IMPORTANT NOTICE: You must read the following before continuing. The following applies to the offering memorandum (the "Offering Memorandum") attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the offer and sale of the notes described therein. The 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 TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES ARE BEING OFFERED AND SOLD: (1) WITHIN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A") ONLY TO PERSONS THAT ARE QUALIFIED INSTITUTIONAL BUYERS (EACH A "QIB") WITHIN THE MEANING OF RULE 144A ACTING ON THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB; AND (2) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S")) IN RELIANCE ON REGULATION S. THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM 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 SECURITIES LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to receive the attached Offering Memorandum or to make an investment decision with respect to the notes as described therein, each prospective investor must be either (i) a QIB in respect of the securities being offered pursuant to Rule 144A, or (ii) outside the United States in respect of the securities being offered in offshore transactions pursuant to Regulation S. By accepting this e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that (1) in respect of the securities being offered pursuant to Rule 144A, you are (or the person you represent is) a QIB, and that the e-mail address to which, pursuant to your request, the attached Offering Memorandum has been delivered by electronic transmission is utilized by a QIB, (2) in respect of the securities being offered pursuant to Regulation S, you are outside the United States and that the e-mail address to which, pursuant to your request, the attached Offering Memorandum has been delivered by electronic transmission is utilized outside the United States, (3) you are a person to whom the attached Offering Memorandum may be delivered in accordance with the restrictions set forth in "*Transfer Restrictions*" in the attached Offering Memorandum and (4) you consent to the delivery of such Offering Memorandum by electronic transmission. You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person or make copies of the Offering Memorandum. The 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 electronic transmission and consequently neither (i) Blitz F18-674 GmbH or any of its affiliates nor (ii) the Initial Purchasers named in the Offering Memorandum or any person who controls any of them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any alterations to the Offering Memorandum distributed to you in electronic format.

This e-mail and the attached document are intended only for use by the addressee named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution or copying of this e-mail and the attached document is strictly prohibited. If you have received this e-mail in error, please immediately notify the sender by reply e-mail and permanently delete all copies of this e-mail and destroy any printouts of it.

This communication is directed solely at (i) persons who have professional experience in matters relating to investments and are investment professionals as defined within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) high net worth bodies corporate and any other person falling within Article 49(2)(a) to (d) of the Order, (iii) persons outside the United Kingdom and (iv) any other 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) 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 Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person must not act or rely on the Offering Memorandum or any of its contents.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties and professional clients only, each as defined in the Markets in Financial Instruments Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a "distributor") should take into consideration the manufacturers target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturers target market assessment) and determining appropriate distribution channels.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering, or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

OFFERING MEMORANDUM
STRICTLY CONFIDENTIAL

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Blitz F18-674 GmbH

€465,000,000 6% Senior Notes due 2026

Blitz F18-674 GmbH, a limited liability company incorporated under the laws of Germany (the "Issuer"), is offering €465,000,000 in aggregate principal amount of its 6.000% senior notes due 2026 (the "Notes"). The Issuer will issue the Notes as part of the financing for the acquisition (the "Acquisition") by Blitz F18-675 GmbH ("BidCo"), the direct subsidiary of the Issuer, of all of the outstanding shares issued by MEIF II Germany Holdings S.à r.l. (the "Target" and, together with its subsidiaries, the "Target Group") as well as the refinancing of the Existing Senior Facilities (as defined herein) of the Target Group.

The Issuer will pay interest on the Notes at a rate of 6.000% per annum, payable semi-annually in arrears on each January 30 and July 30, commencing on January 30, 2019. The Notes will mature on July 30, 2026. Prior to July 30, 2021, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium. In addition, prior to July 30, 2021, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum (the "Offering Memorandum"), provided that at least 50% of the aggregate principal amount of the Notes originally issued remains outstanding. At any time on or after July 30, 2021, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this Offering Memorandum. In addition, the Issuer may redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof (including accrued and unpaid interest and Additional Amounts, if any) upon the occurrence of certain changes in applicable tax law. In connection with any tender offer for the Notes (including any Change of Control Offer or Asset Disposition Offer (each as defined in the "*Description of the Notes*")), if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes in such tender offer. Upon the occurrence of certain defined events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of repurchase. However, a change of control will not be deemed to have occurred if a specified consolidated total net leverage ratio is not exceeded in connection with such event.

Pending consummation of the Acquisition, the Initial Purchasers (as defined herein) will, concurrently with the issuance of the Notes on the Issue Date (as defined below), deposit the gross proceeds from the Offering (as defined herein) into an escrow account for the benefit of the holders of the Notes. The release of escrow proceeds will be subject to the satisfaction of certain conditions, including the completion of the Acquisition pursuant to the terms of the Acquisition Agreement (as defined herein) promptly following the release of the funds from the escrow account. The consummation of the Acquisition is subject to the satisfaction of certain conditions, including clearance by the European Commission and the performance of certain closing actions. If the conditions to the release of escrow proceeds have not been satisfied on the business day following the Escrow Longstop Date (as defined herein) or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price of the Notes will be equal to 100% of the aggregate issue price of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, such special mandatory redemption date. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

On the Issue Date, the Notes will be guaranteed on a senior subordinated basis by BidCo. Subject to the Agreed Security Principles and the occurrence of the Acquisition Completion Date, the Notes will be guaranteed within 90 days from the Acquisition Completion Date (as defined herein) on a senior subordinated basis by each Post-Completion Date Guarantor (as defined herein). The Notes will be general senior obligations of the Issuer.

On the Issue Date, the Notes and the Issue Date Guarantee (as defined herein) will be secured by a first-ranking pledge over the escrow account (the "Escrow Charge") into which the gross proceeds of the Offering will be deposited. Upon the definitive release of the Escrowed Property (as defined herein), the first-priority security interests over the Escrowed Property will be released. On the Acquisition Completion Date, the Notes and the Issue Date Guarantee will be secured on (i) a first-priority basis by security interests over the shares in the Issuer and (ii) on a second-priority basis by security interests over the shares in BidCo (the "Shared Completion Date Collateral," and together with the first-priority security interests over the shares in the Issuer, the "Completion Date Collateral," and the Completion Date Collateral together with the Escrow Charge, the "Collateral"). The Shared Completion Date Collateral will also secure on a first-priority basis the liabilities under the Senior Facilities (as defined herein) and certain hedging obligations, and may also secure certain future indebtedness. The validity and enforceability of the Guarantees and the Collateral will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 28.

