts consist of direct costs and the capitalisable portion of indirect costs.

Costs associated with developing or maintaining computer software are expensed as incurred. Capitalised development costs have a definable useful life and are amortised on a straight-line basis from the date the software entered use.

Amortisation for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio	5–16 years
Computer software	3–10 years
Other intangible assets	3–5 years

Rental rights and similar rights are amortised over the same period as the underlying contract.

An asset's residual value and value in use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant WACC, which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognised impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognised. If this is the case, a reversal of the impairment loss is carried out to increase the carrying amount of the impaired assets to its recoverable amount. A reversal of a previous impairment loss is only recognised to the extent that the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortisation) had the impairment loss not been recognised in the first place. Impairment losses on goodwill are never reversed.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Deferred tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that they will give rise to lower tax payments in the future. The carrying amount of deferred tax assets is reviewed at each end of reporting period date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Provisions

Provisions are made when the Group has a legal or informal obligation as a consequence of an event that occurs and that it is more probable than not that an outflow of resources will be required in order to settle the obligation, and that an estimate of the amount can be reliably made.

Financial instruments

The Group classifies its financial instruments as:

- Financial assets at fair value through profit or loss
- Loans and trade receivables
- Liabilities at fair value through profit or loss
- Other financial liabilities

The classification depends on the purpose for which the financial assets were acquired.

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of "Financial assets carried at fair value through profit or loss" are recognised as a financial item as incurred.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and are primarily derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Derivative instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group uses foreign currency forward contracts and interest rates to economically hedge specific substantial foreign currency payments and receipts and variability of cash flows due to interest rate risk on the Group's long-term debt. The Group designates certain derivatives as hedge of net investments in foreign subsidiaries. The Group has only a limited number of derivatives that are designated as hedging instruments. The Group does not use derivative financial instruments for speculative purposes.

All derivative instruments are recognised initially either as assets or liabilities at fair value on the contract date in the consolidated balance sheet and are subsequently remeasured at fair value on each reporting date.

The changes in value of derivatives that are not designated are recognised in the income statement within finance income and finance costs line items. Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity. Gains and losses on those hedging instruments (which include bonds, commercial paper and foreign exchange contracts) designated as hedges of the net investments in foreign operations are recognised in equity to the extent that the hedging relationship is effective. These amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognised immediately in the income statement for the period. Gains and losses accumulated in the translation reserve are included in the income statement when the foreign operation is disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the Company chooses to end the hedging relationship.

The components and fair values of the Group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy. The Company uses observable market inputs based on the type of derivative and the nature of underlying instrument and also measures its counterparty and own risk as appropriate, based on current published credit default swap rates when determining the fair value of its derivatives.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and trade receivables do not carry any interest and are stated at their nominal value less any provision for bad debts. A provision for bad debts is made when there is objective evidence that the Group will not receive all amounts due. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

The provision is recognised under "Cost of goods and services sold" in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category only includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current liabilities.

Other financial liabilities

Liabilities to credit institutions

Borrowings are recognised initially at fair value less transaction costs and thereafter at amortised cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognised in the income statement over the term of the loan using the effective interest method.

Trade payables

Trade payables are recognised at fair value.

Government grants

Like other employers, Securitas Direct qualifies for various employment-related government grants. Such assistance may include training, job creation, reduced working hours and so forth. All grants are recognised in the income statement as cost reductions in the same period as the underlying cost.

Employee benefit expense

The Group offers cover both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which the company pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period.

Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For such plans amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

All pension plans in foreign units are classified as defined contribution plans. The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

All pension liabilities in Swedish units are classified as defined contribution plans, except pensions for office-based staff which are through a pension plan with SPP. According to the Swedish Financial Reporting Board's UFR 3 statement, the SPP plan is a defined benefit pension plan covering multiple employers. The information regarding the actuarial present values of vested and nonvested benefits and fair value of plan assets for the separate employers in the plan is not available and accordingly the Group funds pension costs when they fall due similar to a defined contribution plan.

Leases

Leases in which the company substantially enjoys the financial benefits and carries the financial risks that pertain to them – known as finance leases – are recognised as non-current assets in the consolidated balance sheet. The discounted present value of the corresponding commitment to pay lease fees is recognised as a liability.

Paid lease fees are recognised in the consolidated income statement and are apportioned between amortisation and interest.

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made during the period of the lease are charged to the income statement on a straight-line basis over the term of the lease.

Note 2 Critical accounting estimates and judgements

Management and the Board of Directors make estimates and assumptions concerning the future. The estimates and assumptions that have a risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year are:

- Testing for impairment of goodwill and other assets (note 15)
- Measurement of deferred income tax assets and deferred income tax liabilities (note 18)
- Measurement of provisions and allocation for accrued expenses (notes 23 and 24)
- Depreciation period for alarm equipment (note 14)

Testing for impairment of goodwill and other assets

When testing for impairment of goodwill and other assets, which is performed annually or as soon as there is an indication that the value of the asset has decreased, the carrying amount should be compared with the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Since there are normally no quoted prices available to estimate the fair value less costs to sell an asset, the asset's value in use is usually the value against which the carrying amount is compared for impairment testing purposes and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant WACC, which is used to discount future cash flows. The Group prepares and approves formal 5 years management plans for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note 15 to the consolidated financial statements.