Issue Price of the Notes: 100.000% plus accrued and unpaid interest, if any, from the Issue Date.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). 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 U.S. Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

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 and will only be transferable in minimum principal 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 (as defined herein), which we expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on or around July 30, 2018 (the "Issue Date").

Joint Global Coordinators and Joint Physical Bookrunners

Deutsche Bank **Crédit Agricole CIB** **Credit Suisse**

Joint Bookrunners

BNP PARIBAS **Commerzbank** **Natixis** **NatWest Markets** **UniCredit Bank**

The date of this Offering Memorandum is July 19, 2018

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In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front cover of this Offering Memorandum.

NOTICE TO INVESTORS

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. 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 Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. Neither we, nor BNP Paribas, London Branch, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Natixis, NatWest Markets Plc and UniCredit Bank AG (the "Initial Purchasers") are responsible for your compliance with these legal requirements. See "*Plan of Distribution*."

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with different information. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This Offering Memorandum may only be used for the purpose for which it was published. The information set forth in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry; Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain of the documents referred to herein will be made available to prospective investors upon request to us.

The Initial Purchasers, the Trustee (as defined herein) and any other agents acting with respect to the Notes accept no responsibility for and make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Offering Memorandum and nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, or any other agents acting with respect to the Notes as to the past or the future. 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.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this Offering Memorandum and have had an opportunity to request, and have received, all additional information that you need from us. No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement 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.

The information contained in this Offering Memorandum is as at the date indicated herein. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this Offering Memorandum or in our business since the date of this Offering Memorandum.

This Offering Memorandum is a confidential document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not use this Offering Memorandum for any other purpose, make copies of any part of this Offering Memorandum or give a copy of it to any other person; or disclose any information in this Offering Memorandum to any other person.

The Notes are subject to restrictions on transferability and resale, which are described under the headings "*Plan of Distribution*" and "*Transfer Restrictions*." By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "*Exchange Rate Information*," "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

We reserve the right to withdraw the Offering at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFERING OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

IMPORTANT INFORMATION ABOUT SELLING AND JURISDICTIONAL RESTRICTIONS

United States. Neither the Notes nor the Guarantees have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

In the United States, the offering of the Notes is being made only to "qualified institutional buyers" (as defined in Rule 144A). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in offshore transactions (as defined in Regulation S).

Neither the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

European Economic Area. This Offering Memorandum has been prepared on the basis that any offering of Notes in any member state of the EEA will be made pursuant to an exemption under Directive 2003/71/EC (as amended, the "Prospectus Directive") from the requirement to publish a prospectus for offerings of notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Directive. No prospectus is required in accordance with the Prospectus Directive for this issuance of Notes.

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes that are the subject of the Offering contemplated by this Offering Memorandum to any retail investor in the European Economic Area (the "EEA"). For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following (i) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II") or (ii) a "customer" within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a "professional client" as defined in point (10) of Article 4(1) of MiFID II.

PRIIPS Regulation: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. Each subscriber for or purchaser of the Notes in the Offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is not a retail investor. The Issuer, the Initial Purchasers and their affiliates and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement.

MiFID II Product Governance / Professional investors and Eligible counterparties only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is "eligible counterparties" and "professional clients" only, each as defined in "MiFID II"; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Germany. The Offering is not a public offering in the Federal Republic of Germany. The Notes may not be offered and sold in the Federal Republic of Germany except in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the "German Securities Prospectus Act"), as amended, the Commission Regulation (EC) No. 809/2004 of April 29, 2014 as amended, and any other laws applicable in Germany. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "BaFin"). The BaFin has not obtained and will not obtain a notification from another competent authority of a member state of the EEA, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act. The Notes must not be distributed within Germany by way of a public offering, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Notes to the public in Germany. Consequently, in Germany the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws.

United Kingdom. This Offering Memorandum is being distributed only to and is directed only at: (i) persons who have professional experience in matters relating to investments and are "investment professionals" as defined within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) high net worth bodies corporate and any other person falling within Article 49(2)(a) to (d) of the Order, (iii) persons outside the United Kingdom and (iv) any other persons to whom it may otherwise lawfully be communicated or cause to be communicated (all such persons together being referred to as "relevant persons").

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

This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the United Kingdom. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

***Grand Duchy of Luxembourg*.** This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*), for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "Prospectus Act 2005") implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) "Luxembourg qualified investors" as defined in the Prospectus Act 2005 or (ii) fewer than 150 prospective investors, which are not qualified investors.

Each purchaser of the Notes offered hereunder will be deemed to have represented, among other things set forth in "*Transfer Restrictions*," the following:

- you acknowledge that the Notes will bear a legend to the effect provided in "*Transfer Restrictions*";
- you acknowledge that prior to any proposed transfer of the Notes the holder of such Notes may be required to provide certifications and other documentation relating to the transfer and submit such certifications and other documentation as provided in the Notes and the Indenture; and
- you acknowledge that the Issuer, the Initial Purchasers, the Trustee and agents of the foregoing and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that if any of the acknowledgments, representations or agreements deemed to have been made by you by virtue of your purchase of Notes is no longer accurate, you shall promptly notify the Issuer, the Initial Purchasers and agents of the foregoing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

***France*.** This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L411-1, L411-2, D411-1, D744-1, D754-1 and D764-1 of the *Code de Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

***Spain*.** This offering has not been registered with the *Comisión Nacional del Mercado de Valores* and therefore the Notes may not be offered, sold or distributed in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 *bis* of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto*

1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos).

Switzerland**.** The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations (SR 220) and does not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers' Association. The Notes will not be listed on the SIX Swiss Exchange Ltd or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. Neither this Offering Memorandum nor any other material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected, hand-picked investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention of distributing them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Denmark**.** This Offering Memorandum has not been filed with or approved by the Danish Financial Supervisory Authority (*Finanstilsynet*) or any other regulatory authority in Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark by way of public offering, unless in compliance with the Danish Capital Markets Act (Consolidated Act No. 12 of January 8, 2018 on capital markets (*Lov om kapitalmarkeder*)) and executive orders issued thereunder and in compliance with Executive Order No. 747 of June 7, 2017 issued pursuant to the Danish Financial Business Act to the extent applicable.

NOTICE TO INVESTORS IN THE NETHERLANDS

The Notes (including the rights representing an interest in the Notes in global form) which are the subject of this Offering Memorandum, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to persons who are qualified investors (within the meaning of the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

For the purposes of the abovementioned paragraph, the expression an "offer of Notes" in relation to any Notes in the Netherlands means the announcement or 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.

No approved prospectus within the meaning of the Prospectus Directive is required to be made generally available in connection with the offer.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors," as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients," as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by us, any related amendment or supplement to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(i) 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;

(ii) 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

(iii) except as provided pursuant to (i) 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 the Initial Purchasers or us.

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from the reporting requirements under Rule 12g3-2(b) under the U.S. 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 U.S. Securities Act. Any such request should be directed to: Blitz F18-674 GmbH, c/o Partners Group (Deutschland) GmbH, Erika-Mann-Straße 7, 80636 Munich, Germany. Copies of the Indenture, the forms of the Notes, the Intercreditor Agreement, the Security Documents and the Escrow Agreement will be made available upon request to the Listing Agent (each as defined herein) or to the Issuer at the address above.

We are not currently, and we will not be, subject to the periodic reporting and other information requirements of the U.S. Exchange Act. Pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

FORWARD-LOOKING STATEMENTS

Various statements contained in this Offering Memorandum constitute “forward-looking statements.” All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, strategy, anticipated investments, costs and results (including growth prospects in particular countries), plans, projects to enhance efficiency, the impact of governmental regulations or actions, litigation outcomes and timetables, future capital expenditures, liquidity requirements, the successful integration of acquisitions and joint ventures into our Group (as defined herein), and objectives of management for future operations, may be deemed to be forward-looking statements. When used in this Offering Memorandum, the words “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimates,” “positioned,” “strategy” and similar expressions identify these forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors include those set forth in the “*Risk Factors*” section of this Offering Memorandum which include, among others:

- changes in underlying regulation;
- competition;
- liability in connection with potentially defective devices and defects in the products we rent or sell;
- difficulties implementing our corporate strategy;
- an increase in in-source measuring and billing practices;
- failure to monitor compliance relating to legal and civil, tax, regulatory and competition proceedings;
- competition and antitrust laws;
- restrictions on customers’ ability to allocate costs of services to tenants;
- failure to adequately protect intellectual property rights;
- failure to safeguard our operating and business secrets;
- infringement of the intellectual property rights of third parties;
- risks related to advancements in technology;
- failures in our IT and communications systems as well as in our underlying systems and networks;
- failure to attain and keep sub-meters’ decryption keys and radio frequencies;
- failure to safeguard databases and consumer privacy;
- reliance on third-party vendors to provide certain of our services;
- supply problems with, or price increases by, major suppliers;
- failure to assert warranty claims against suppliers;
- inadequate customer satisfaction levels;
- dependency on our executive management;
- currency fluctuations;
- risks related to our international business;
- adverse political or economic developments affecting Germany;
- counterparty risk;
- liability based on the actions of our employees and agents;
- environmental liabilities;
- risks related to the impairment of our intangible assets;

- tax risks;
- risks related to acquired assets;
- labor disputes;
- risks resulting from legal and arbitration proceedings; and
- other risks associated with the Acquisition, our indebtedness and corporate structure, and the Notes discussed under "*Risk Factors*."

The risks included herein are not exhaustive. Moreover, we operate in a highly 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 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, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

We assume no obligation to update the forward-looking statements contained in this Offering Memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Issuer was incorporated on April 13, 2018, for the purpose of facilitating the Transactions (as defined herein) and performing certain activities related thereto. The entire share capital of the Target will be sold to BidCo, which is the direct subsidiary of the Issuer, on the Acquisition Completion Date in connection with the Transactions. The Issuer is a holding company with no revenue-generating activities of its own and does not have any business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. See "*Risk Factors—Risks Relating to Our Indebtedness and Corporate Structure—The Issuer and BidCo, a Guarantor, are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of our Group to be able to make payments on the Notes or their Guarantees*." Consequently, only limited historical financial information relating to the Issuer is available, and no financial information with respect to the Issuer is included in this Offering Memorandum, except for certain limited "as adjusted" financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions. All historical financial information presented in this Offering Memorandum is that of the Target and its consolidated subsidiaries. Accordingly, unless otherwise stated, all references to "we," "us," "our" or the "Group" in respect of historical financial information in this Offering Memorandum are to the Target and its subsidiaries on a consolidated basis.

Unless otherwise indicated, the financial information as at and for the financial years ended March 31, 2016 (the "2016 financial year"), March 31, 2017 (the "2017 financial year") and March 31, 2018 (the "2018 financial year") contained in this Offering Memorandum is extracted from the Target's audited consolidated financial statements as at and for the years ended March 31, 2016 (the "2016 Audited Financial Statements"), March 31, 2017 (the "2017 Audited Financial Statements") and March 31, 2018 (the "2018 Audited Financial Statements"), respectively. The 2016 Audited Financial Statements, the 2017 Audited Financial Statements and the 2018 Audited Financial Statements, included elsewhere in this Offering Memorandum, have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

In the future, we will report consolidated financial statements and other information for the Issuer and its subsidiaries prepared under IFRS, although we intend to also provide certain financial information about the Target in order to facilitate the analysis of our financial performance for the periods ending prior to March 31, 2021. The fiscal year of the Issuer ends on March 31 of each calendar year and the first annual consolidated financial statements for the Issuer will be available in respect of the financial year ending March 31, 2019. The consolidated financial statements of the Target in this Offering Memorandum have not been adjusted to reflect the impact of any changes to the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income (statement of comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. However, the Issuer will account for the Acquisition using the purchase method of accounting under IFRS and will apply purchase accounting adjustments in connection with the Transactions to the financial statements for accounting periods subsequent to the Acquisition Completion Date. The application of purchase accounting could result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, leasehold rights and software, and different amortization and depreciation expenses. Due to these and other potential adjustments, our future financial statements could be materially different once the adjustments are made and may not be comparable to the Target's consolidated financial statements included in this Offering Memorandum. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements*."

The Acquisition will be accounted for using the purchase method of accounting. Under IFRS 3 "Business Combinations," the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expressed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Since the Acquisition has not been consummated as at the date of this Offering Memorandum, the fair value of assets acquired and liabilities to be assumed at the date of the Acquisition have not been quantified. In accordance with IFRS, the allocation of the purchase price can be finalized up to twelve months from the Acquisition Completion Date to finalize the allocation of the purchase price.

Where financial information in the tables in the Offering Memorandum is labeled "audited," this means that it was taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the tables in this Offering Memorandum when the information has not been taken from the 2016 Audited Financial Statements, the 2017 Audited Financial Statements or the 2018 Audited Financial Statements, but was taken or derived from the Target's internal accounting records or management reporting system, or has been calculated on the basis of figures taken from the abovementioned sources, unless otherwise indicated. Unless stated otherwise, all of the financial data presented in the text and tables in this Offering Memorandum is shown in millions of euros, commercially rounded to a one decimal point. Because of this rounding, the figures shown as totals in this Offering Memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them.