Measurement of deferred income tax assets and deferred income tax liabilities

The Group is liable to pay income taxes in various countries. The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows. Estimates are required to determine current and deferred income tax assets and liabilities. The complexity of the Group's structure following its geographic expansion makes the degree of estimation and judgement more challenging. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered.

Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Measurement of provisions and allocation for accrued expenses

The Group makes judgements when it comes to allocations for liabilities. These include significant estimates made in relation to staff-related costs.

The Group is party to various minor disputes arising in conjunction with its operating activities.

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Management does not foresee these having any major adverse effect on the Group's financial results or position.

Depreciation period for alarm equipment

Alarm equipment is an important item on the consolidated balance sheet. The useful life of alarm equipment can be difficult to determine as it depends on several different variables, such as technology (technological change), lifespan of customers, etc.

Note 3 Financial risk management

Securitas Direct is exposed to risks relating to financial instruments including short-term investments, trade receivables, trade payables and borrowings. Risks relating to these instruments are primarily:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of Securitas Direct AB has approved a group treasury policy stating how financial risks should be managed and controlled. Risk management is carried out using derivative financial instruments in accordance with the limitations set out in the treasury policy.

The treasury policy contains guidelines for the administration of operating risks that arise in the management of financial instruments. The guidelines include clear division of roles and responsibilities, and the allocation of proxies.

The management of financial risks has been centralised in the Group Treasury department. Group Treasury functions as an internal bank with responsibility for external banking relations, finance costs, interest-bearing liabilities and liquidity management.

Credit risk

Credit risk is the risk of loss if the opposite party, with whom the Group has a claim, is unable to fulfil its obligations. These risks are apportioned between credit risk from trade receivables and financial credit risk. The company limits credit risk by only using banks with a high credit ranking. Investments of cash and cash equivalents in excess of SEK 1 million are made only with banks with a minimum A rating according to Standard & Poor's.

Maximum credit exposure representing the value of our trade receivables at the end of December 2010, 2009 and 2008 respectively was SEK 381,274 thousands, SEK 429, 871 thousands and SEK 462,536 thousands respectively.

Credit risk from trade receivables

The Group has no significant concentrations of credit risk in relation to trade receivables. The Group Credit Policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The rules aim to make sure that sales are made only to customers with an appropriate credit rating. While the trade receivables closely follow the geography of our operations there are no significant concentrations of credit risk by customer as the Group has a large number of customers in many countries that are not individually significant or related. Due to this management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

Financial credit risk

The Group applies principles that limit the size of its credit exposure to individual banks or counterparties. Cash and cash equivalents may only be invested in government bonds or deposited in banks with an investment grade credit rating.

Financial instruments by category and valuation level

Assets, SEK thousands	Loans and trade receivables 2010-12-31	2009-12-31	2008-12-31	Valuation level	Financial assets at fair value through profit or loss 2010-12-31	2009-12-31	2008-12-31	Valuation level
Cash and cash equivalents	357,952	340,563	91,706	—	—	—	—	—
Trade receivables	381,274	429,871	462,536	—	—	—	—	—
Derivatives	—	—	—	—	—	475	30,431	2
Other receivables	102,485	84,558	165,969	—	—	—	—	—

Liabilities, SEK thousands	Liabilities measured at fair value through profit or loss 2010-12-31	2009-12-31	2008-12-31	Valuation level	Other financial liabilities 2010-12-31	2009-12-31	2008-12-31	Valuation level
Liabilities to credit institutions	—	—	—	—	4,185,808	4,830,917	655,736	—
Other non-current liabilities	—	—	—	—	336,206	8,037	46,367	—
Derivatives	84,813	173,518	41,107	2	—	—	—	—
Trade payables and other liabilities	—	—	—	—	845,543	1,923,807	796,742	—

Fair value of the financial assets and liabilities excluding derivative instruments were concluded to approximate their carrying value due to short maturity of the instruments. Valuation of derivative instruments was deemed to be based on market observable inputs for similar instruments. (level 2 according to the fair value hierarchy).

Liquidity risk

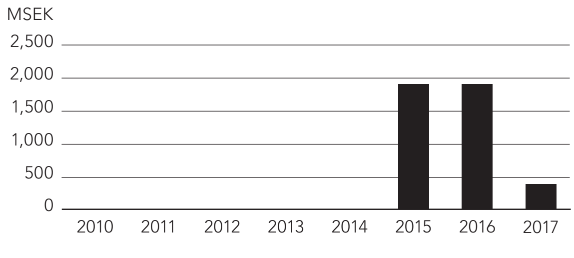
Liquidity risk is the risk of the Group being unable to meet its payment obligations as they fall due or incurring greater expense in financing its needs. The Group secures its short-term financing by maintaining a minimum liquidity reserve of SEK 150 millions.

Financing risk

Financing risk relates to the Group encountering difficult or incurring greater expense in refinancing its outstanding borrowings. The risk is minimised by analysing and monitoring the maturity structure of external loans.

Current credit facilities fall due in 2015 (SEK 1,880 millions), 2016 (SEK 1,882 millions) and 2017 (SEK 343 millions).