In respect of financial data set forth in the main body of this Offering Memorandum, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but has been rounded to zero. By contrast, no such differentiation has been made in respect of the financial data set forth in the financial information section of this Offering Memorandum beginning on page F-1. In the financial information section, zero ("0") is used to signify both unavailable figures and figures which are either exactly zero or have been rounded to zero.

Non-IFRS Financial Measures

Certain parts of this Offering Memorandum contain non-IFRS financial measures and ratios, including EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments, Run-Rate Adjusted EBITDA, capital expenditures, free cash flow, free cash flow conversion, working capital, and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. Such measures and ratios may not reflect accurately our performance, liquidity or our ability to incur debt and should not be considered as an alternative to net profit/(loss) or any other performance measures derived from or in accordance with IFRS, SEC requirements or any other generally accepted accounting principles or as an alternative to net cash generated by/(used in) operating activities. The financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. As used in this Offering Memorandum, the following terms have the following meanings:

- "EBIT" for the years ended March 31, 2016, 2017 and 2018 represents net profit/(loss) before income taxes, finance costs, financial income and share of profit/(loss) of investments accounted for using the equity method;

- "EBITDA" for the years ended March 31, 2016, 2017 and 2018 represents net profit/(loss) before income taxes, finance costs, financial income, share of profit/(loss) of investments accounted for using the equity method, depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets and impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets;

- "Adjusted EBITDA" represents our results for the year as adjusted for certain items which management considers to be non-cash or non-recurring in nature and, in the case of the 2016 Audited Financial Statements and 2017 Audited Financial Statements, adjustments to show the impact of the hypothetical application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) as if they had been applied from April 1, 2014;

- "Adjusted EBITDA before IFRS adjustments" represents our results for the year as adjusted for certain items which management considers to be non-cash or non-recurring in nature;

- "Run-Rate Adjusted EBITDA" represents Adjusted EBITDA as adjusted for certain annualized identified or contractually agreed cost savings in the 2018 financial year;

- "capital expenditures" represent the cash outflows for the period indicated used for the purchase of fixed assets, which are composed of: (i) metering devices for rent (capitalized as a result of new installations and the replacement of meters); and (ii) plant and equipment (including technical equipment and machinery related to Energy Contracting segment products and other equipment such as data collectors); and intangible assets (including software developments);

- "free cash flow" represents cash flows from operating activities less cash flows used in investing activities *less* income taxes paid/received;

- "free cash flow conversion" represents free cash flow divided by Run-Rate Adjusted EBITDA; and
- "working capital" represents trade accounts receivable, contract assets and inventories less trade accounts payable.

We present EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments, Run-Rate Adjusted EBITDA, capital expenditures, free cash flow, free cash flow conversion and working capital for informational purposes only. This information does not represent the results we would have achieved had each of the transactions for which an adjustment is made occurred at the dates indicated. There can be no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA are based on various assumptions (including the successful implementation of certain initiatives) and management estimates. These amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by any independent auditors' firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations for the periods presented, may not be comparable to our consolidated financial statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision.

We present EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA, free cash flow, free cash flow conversion and working capital because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measurements of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. EBITDA and its variants as presented in this Offering Memorandum may differ from similarly titled measures used by other companies and from "Consolidated EBITDA" contained in the section entitled "*Description of the Notes*" of this Offering Memorandum and in the Indenture. For a reconciliation of EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA to net profit/(loss), see "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Pro Forma Information*."

The non-IFRS measures presented in this Offering Memorandum may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Some of the limitations of each of these non-IFRS measures are:

- they do not reflect cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on indebtedness;
- they do not reflect income tax expense or the cash necessary to pay income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including other companies in our industry, may calculate EBITDA, Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA differently from how they are presented in this Offering Memorandum, limiting their usefulness as comparative measures.

We have included in this Offering Memorandum Run-Rate Adjusted EBITDA. See "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Pro Forma Information*." Run-Rate Adjusted EBITDA has been prepared for illustrative purposes only and does not represent what our actual results would have been had the cost savings presented therein been realized and fully reflected in our results for the 2018 financial year, nor does it purport to estimate, project or guarantee our results of operations at any future date. Moreover, prospective investors should note that the increase in Adjusted EBITDA and Adjusted EBITDA before IFRS adjustments reflected in Run-Rate Adjusted EBITDA may be offset, to a degree that may vary with the circumstances, by a number of factors, including the costs associated with implementing our cost saving initiatives. The adjustments to Run-Rate Adjusted EBITDA are based upon forecasts and estimates and are in part based upon historical information. Our estimates of the impact of cost savings are based upon a number of expectations and assumptions, which may prove to be incorrect. We cannot assure you that we will be able to realize, fully or at all, any of these cost savings, and the costs we incur in trying to realize these cost savings may be substantially higher than our current estimates and may outweigh the benefits. Run-Rate Adjusted EBITDA as included in this Offering Memorandum has not been prepared in accordance with Regulation S-X under the U.S. Exchange Act, the Prospectus Directive, IFRS or any generally accepted accounting standards. Neither the assumptions underlying the run-rate adjustments nor the resulting Run-Rate Adjusted EBITDA have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the Run-Rate Adjusted EBITDA, you should carefully consider our audited historical consolidated financial statements included elsewhere in this Offering Memorandum. Although certain of this data has been extracted or derived from our consolidated financial statements contained in this Offering Memorandum, this data has not been audited or reviewed by our independent auditors.

Additionally, the financial information presented in this Offering Memorandum has been formulated subject to significant assumptions and limitations and may not reflect what our actual results of operations and financial condition would have been had the Transactions accounted for therein occurred as at and for the periods presented, and such financial information may not be indicative of our future operating performance.

As Adjusted Financial Information

We present in this Offering Memorandum certain as adjusted financial information for the Issuer, which is based on the consolidated financial information for the Target, on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Issuer as at and for the financial year ended March 31, 2018. See "*Summary—Summary Consolidated Financial and Other Information—Other Financial and Pro Forma Information*." This as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions occurred on April 1, 2017 or what our actual cash position or indebtedness would have been had the Transactions occurred on March 31, 2018, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The adjusted financial information has not been adjusted to reflect the impact of any changes to the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows that might occur as a result of application of the acquisition method of accounting under IFRS, which will affect the comparability of the Issuer's future consolidated financial statements with the financial information contained in this Offering Memorandum. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The contents of any website, including the websites of the Sponsors (as defined herein), the Target or any member of the Group, do not form any part of this Offering Memorandum.

INDUSTRY AND MARKET INFORMATION

We operate in an industry in which it is difficult to obtain precise industry and market information. In this Offering Memorandum, we have relied on and refer to certain economic information, information regarding our industry and information regarding the markets in which we operate and compete. Unless otherwise indicated, industry and market data contained in this Offering Memorandum is based on a commercial vendor due diligence report dated April 2018 (the "Commissioned Report") that we have commissioned from a leading international third-party management consultancy firm. The Commissioned Report is based on field visits conducted by the management consultancy firm with market and industry experts and participants, secondary market research and internal financial and operational information supplied by us or on our behalf. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on management information and market research, which are based on sampling and subjective judgments by both the researchers and the respondents. Although we believe the information contained in the Commissioned Report has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. Furthermore, the management consultancy firm does not warrant, represent or guarantee the accuracy and completeness of any information in this Offering Memorandum, and does not accept any responsibility or liability to any party who relies on any information contained in this Offering Memorandum.

In addition, in many cases we have made statements in this Offering Memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. Outside of Germany, our market position in the various jurisdictions in which we operate is calculated on the basis of either volume of devices or revenue depending on customary practice or available market information. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

Certain customer data included in this Offering Memorandum, including churn, is derived from management estimates, is not part of our financial statements and has not been audited or otherwise reviewed by our independent auditors, consultants or experts. The use or computation of the term "churn" may not be comparable to the use or computation of similarly titled measures reported by other companies in our industry.

CERTAIN DEFINITIONS USED IN THIS OFFERING MEMORANDUM

Unless indicated otherwise in this Offering Memorandum or the context requires otherwise:

"Acquisition"	refers to the acquisition, directly or indirectly, from the Seller of all of the issued and outstanding share capital of the Target by BidCo pursuant to the Acquisition Agreement;
"Acquisition Agreement"	refers to the share purchase agreement dated May 24, 2018, between the Seller and BidCo relating to the sale by the Seller and the purchase by BidCo of all of the issued and outstanding share capital of the Target;
"Acquisition Completion Date"	refers to the date on which the Acquisition is consummated;
"Acquisition Longstop Date"	refers to September 24, 2018 or such other date as agreed by the Seller and BidCo;
"Agreed Security Principles"	refers to the agreed security principles appended to the Senior Facilities Agreement as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer;
"BidCo"	refers to Blitz F18-675 GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;
"BidCo Equity Contribution"	has the meaning ascribed to it in "*Summary—The Transactions—The Financing and the Equity Contribution*";
"C$"	refers to the lawful currency of Canada;
"CDPQ"	refers to Caisse de dépôt et placement du Québec;
"Clearstream"	means Clearstream Banking, S.A.;
"Collateral"	has the meaning given to such term in "*Summary—The Offering*";
"Completion Date Collateral"	refers to the Shared Completion Date Collateral together with the first-priority security interests over the shares in the Issuer;
"devices"	refers to heat cost allocators, water meters and heat meters;
"Equity Commitment Letter"	refers to the agreement among the Issuer, CDPQ (directly or indirectly through a wholly owned subsidiary thereof), OTPP (directly or indirectly through a wholly owned subsidiary thereof) and one or more investment funds advised or managed by Partners Group AG, pursuant to which the Sponsors will be required to fund the Issuer with any funding shortfall, in the event of a special mandatory redemption, as further described in "*Summary—The Transactions—Escrow Account*";
"Equity Contribution"	has the meaning ascribed to it in "*Summary—The Transactions—The Financing and the Equity Contribution*";
"Escrow Account"	refers to the escrow account of the Issuer into which the Initial Purchasers will deposit the gross proceeds of the Notes on the Issue Date, to be controlled by the Escrow Agent and charged in favor of the Trustee on behalf of the holders of the Notes;
"Escrow Agent"	refers to JPMorgan Chase Bank, N.A., London Branch;
"Escrow Agreement"	refers to the agreement to be dated on the Issue Date between the Issuer, the Trustee and the Escrow Agent relating to the Escrow Account;

"Escrow Charge"	refers to the charge over the Escrow Account in favor of the Trustee, which will secure the Notes and the Issue Date Guarantee on a first-ranking basis as at the Issue Date;
"Escrow Longstop Date"	refers to December 11, 2018;
"Escrowed Property"	refers to the initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement);
"EU"	refers to the European Union;
"euro," "euros," "€" or "EUR"	refer to the single currency of the Member States of the European Union participating in the third stage of the economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
"Euroclear"	refers to Euroclear Bank SA/NV;
"Existing Revolving Credit Facility"	refers to the €150.0 million (equivalent) revolving credit facility provided under the Existing Senior Facilities Agreement;
"Existing Senior Facilities"	refers to the Existing Senior Facility and the Existing Revolving Credit Facility under the Existing Senior Facilities Agreement;
"Existing Senior Facilities Agreement"	refers to the senior facilities agreement dated August 3, 2017, by and among, *inter alios*, Target, Target GmbH, Target KG and the lenders named therein, comprising the Existing Senior Facilities;
"Existing Senior Facility"	refers to the €1,600.0 million term loan facility provided under the Existing Senior Facilities Agreement, of which €1,440.0 million was outstanding as at the date of this Offering Memorandum, all of which is expected to be refinanced in full as part of the Refinancing, except that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility;
"Financing"	has the meaning ascribed to it in "*Summary—The Transactions—The Financing and the Equity Contribution*";
"German HoldCo"	refers to Blitz F18-673 GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung)* incorporated under the laws of Germany;
"German MidCo"	refers to Blitz F18-672 GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung)* incorporated under the laws of Germany;
"German TopCo"	refers to Blitz F18-671 GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung)* incorporated under the laws of Germany;
"Guarantees"	refers collectively to the Issue Date Guarantee and the Post-Completion Date Guarantees to be provided by the Guarantors pursuant to the Indenture;
"Guarantors"	refers to, collectively, BidCo and the Post-Completion Date Guarantors;