Maturities of Group credit facilities



Maturities of financial liabilities

SEK thousands	2010-12-31 Less than 1 year	1–4 years	5–10 years	Total	2009-12-31 Less than 1 year	1–4 years	5–10 years	Total	2008-12-31 Less than 1 year	1–4 years	5–10 years	Total
Liabilities to credit institutions	19,930	55,398	4,110,480	4,185,808	18,201	66,022	4,746,694	4,830,917	7,136	—	648,600	655,736
Other non-current liabilities	—	—	336,206	336,206	—	—	8,037	8,037	—	—	46,367	46,367
Trade payables and other liabilities	845,543	—	—	845,543	1,681,657	—	—	1,681,657	796,742	—	—	796,742

The above table shows financial liabilities by their date of maturity.

Maturities of financial assets

SEK thousands	2010-12-31 Less than 1 year	1–4 years	5–10 years	Total	2009-12-31 Less than 1 year	1–4 years	5–10 years	Total	2008-12-31 Less than 1 year	1–4 years	5–10 years	Total
Trade receivables	381,274	—	—	381,274	429,871	—	—	429,871	462,536	—	—	462,536
Derivatives	—	—	—	—	—	475	—	475	30,431	—	—	30,431
Other receivables	102,485	—	—	102,485	84,558	—	—	84,558	165,969	—	—	165,969

The above table shows financial assets by their date of maturity.

Maturities of derivative financial instruments

SEK thousands Currency forwards	2010-12-31 Less than 1 year	1–5 years	2009-12-31 Less than 1 year	1–5 years	2008-12-31 Less than 1 year	1–5 years
Outflow	178,578	—	865,299	—	1,229,549	—
Inflow	179,040	—	869,204	—	1,227,611	—

The above table shows undiscounted derivative financial instruments by their date of maturity.

Market risk

Interest rate risk

Interest rate risk relates to a negative impact on Group profit arising from changes in interest rates. Group income and operating cash flow are substantially dependent on changes in market interest rates. An increase in the interest rate creates a risk of an adverse impact on customers' willingness to invest. Moreover, some balance sheet items, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk. The Group policy is for the fixed-rate period on borrowings to be a maximum of four years. The company has chosen a fixed-rate period of 11 months for its borrowings. The Treasury department manages the fixed-rate period in conformity with the norms stated in the Group Treasury policy.

A lasting increase in interest rates of 1 percentage point would, under current conditions (including derivatives), raise finance costs by around SEK 10 millions in 2010 (10 millions in 2009 and 6 millions in 2008).

Currency risk

Translation risk

Translation risk is the risk that the value in SEK of the consolidated income statement and balance sheet will fluctuate due to changes in foreign exchange rates connected with the translation of the Group's foreign subsidiaries. As many of the Group's subsidiaries operate in foreign markets, these effects can be significant. Normally the Group hedges this exposure by means of economic hedges. Currency forwards are used mainly to economically hedge lending and borrowing by the parent company in currencies other than SEK. The primary currency exposures are to the EUR, DKK and NOK. The Group may elect to use qualifying hedging strategies for this exposure in the future. The table shows the division of capital employed per currency (nominally in SEK) and how it is financed:

SEK thousands	2010-12-31 EUR	Other	SEK	Total	2009-12-31 EUR	Other	SEK	Total
Capital employed	8,043,246	557,554	-5,805,135	2,795,665	9,315,685	631,169	-7,919,889	2,026,965
Net debt	-5,723,241	-413,880	1,974,150	-4,162,971	-6,311,236	-547,159	2,683,545	-4,174,850
Net exposure	2,320,005	143,674	-3,830,985	-1,367,306	3,004,449	84,010	-5,236,344	-2,147,885

SEK thousands	2008-12-31 EUR	Other	SEK	Total
Capital employed	7,505,865	578,646	-5,336,858	2,747,653
Net debt	-6,034,505	-530,003	6,000,478	-564,030
Net exposure	1,471,360	48,643	663,620	2,183,623

Transaction risk

Transaction risk is the risk of exchange losses made by group companies from purchases and sales in currencies other than the local currency of the subsidiaries concerned. Because transactions with other countries arise on only a very limited basis in the various subsidiaries, the Group currently does not hedge its transaction exposure. This form of currency exposure is therefore not significant for the Group.

Sensitivity analysis

Securitas Direct's sales and results are subject to a variety of factors. The effect on the Group of changes in a number of key variables is shown below. Projections are based on Securitas Direct's operations in 2010 and should be viewed as an estimate of the effect of an isolated change in each variable.

Variable	Change	Effect
Interest rate	+/– 1 percentage point	Decrease/increase of approx. SEK 10 millions in net finance income and costs
Currency rate EUR/SEK	+/– 10%	Increase/decrease of approx. SEK 374 millions in sales Increase/decrease of approx. SEK 52 millions in operating profit

Objectives and guidelines for capital management

Securitas Direct has defined the managed capital as the total of equity and net debt.

Asset management is aimed at ensuring the Group's financial resources are used in an optimal way so as to guarantee future operations, provide security for lenders and generate a beneficial return for shareholders. Asset management is also there to ensure the Group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition, which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans. One of the covenants relates to the ratio between net debt and adjusted EBITDA, showing the company's debt/equity ratio in relation to earnings. All covenants have been met throughout the term of the loan agreement. During the year, there have been two occasions on which the Group has had an interest margin reduction.