"GWE"	refers to GWE Gesellschaft für wirtschaftliche Energieversorgung mbH;
"GWE Group"	refers to GWE together with its subsidiaries;
"IFRS"	refers to the International Financial Reporting Standards, as adopted by the EU;
"Indenture"	refers to the indenture governing the Notes as described in "*Description of the Notes*";
"Initial Purchasers"	refers to BNP Paribas, London Branch, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Natixis, NatWest Markets Plc and UniCredit Bank AG;
"Intercreditor Agreement"	has the meaning ascribed to it in "*Description of Other Indebtedness—Intercreditor Agreement*";
"Issue Date"	refers to the date of the issuance of the Notes offered hereby;
"Issue Date Guarantee"	refers to the guarantee provided by BidCo on the Issue Date pursuant to the Indenture;
"Issuer"	refers to Blitz F18-674 GmbH, a limited liability company incorporated under the laws of Germany;
"Lux TopCo"	refers to Luxembourg Investment Company 261 S.à r.l., a private limited company (*société à responsabilité limitée*) incorporated under Luxembourg law;
"Luxembourg"	refers to the Grand Duchy of Luxembourg;
"Macquarie"	refers to Macquarie European Infrastructure Fund;
"Member State"	means a member state of the EU;
"Offering"	refers to the offering of the Notes by the Issuer;
"OTPP"	refers to the Ontario Teachers' Pension Plan Board;
"Partners Group"	refers to investment funds advised or managed by Partners Group AG;
"Paying Agent"	refers to Elavon Financial Services DAC, UK Branch;
"Post-Completion Date Guarantees"	refers to the guarantees to be provided by the Post-Completion Date Guarantors pursuant to the Indenture, subject to the Agreed Security Principles and the occurrence of the Acquisition Completion Date, within 90 days from the Acquisition Completion Date;
"Post-Completion Date Guarantors"	refers to Techem Energy Services GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany, and Techem Energy Contracting GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;
"Refinancing"	has the meaning ascribed to it in "*Summary—The Transactions—The Financing and the Equity Contribution*";
"Registrar"	refers to Elavon Financial Services DAC;

"Revolving Credit Facility"	refers to the €275.0 million (equivalent) revolving credit facility under the Senior Facilities Agreement;
"Security Agent"	refers to U.S. Bank Trustees Limited;
"Security Documents"	refers to the security and other documents and agreements that provide for security interests over the Collateral for the benefit of the holders of the Notes, as described in more detail under "*Description of the Notes—Security—General*";
"Seller"	refers to MEIF II Finance Holdings S.à r.l., a private limited company (*société à responsabilité limitée*) incorporated under Luxembourg law and ultimately owned by Macquarie;
"Senior Facilities"	refers to the Senior Facility and the Revolving Credit Facility, together;
"Senior Facilities Agreement"	has the meaning ascribed to it in "*Description of Other Indebtedness—Senior Facilities Agreement*";
"Senior Facility"	refers to the senior secured term loan in an aggregate principal amount of €2,340.0 million under the Senior Facilities Agreement;
"Shared Completion Date Collateral"	refers to the security interests over the shares in BidCo, which will secure the Notes and the Guarantees on a second-priority basis on the Acquisition Completion Date;
"Sponsors"	refers to, collectively, Partners Group, CDPQ and OTPP;
"Target"	refers to MEIF II Germany Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under Luxembourg law;
"Target GmbH"	refers to Techem GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany;
"Target KG"	refers to Techem Energy Metering Service GmbH & Co. KG, a limited partnership (*Kommanditgesellschaft*) established under the laws of Germany;
"TEC Hellas EPE"	Techem Energy Contracting Hellas EPE, a limited liability company organized under the laws of Greece, which we disposed of on June 16, 2016;
"Techem," "we," the "Group," "our" or "us"	refer to the Target and its subsidiaries, and following the completion of the Acquisition, the Issuer and its consolidated subsidiaries, unless the context suggests otherwise. The use of these terms is not intended to imply that the Acquisition will be completed on certain terms, or at all;
"Thermie Serres"	refers to Thermie Serres *Société Anonyme* of Co-Generation of Power and Heat, which as at June 16, 2016, was a partially owned subsidiary of TEC Hellas EPE;
"Transactions"	refers to the Acquisition, the Refinancing, the Financing and the Equity Contribution;
"Transfer Agent"	refers to Elavon Financial Services DAC, UK Branch;
"Trustee"	refers to U.S. Bank Trustees Limited;
"United States" or "U.S."	refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and

“U.S. dollars,” “dollars,” “U.S.$” or “$” . . . refers to the lawful currency of the United States.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated below, the high, low, average and period-end Bloomberg Generic Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Generic Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Generic Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the euro or U.S. dollar amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Generic Composite Rate on the last business day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Generic Composite Rate during that month, or shorter period, as the case may be.

The Bloomberg Generic Composite Rate of the euro on July 18, 2018 was $1.1653 per €1.00.

	U.S. dollars per €1.00			
Year	**Period end**	**Average**	**High**	**Low**
2013	1.3789	1.3300	1.3789	1.2819
2014	1.2100	1.3209	1.3866	1.2100
2015	1.0866	1.1096	1.2010	1.0492
2016	1.0547	1.1069	1.1527	1.0384
2017	1.2022	1.1300	1.2026	1.0427

	U.S. dollars per €1.00			
Month	**Period end**	**Average**	**High**	**Low**
January 2018	1.2415	1.2204	1.2492	1.1921
February 2018	1.2209	1.2348	1.2479	1.2209
March 2018	1.2291	1.2336	1.2444	1.2212
April 2018	1.2101	1.2278	1.2390	1.2101
May 2018	1.1671	1.1820	1.2017	1.1546
June 2018	1.1677	1.1678	1.1808	1.1570
July 2018 (through July 18, 2018)	1.1653	1.1685	1.1747	1.600

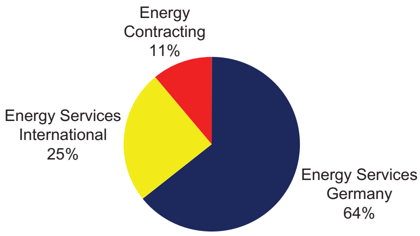
SUMMARY

This summary highlights selected information contained elsewhere in this Offering Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this Offering Memorandum carefully in its entirety, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business," as well as our audited consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

Overview

We are a leading global energy management and services provider to the residential and commercial real estate sector, focusing on cost allocation services that ultimately enable our customers (landlords and property managers) as well as tenants to reduce and optimize energy (heat) and water resource consumption. We operate in 21 countries, including Germany. We believe we are a leading company in the cost allocation market in Germany with a market share of just under 30% based on revenue for the 2017 financial year (excluding revenue for smoke detectors, water testing and issuance of energy certificates). Leveraging our scale, expertise and large database of energy consumption information, we provide additional energy efficiency solutions and supplementary products and services such as *Smart Thermostats*, integrated energy efficiency services, smoke detection and water testing through our technologically advanced platform. Our infrastructure-like business, which is built on long-term contractual relationships with many of our customers, is organized in two business segments: "Energy Services" and "Energy Contracting." The Energy Services segment is further split into "Energy Services Germany" and "Energy Services International." Our business model combines our primary business, cost allocation, with various energy efficiency solutions and supplementary products and services that target the energy services sector in particular. For the 2018 financial year, we generated revenue of €766.5 million. In addition, for the 2018 financial year, we generated free cash flow of €229.2 million and Run-Rate Adjusted EBITDA of €394.1 million, representing a free cash flow conversion ratio of 58.1%.

Revenue Split by Segment and Geography for the 2018 Financial Year:



Energy Services

Within the Energy Services business segment, we offer cost allocation services, additional energy efficiency solutions and supplementary products and services. The demand for such services is primarily driven by increased regulatory requirements to adhere to energy efficiency practices and the global decarbonization trend. Our business is further supported by consumer preferences for more-efficient, less-intrusive and more-accurate energy consumption reporting and billing.

- *Cost allocation services*: Cost allocation services include the measuring of heating and water consumption in individual units within multi-unit residential or commercial buildings and billing services. These measurements are the basis for the subsequent cost allocation services, energy efficiency solutions and supplementary products and services that we offer. The foundation of our cost allocation services are the sub-metering services we offer to our customers, typically landlords and property managers, in 21 countries, including our core market, Germany. Globally, we provide sub-metering services for approximately 11.2 million units by means of approximately 51.4 million installed devices (57.6 million including smoke detectors), of which approximately 31.1 million installed devices are in Germany (37.2 million including smoke detectors). In the 2018 financial year, 85% of the cost allocation devices we installed in Germany were rented and 15% were sold. In Germany, the average duration of our new rental contracts in the Energy Services business is approximately nine years.
- *Additional energy efficiency solutions*: Using the consumption data collected through our cost allocation services, we offer energy and water usage monitoring services that allow our customers to review, reduce

and optimize the energy and water consumption of their buildings and related costs. We have recently expanded our product portfolio to include new products such as *Smart Thermostats* and *Hydraulic Balancing* and we are developing a next generation heat cost allocator device combining cost allocation functionality with a smart thermostat which is connected to our cost allocation services infrastructure through a branded mobile application.

- *Supplementary products and services*: We provide supplementary products and services that include the installation, testing, maintenance and replacement of smoke detectors, which are required by law in many German federal states, and the performance of legionella analysis of drinking water, which also is required by law in Germany. Recently, we successfully piloted the provision of water quality solutions to our customers, which includes the installation and maintenance of building water filtration, softener and dosing systems.

For the 2018 financial year, our Energy Services business segment generated revenues of €681.6 million. Germany generated 72.3% of these revenues, with the remainder generated by our operations outside Germany.

Energy Contracting

We established our Energy Contracting business segment in 1992, building on our expertise in managing energy consumption and the market and customer data gained through our cost allocation services. Within the Energy Contracting segment, we offer system contracting and energy consulting services. Although the energy contracting market is more fragmented than the cost allocation market, we believe the close integration between our Energy Services and our Energy Contracting businesses places us well to leverage our position in both segments to benefit from cross-selling opportunities, as well as provide our customers with integrated services and solutions across both business lines.

- *System contracting*: The system contracting solutions we offer in our Energy Contracting segment mainly include the planning, financing, construction and operation of heat stations, boilers, cooling equipment and combined heating and power units ("CHP-units"). These projects are generally customer-specific and tailored to the individual customer's needs.

- *Energy consulting*: Energy consulting comprises assisting landlords, property managers and other customers in their energy management with offerings including energy monitoring solutions and services to enhance cost and energy efficiency in our customer's buildings.

For the 2018 financial year, our Energy Contracting business segment generated revenues of €84.9 million.

Our Strengths

We operate a resilient, infrastructure-like business

We operate a resilient, infrastructure-like business providing customers with essential services that are supported by favorable legal frameworks, long customer contracts and our size. In Germany, demand for our products and services increased as a direct impact of the German Heating Cost Ordinance (*Verordnung über Heizkostenabrechnung—HeizkostenV*) introduced in 1981 which facilitates and in many cases requires a consumption-based allocation of heating and hot water costs in multi-unit residential buildings with central heating. The Energy Efficiency Directive (the "EED"), introduced in Europe in 2012, is currently in the process of being implemented throughout the EU. The EED targets energy savings through a variety of measures, including individual cost allocation, resulting in regulatory support for our services in other EU member states. In addition, demand for our services in Germany continues to be supported by further urbanization and growth in the number of households due to a reduction in the average household size.

We engage in long-term rental contracts for cost allocation and measuring devices and services. The length of our rental contracts is determined by the life span (including the battery lifespan) and calibration periods (in the case of heat and water meters) of devices. For instance, heat cost allocators are typically subject to five- to ten-year rental contracts, heat meters are generally subject to five-year rental contracts and water meters are often subject to five- to six-year rental contracts. Additionally, we experience low customer churn rates (less than 5% for the 2018 financial year), which we attribute to our strong customer relationships and customer service focus, the complex tri-party relationship between us, landlords and property managers (our customers) and tenants, and the fact that the costs for cost allocation services only account for a small fraction of a tenant's total ancillary costs. In choosing to remain with a service provider, customers value the quality and ease of services provided and usually do not switch providers as long as service quality is satisfactory.

We operate a leading platform in Germany, the largest cost allocation market globally

Germany is the largest and most advanced cost allocation services market globally with a market size of approximately €1.5 billion as at 2016. Recognizing the benefits of cost allocation, including reduced energy consumption and cost savings, Germany was one of the first countries in the European Union to adopt legislation making cost allocation mandatory. In November 2016, Germany increased its commitment to become greenhouse gas-neutral by 2050, introducing the "Climate Action Plan 2050" (*Klimaschutzplan* 2050). In Germany, we operate over 50 offices and have an installed base of approximately 31.1 million installed devices (37.2 million including smoke detectors) and 72% of our devices are radio-enabled as at March 2018. We believe we differentiate our platform from those of our competitors by taking a holistic approach to energy efficiency. As the only market participant with a significant presence in both the cost allocation and energy contracting segments, we are able to leverage the high level of integration of our Energy Services and Energy Contracting businesses, using our access to customers and expertise to offer a broad range of services across the heat and energy value chain. For example, our energy saving system *adapterm* relies on our radio-enabled heat cost allocators and is an artificial intelligence-based solution (algorithm). It is designed to optimize the generation of heat by gradually adapting to the heating consumption in a building and guaranteeing that the heating system only generates the heat that is actually needed. We also offer additional energy saving solutions, such as *Smart Thermostats* and *Hydraulic Balancing*, and supplementary products and services, such as smoke detector maintenance and installation as well as legionella analysis.