SEK thousands	2010	2009	2008
Non-current liability to credit institutions	4,165,878	4,812,716	648,600
Current liability to credit institutions	23,875	18,201	7,136
Financial receivable/liability, group companies	331,170	-315,504	—
Cash and cash equivalents	-357,952	-340,563	-91,706
Net debt	**4,162,971**	**4,174,850**	**564,030**
Equity	-1,367,306	-2,147,886	2,183,623
Managed capital	**2,795,665**	**2,026,964**	**2,747,653**

Note 4 Related-party transactions

Related parties are members of companies that directly or indirectly own Securitas Direct AB. They also include members of the parent company's Board of Directors, executive management and close members of their families. Related parties are also entities that are directly or indirectly owned by such individuals, or entities over which such persons can exercise significant influence.

Breakdown of transactions and balances with owner (Securitas Direct Holding AB)

SEK thousands	2010	2009	2008
Interest income	2,649	3,277	—
Interest expense	-10,864	-4,146	—
Other non-current receivables	—	315,504	—
Other current receivables	—	—	113,106
Other non-current liabilities	331,168	—	—
Other current liabilities	—	780,476	52,360

For information on remuneration of directors and executive management, see note 5.

Note 5 Remuneration of directors and executive management

Remuneration of board members and executive management

	Fees to directors/ Fixed salary			Bonus			Pension			Other benefits			Total remuneration		
SEK thousands	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Chairman	525	525	530	—	—	—	—	—	—	—	—	—	525	525	530
Directors (4)	1,052	1,052	1,191	—	—	—	—	—	—	—	—	—	1,052	1,052	1,191
Dick Seger, President	3,639	4,113	3,597	1,898	1,434	4,069	904	986	416	77	130	62	6,518	6,663	8,144
Other senior managers (2)	7,113	7,543	6,600	5,663	4,682	4,637	374	439	207	364	483	424	13,514	13,147	11,868
Total	**12,329**	**13,233**	**11,918**	**7,561**	**6,116**	**8,706**	**1,278**	**1,425**	**623**	**441**	**613**	**486**	**21,609**	**21,387**	**21,733**

Board of Directors

Fees to directors excluding social security cost totalled SEK 1,200 thousands, of which SEK 400 thousands was paid to the Chairman and SEK 200 thousands each to the other directors in 2010. The President did not receive a Board fee.

The President

The president's salary for the 2010 financial year excluding social security cost was SEK 4,910 thousands, including a bonus of SEK 1,898 thousands. In the event of termination, notice periods of 12 months for the company and 6 months for the President apply. In the event that the company were to terminate the President's contract, an entitlement to severance pay might arise. Severance pay is subject to a maximum of 12 months' salary. If the President terminates his contract, severance pay is only payable under specific conditions, such as a change in the company's ownership. In such cases, any such severance pay is subject to a predetermined ceiling. Pensionable age for the President is 65.

Note 6 Segment reporting

Information on segments is presented from the point of view of management and operating segments are identified based on internal reporting to the company's Chief Operating Decision Maker (CODM). The Group has identified the executive management group as its CODM and the internal reporting that the Group uses to monitor the business and allocate resources forms the basis for the presentation of segment information. The segments are based on the Group's operating activities and are "Customer acquisition" and "Portfolio services". Between 2006 and 2008 the Group used "Consumer" and "Professional" as business segments, but in 2009, to better comply with IFRS 8, the Group changed to "Customer acquisition" and "Portfolio services". It was also a natural step to change segment reporting since no internal follow-up was performed on Consumer/ Professional anymore.

	Customer acquisition			Portfolio services			Adjustments and eliminations			Group		
SEK thousands	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Net sales, external	910,444	987,583	1,045,839	4,599,057	4,497,650	3,534,022	—	—	—	5,509,501	5,485,233	4,579,861
Net sales, internal	276,920	236,695	178,708	546	31,968	9,705	-277,466	-268,663	-188,413	—	—	—
Total net sales	**1,187,364**	**1,224,278**	**1,224,547**	**4,599,603**	**4,529,618**	**3,543,727**	**-277,466**	**-268,663**	**-188,413**	**5,509,501**	**5,485,233**	**4,579,861**
Segment adjusted EBITDA	-1,069,411	-1,010,021	-803,427	2,514,780	2,332,689	1,808,892	—	—	—	1,445,369	1,322,668	1,005,456
Depreciation and amortisation	—	—	—	—	—	—	—	—	—	-463,296	-449,770	-560,327
Retirements of assets	—	—	—	—	—	—	—	—	—	-154,345	-155,250	-105,811
Financial items	—	—	—	—	—	—	—	—	—	-642,324	-445,679	-70,226
Profit before tax	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**185,404**	**271,969**	**269,101**
Total assets	**1,214,444**	**1,369,747**	**1,134,814**	**3,497,660**	**3,641,341**	**3,131,978**	**—**	**—**	**—**	**4,712,104**	**5,011,088**	**4,266,792**

Eliminations refer to internal sales between the segments.

Information on geographic markets

SEK thousands	Sweden			Spain			Other			Group		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Net sales	874,196	809,557	797,078	2,724,771	2,883,110	2,494,424	1,910,534	1,792,566	1,288,359	5,509,501	5,485,233	4,579,861
Non-current assets[1)]	423,245	373,108	456,562	1,018,612	1,097,801	974,877	1,296,301	1,268,045	974,145	2,738,158	2,738,954	2,405,584

1) Represents a sum of Property, plant and equipment; Goodwill; Customer portfolio; and other intangible assets.

Note 7 Expenses by nature

SEK thousands	2010	2009	2008
Costs of materials	513,892	386,078	437,774
Employee benefit expense	1,974,903	2,022,647	1,679,161
Depreciation and amortisation expense	463,296	449,770	560,328
Retirements of assets	154,345	155,250	105,811
Guarding services	174,282	190,164	150,045
Telecommunications costs	163,631	137,582	162,213
Reversal of cost for public offer	—	—	–9,392
Other operating expenses	1,237,424	1,426,094	1,154,594
Total operating expenses	**4,681,773**	**4,767,585**	**4,240,534**

SEK thousands	2010	2009	2008
Currency translation differences included in operating profit:	3,901	3,312	–1,644

Currency translation differences included in finance income and costs are shown in Note 10.

Note 8 Operating leases

Operating lease payments relating to buildings, vehicles and machines and equipment totalled SEK 188.4 millions (192.1 in 2009 and 175.2 in 2008). The nominal value of future payments due under contracted future operating leases is as follows:

SEK thousands	2010	2009	2008
Term to maturity < 1 year	159,714	177,614	159,497
Term to maturity 1–5 years	299,448	363,372	261,847
Term to maturity > 5 years	116,380	175,461	47,363

Note 9 Depreciation and amortisation

SEK thousands	2010	2009	2008
Property, plant and equipment	377,522	373,471	503,598
Customer portfolio	54,861	53,997	36,822
Other intangible assets	30,913	22,302	19,907
Total depreciation and amortisation	**463,296**	**449,770**	**560,327**

Depreciation and amortisation are recognised as follows in the income statement:

SEK thousands	2010	2009	2008
Cost of sales	364,708	360,930	506,154
Selling and administrative expenses	98,588	88,840	54,173
Total depreciation and amortisation	**463,296**	**449,770**	**560,327**

Note 10 Finance income and costs

SEK thousands	2010	2009	2008
Interest income, currency derivatives	520	2,752	7,406
Interest income, other	30,180	17,341	8,299
Finance income	**30,700**	**20,093**	**15,705**
Interest expense, currency derivatives	-2,156	-5,253	-5,664
Interest expense, other	-297,044	-102,410	-22,558
Net currency translation differences	-429,695	-323,561	-35,168
Fair value change in currency derivatives	-11,421	-11,596	12,919
Fair value change in interest derivatives	82,037	-2,061	-18,367
Other items, net	-14,745	-20,891	-17,093
Finance costs	**-673,024**	**-465,772**	**-85,931**
Finance income and costs	**-642,324**	**-445,679**	**-70,226**

Note 11 Income tax expense

Income statement

	2010		2009		2008	
	SEK thousands	%	SEK thousands	%	SEK thousands	%
Income tax expense						
- current tax	-82,563	-44.5	-219,930	-80.9	-70,797	-26.3
- deferred tax	25,474	13.7	117,216	43.1	-12,850	-4.8
Total income tax expense	**-57,089**	**-30.8**	**-102,714**	**-37.8**	**-83,647**	**-31.1**

The Swedish rate of corporate income tax is 26.3% in 2010 and 2009, 28% in 2008.

Difference between Swedish domestic tax rate and actual tax for the Group

	2010		2009		2008	
	SEK millions	%	SEK millions	%	SEK millions	%
Tax calculated at Swedish domestic tax rate	-48.8	-26.3	-71.5	-26.3	-75.3	-28.0
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	-4.5	-2.4	-8.6	-3.1	-2.4	-0.8
Other	-1.1	-0.7	-10.9	-4.0	7.8	2.8
Tax arising in prior years	0.7	0.4	-0.7	-0.3	1.4	0.5
Tax effect of expenses not deductible for tax purposes and non-taxable income	-3.4	-1.8	-11.0	-4.1	-15.2	-5.6
Income tax expense	**-57.1**	**-30.8**	**-102.7**	**-37.8**	**-83.7**	**-31.1**

Note 12 Non-cash items

SEK thousands	2010	2009	2008
Depreciation and amortisation expense	463,296	449,770	560,328
Retirements of assets[1)]	154,345	155,250	105,811
Other	276	-19,777	31,272
Total	**617,917**	**585,243**	**697,411**

1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 13 Business combinations

On 15 September 2008 the Group acquired 100% of the shares of Securitas Direct Monitoring AS (formerly Hafslund Sikkerhet Privat AS) and 100% of the shares of Securitas Direct Services AS (formerly Hafslund

Boligteknikk AS) for NOK 525 millions. Costs of SEK 46 millions relating primarily to staff layoffs and inventory provisions arose in connection with the transaction. Hafslund is a leading supplier of home alarms to the Norwegian market and had approximately 72,000 customers on the transaction date.

Net assets acquired	Carrying amount on acquisition date	Adjustment	Fair value
Property, plant and equipment	95,199	—	95,199
Intangible assets	50,871	318,912	369,783
Deferred tax assets	79,079	—	79,079
Inventories	15,163	—	15,163
Trade and other current receivables	54,680	—	54,680
Cash and cash equivalents	74,377	—	74,377
Deferred tax liability	—	-89,296	-89,296
Trade payables and other current liabilities	-116,028	—	-116,028
Net assets acquired	**253,341**	**229,616**	**482,957**
Goodwill	—	—	142,800
Total acquisition cost	**—**	**—**	**625,757**

Net cash flow on acquisition:	Fair value
Total acquisition cost[1)]	625,757
Less additional purchase price	-13,794
Less paid via new share issue	-176,967
Cash paid	**434,996**
Less acquired cash and cash equivalents	-74,377
Total	**360,619**

1) Including expenses of SEK 46 millions for the acquisition, of which SEK 18 millions related to cash settlement of net cash.

Goodwill arising from the purchase of shares in Hafslund relates primarily to staff know-how and customer portfolio synergies. The acquired business contributed income of SEK 69.6 millions and operating profit of SEK 8.6 millions (excluding structural costs) from 1 October–31 December 2009. If the company had been owned for the whole financial year it would have contributed income of SEK 306.5 millions and loss of SEK –1.0 million.

Note 14 Property, plant and equipment

	Machinery and equipment[1)]		
SEK thousands	2010	2009	2008
Cost at 1 January	4,219,788	3,873,650	2,927,327
Acquisition via subsidiaries	—	—	179,727
Investments	748,982	844,537	659,116
Disposals/retirements of assets	-367,466	-376,968	-308,511
Reclassifications	—	—	22,030
Translation differences	-472,121	-121,431	393,961
Cost at 31 December	**4,129,183**	**4,219,788**	**3,873,650**
Amortisation at 1 January	-2,298,539	-2,219,297	-1,604,400
Acquisitions via subsidiaries	—	—	-84,528
Disposals/retirements of assets	214,792	227,397	205,395
Depreciation charge for the year	-377,522	-373,471	-503,598
Reclassifications	—	—	-15,758
Translation differences	251,395	66,832	-216,408
Accumulated amortisation at 31 December	**-2,209,874**	**-2,298,539**	**-2,219,297**
Carrying amount at 31 December	**1,919,309**	**1,921,249**	**1,654,353**

1) Property, plant and equipment relates to equipment (of which alarm equipment installed on customers' premises has a carrying amount of SEK 1,739 millions (1,725 and 1,560), vehicles and IT and

telecommunications equipment SEK 10,857 thousands (92,225) of this year's investment relates to finance leases. The carrying amount of finance leases at 31 December amounts to SEK 80,325 thousands (87,276) and relates to property and IT equipment in Spain.

As of 1 January 2009, the estimated useful life of residential alarm equipment has been changed from 5 years to 10 years resulting in a decrease of SEK 219 millions on depreciation in 2009. The impact of the change in the estimate on future periods was deemed impracticable to determine.

Note 15 Goodwill

SEK thousands	2010	2009	2008
Cost at 1 January	185,369	167,317	24,517
Acquisitions via subsidiaries	—	—	142,800
Translation differences	-11,777	18,052	—
Cost at 31 December	**173,592**	**185,369**	**167,317**

Impairment testing of goodwill

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units), which in Securitas Direct's case is by country.

Goodwill is allocated to cash-generating units, as follows (SEK thousands):

SEK thousands	2010	2009	2008
France	23,442	24,517	24,517
Norway	150,150	160,852	142,800
Total	**173,592**	**185,369**	**167,317**

Goodwill is tested annually for impairment. A loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows discounted after tax via a weighted average capital cost (WACC) of 9% in 2010 and 10% in 2009 and 2008. Cash flows are based on financial budgets drawn up by management and approved by the Board and which normally cover a five-year period. Cash flows beyond this period are extrapolated using estimated perpetual growth rates of 3% in all three years. Management does not believe that the carrying amount will be affected by any reasonable change in the significant assumptions that form the basis of cash flow calculations giving rise to an impairment.

Note 16 Customer portfolio

SEK thousands	2010	2009	2008
Cost at 1 January	685,231	623,770	175,118
Acquisitions via subsidiaries	—	—	411,661
Investments	55,753	56,447	41,654
Disposals/retirements of assets	-10,994	-10,935	-5,002
Reclassifications	—	-38,808	—
Translation differences	-35,461	54,757	339
Cost at 31 December	**694,529**	**685,231**	**623,770**
Amortisation at 1 January	-184,103	-145,857	-68,601
Acquisitions via subsidiaries	—	—	-42,891
Disposals/retirements of assets	6,505	5,976	2,137
Reclassifications	—	19,941	—
Amortisation charge for the year	-54,861	-53,997	-36,822
Translation differences	10,763	-10,166	320
Accumulated amortisation at 31 December	**-221,696**	**-184,103**	**-145,857**
Net book value at 31 December	**472,833**	**501,128**	**477,913**

Note 17 Other intangible assets

SEK thousands	2010	2009	2008
Cost at 1 January	218,170	176,366	155,400
Acquisitions via subsidiaries	—	—	1,574
Investments	77,642	51,089	31,234
Disposals/retirements of assets	-852	-1,669	-736
Reclassifications	—	-3,070	-22,030
Translation differences	-13,435	-4,546	10,924
Cost at 31 December	**281,525**	**218,170**	**176,366**
Amortisation at 1 January	-86,962	-70,365	-58,472
Acquisitions via subsidiaries	—	—	-561
Disposals/retirements of assets	615	570	282
Reclassifications	—	2,058	15,758
Amortisation charge for the year	-30,913	-22,303	-19,907
Translation differences	8,159	3,078	-7,465
Accumulated amortisation at 31 December	**-109,101**	**-86,962**	**-70,365**
Net book value at 31 December	**172,424**	**131,208**	**106,001**

Other intangible assets are primarily computer software.

Note 18 Deferred tax

Breakdown

Deferred tax assets, SEK thousands	2010	2009	2008
Difference between depreciation in accounts and according to plan	9,160	11,611	95,575
Staff-related liabilities	3,319	2,711	1,960
Risk reserves	4,960	5,311	5,697
Tax loss carry-forwards	380,655	368,887	76,483
Other temporary differences	7,481	14,275	10,527
Total deferred tax assets	**405,575**	**402,795**	**190,242**
Netting[1)]	-59,618	-84,786	-8,858
Total deferred tax assets charged to the balance sheet	**345,957**	**318,009**	**181,384**

Deferred tax liabilities, SEK thousands	2010	2009	2008
Difference between depreciation in accounts and according to plan	206,240	216,643	136,864
Other temporary differences	34,444	39,561	23,729
Total deferred tax liabilities	**240,684**	**256,204**	**160,593**
Netting[1)]	-59,618	-84,786	-8,858
Total deferred tax liabilities charged to the balance sheet	**181,066**	**171,418**	**151,735**
Deferred net tax receivables	**164,891**	**146,591**	**29,649**

1) The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed.

Deferred tax assets are recognised in respect of tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. The subsidiaries in Sweden, Spain, France, Norway, the Netherlands, Belgium and Chile had tax loss carry-forwards of SEK 1,482.2 millions (1,446.8 in 2009 and 274.8 in 2008) at end of December. Deferred tax assets of SEK 380.5 millions (368.9 in 2009 and 76.5 in 2008) have been recognised in respect of these loss carry-forwards. A time limitation of nine years in the Netherlands and fifteen years in Spain exists in respect of tax loss carry-forward utilisation. No such limitation exists in the other countries.

Tax loss carry-forwards have been capitalised in companies that have reported losses because the Group's business model is based on new customer contracts being loss-making initially.

Unrecognised receivables on tax loss carry-forwards of SEK 159 millions (134 in 2009 and 17 in 2008) totalled SEK 47.0 millions (36.3 in 2009 and 5.5 in 2008).

Note 19 Inventories

SEK thousands	2010	2009	2008
Materials and consumables	483,201	569,865	670,156

Impairment for obsolescence in inventories at year-end totalled SEK 61,780 thousands, 37,675 and 33,769 respectively.

The cost of materials recognised as an expense and included in "Cost of sales" amounted to SEK 513,892 thousands, 386,078 and 437,744.

Note 20 Trade receivables

SEK thousands	2010	2009	2008
Trade receivables before provision for bad debt	520,910	577,473	620,680
Provision for bad debt	-139,636	-147,602	-158,144
Total trade receivables	**381,274**	**429,871**	**462,536**

Due dates for trade receivables

	2010	2009	2008
Past due 0–3 mths	50,978	50,375	92,863
Past due 3–6 mths	30,579	44,233	48,318
Past due 6–9 mths	26,410	33,070	34,509
Past due 9–12 mths	24,612	26,157	27,361
Past due >12 mths	108,873	142,695	151,721
Total past due trade receivables	**241,452**	**296,530**	**354,772**

Customer credit losses, recognised in the income statement, totalled SEK 89.0 millions, SEK 104.0 millions and SEK 61.8 millions.

Provisions for bad debts

	2010	2009	2008
Balance at 1 January	147,602	158,144	94,442
Change during year	-7,966	-10,542	63,702
Balance at 31 December	**139,636**	**147,602**	**158,144**

Credit quality

Trade receivables consist of receivables from a large number of customers. The amounts are relatively small on a per-customer basis, resulting in relatively low credit risk in this area. Securitas Direct does not accept new customers without first conducting a credit-worthiness control in the markets where this is possible. See note 3, for further details.

Note 21 Share capital

Securitas Direct AB's share capital totalled SEK 371,494,170 at 31 December 2010, distributed among 371,494,170 shares with a quotient value of SEK 1.

Change in number of shares

	2010	2009	2008
Number of shares at 1 January	371,494,170	371,494,170	365,058,897
New share issue	—	—	6,435,273
Number of shares at 31 December	371,494,170	371,494,170	371,494,170

Class of share

	Number of shares	%	Number of votes	%
Class A	17,142,600	4.61	171,426,000	32.60
Class B	354,351,570	95.39	354,351,570	67.40
Total	**371,494,170**	**100.00**	**525,777,570**	**100.00**

Subscription warrants

The Annual General Meeting on 16 May 2007 approved an incentive scheme for executive management and other key personnel within Securitas Direct involving the issue of 9,375,000 subscription warrants. Securitas Direct Holding AB acquired all outstanding subscription warrants in March 2008.

Note 22 Liabilities to credit institutions

	2010	2009	2008
Long-term, SEK thousands			
Long-term borrowings	4,105,484	4,743,641	648,600
Liability re. finance leases	60,394	69,075	—
Total long-term borrowings	**4,165,878**	**4,812,716**	**648,600**
Short-term, SEK thousands			
Short-term borrowings	—	—	7,136
Liability re. finance leases	19,930	18,201	—
Total short-term borrowings	**19,930**	**18,201**	**7,136**
Total liabilities to credit institutions	**4,185,808**	**4,830,917**	**655,736**

By currency

SEK thousands	2010	2009	2008
SEK	1,642,129	1,800,434	7,136
EUR	2,413,192	2,889,523	240,873
NOK	130,487	140,960	407,727
Total	**4,185,808**	**4,830,917**	**655,736**

The financial lease relates to property and IT equipment in Spain.

SEK 1,880 millions of the long-term borrowings fall due in 2015, SEK 1,882 millions fall due in 2016 and SEK 343 millions fall due in 2017.

The interest cost on the external loans has been hedged by interest rate swap contracts (IRS). The weighted average interest rate was 6 percent for all three years.

The credit facility includes covenants that must be fulfilled for the duration of the loans. One of the covenants relates to the ratio between net debt and adjusted EBITDA, showing the company's debt/equity ratio in relation to earnings. All covenants have been met throughout the term of the loan agreement. The Group has pledged 100% interest in the subsidiaries Securitas Direct Sweden AB, Securitas Direct AS and Securitas Direct Espana S.A.U. The terms and conditions of the pledge mean that should the Group not meet all of its loan payment and performance obligations, the lenders may sell the equity shareholding at market value to recover their losses, with any remaining sales proceeds being returned to the Group.

During the year, there have been two occasions on which the Group has had an interest margin reduction.

During 2009 a restructuring was carried out whereby ownership of the subsidiaries in Spain, Portugal and France was transferred to the newly formed ESML SD Iberia Holding S.L. (Iberia Holding). Iberia Holding is

100% owned by Securitas Direct AB. As part of this transaction, external bank loans of SEK 4,054,621 thousands were transferred from Securitas Direct AB's parent company, Securitas Direct Holding AB, to Iberia Holding. Interest rate swaps allied to these loans and with a market value of SEK 153,906 thousands were also included in the transfer. As part of restructuring measures, the parent company, Securitas Direct AB, carried out a bonus issue that raised SEK 3,000,000 thousands. Share capital was thereafter reduced and a payment of the same amount made to shareholders. A dividend of SEK 1,200,000 thousands was also paid. This transaction has impacted the long-term borrowings, the interest costs and the equity of the Securitas Direct Group.

The nominal value of future payments due under contracted future finance leases is as follows:

	2010	2009	2008
Term to maturity < 1 year	19,930	18,201	—
Term to maturity 1–5 years	55,398	66,022	—
Term to maturity > 5 years	4,996	3,054	—

Note 23 Other provisions

SEK thousands	2010	2009	2008
Balance at 1 January	3,574	22,757	12,745
Reclassifications	—	-18,549	—
Additional provisions	1,080	1,529	8,593
Utilised provisions	-307	-217	-98
Reversed provisions	—	-839	-230
Translation differences	-180	-1,107	1,747
Balance at 31 December	**4,167**	**3,574**	**22,757**

Breakdown

SEK thousands	2010	2009	2008
Provision for staff-related costs	2,314	2,331	2,866
Provision for call-out disputes	—	—	16,392
Other items	1,853	1,243	3,499
Total other provisions	**4,167**	**3,574**	**22,757**

Note 24 Accrued expenses and deferred income

SEK thousands	2010	2009	2008
Staff-related costs	191,859	189,445	162,034
Subscription fees invoiced in advance	285,943	242,150	257,635
Goods in transit	—	—	100,421
Other items	205,584	217,290	241,571
Total accrued expenses and deferred income	**683,386**	**648,885**	**761,661**

Note 25 Pledged assets and contingent liabilities

Pledged assets

SEK thousands	2010	2009	2008
Endowment insurance	3,656	5,876	3,646
Shares in subsidiaries	582,378	675,816	608,712
Total	**586,034**	**681,692**	**612,358**

Contingent liabilities

SEK thousands	2010	2009	2008
Warranties	71,404	88,584	87,200

The Group has pledged shares in subsidiaries as collateral for bank borrowings as disclosed in note 22. Warranties relate primarily to warranties provided to suppliers.

Note 26 Events after the reporting period

No significant events have occurred between the end of the financial year and the signing of these financial statements.

Malmö, 11 March 2011

Dick Seger *President and CEO*	Peter Nilsson *Chairman*
Harry Klagsbrun *Non-executive director*	Gunnar Asp *Non-executive director*
Ulf Mattsson *Non-executive director*	Svante Östblom *Non-executive director*

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