We operate a scalable platform with a large installed base in European markets demonstrating strong growth potential

We currently operate in 20 countries outside Germany, the majority of which are in Europe. Based on management estimates, we believe we hold the number one or two position in most of these countries, including Austria, Belgium, Italy, the Netherlands, Spain and Switzerland based on either volume of devices or revenue, depending on which metric is customarily used or available to determine market share in the relevant jurisdiction. Each of these markets is characterized by varying levels of market maturity and regulation. We believe strong growth potential in European markets, combined with the expertise we have developed through our German operations, positions us well to increase our market share in select markets where cost allocation penetration is low.

The benefits of scale, our extensive database and advanced technological capabilities position us well to adapt our German business model to, and capitalize on favorable legislation in, other markets. As a result of the introduction of the EED, penetration rates for cost allocation services are increasing in many European countries. Since the introduction of the Heating Cost Ordinance in 1981, penetration rates for heat cost allocation in Germany increased to almost 100%. We believe we will benefit from our established footprint in EED-driven growth markets such as Italy and France, where heat cost allocation penetration rates are expected to increase due to recently implemented legislation, which provides for penalties for non-compliance. We also operate in markets outside of Europe where supportive legislation and financial incentives generate demand for our services. For instance, in the United Arab Emirates, where 60% of the energy costs are related to cooling activities, there is strong government support for district cooling, the reduction of carbon dioxide and energy efficiency solutions. Our leading positions in these international markets offer cross-selling opportunities for our additional energy efficiency solutions to our customer base.

Our business platform is difficult to replicate given the operational complexities of the cost allocation business and our technological capabilities

Over the course of our 60-year history, we have scaled our business and established key technological competencies, creating a business model that is difficult to replicate. Cost allocation services are highly complex and require significant resources in order to operate efficiently. For example, we managed an average of approximately 4.3 million device installations in Germany per year for the past three years. The installation of devices is managed through an extensive logistics network comprising our own employees and a significant number of external subcontractors, who plan and manage access to households. In order to manage the complex billing process, we have built a fully automated scalable billing platform which handles a wide variety of inputs, including customer type, heating system and radiator placement, to complete billing in an accurate and timely manner. Similar to the provision of services, the billing phase of the cost allocation business requires significant coordination and technological capabilities. We manage approximately eleven million billings per year and provide customer service to approximately 410,000 customers. Today, approximately 38% of billing is fully automated, which reduces error and saves personnel costs. The system infrastructure also supports data exchange and interaction with our customers.

The scale of our business allows us to continuously invest in technology and to develop innovative, high quality products and services. We have a research and development ("R&D") team of approximately 36 employees and we hold approximately 200 patents globally in over 65 patent families. As energy consumption data is central to our business, through our in-house data analysis, we have developed "use cases" and energy efficiency solutions such as real-time consumption monitoring, screening and benchmarking services propositions that are highly valued by our customers. We also continuously invest in technology to fully digitize our customer service processes to ensure we provide a high level of service quality to our customers using a low-cost, scalable platform.

Our strong technological and automation capabilities allow us to retain customers and capture growth opportunities

We believe our focus on innovation has positioned us as a technological leader in the cost allocation market. Technology provides us with the ability to improve service quality and customer retention rates, identify new energy efficiency offerings, enhance operational efficiency and stay ahead of our competitors in terms of innovation. We were the first cost allocation services provider to offer radio-enabled cost allocation devices on a large-scale basis, resulting in a radio-enabled cost allocation device penetration rate of 73% globally (as at March 2018). The use of radio walk-by technology, and more recently fixed network technology, results in a more efficient, less intrusive and more accurate reading process for our customers, at the same time reducing our operating expenses. In addition, we established our integrated *Techem Smart System* platform, which enables customers to combine prompt billing, regular device monitoring, online control of device read-outs and the monitoring of heating and water consumption. Through our Energy Contracting segment, we are able to gather the heat generation and usage data of a building by measuring the temperature outflow from and inflow back into the heating system. In combination with the consumption data from Energy Services, we have access to energy data across the entire heating system value chain from generation and distribution (Energy Contracting) to energy usage (cost allocation services), which enables us to develop integrated, low-investment energy efficiency use cases. Supported by the digitalization of energy services, we continue to develop and offer new energy efficiency solutions for our customers and to broaden our portfolio of integrated services. For example, we recently piloted the *Hydraulic Balancing* service, which optimizes the distribution of water in a building's hydraulic heating or cooling system by equalizing the system pressure to provide the desired indoor climate with improved energy efficiency and operating cost. With this service, tenants can actively manage their heating through *Smart Thermostats* with the combination of *Hydraulic Balancing* to optimize energy consumption.

We have a resilient financial profile with predictable cash flow and consistent growth

Our financial profile is resilient with predictable cash flows supported by an environment experiencing consistent growth. In addition to favorable legislation, positive underlying growth fundamentals such as urbanization and household growth due to a reduction in the average household size, lend further stability to our business. We also benefit from low customer concentration because no single customer contributes more than approximately 1% of our revenue. Additionally, we enjoy significant revenue visibility because we are typically engaged in long-term rental contracts for cost allocation devices which have tenures between five and ten years. For example, for the 2018 financial year, approximately 80% of Techem's total revenues for Energy Contracting and Energy Services (including billing, rental and maintenance), excluding equipment sales, were generated under ongoing contractual arrangements, with the remainder being mainly new equipment sales conducted on a transactional basis. Furthermore, many of our customers engage us for multiple services or devices and the staggered contract periods encourage customer retention due to the cost and inconvenience of a staggered transition to competing providers. We attribute our low customer churn rates of less than 5% (for the 2018 financial year) to our strong customer relationships and customer service focus.

These factors, combined with a highly predictable cost base, provide stable profitability and cash flows. For example, over the past ten years, including during the 2008 global financial crisis, we have delivered non-cyclical, uninterrupted Adjusted EBITDA growth and margin improvement. Through our increasing investment in rental cost allocation devices, we seek to drive further EBITDA growth and margin improvement. Capital expenditures in connection with metering devices are only incurred when we have already concluded a rental contract for those devices so that we can expect to generate revenues therefrom. For the 2018 financial year, we generated free cash flow of €229.2 million and Run-Rate Adjusted EBITDA of €394.1 million.

We have an experienced management team with a proven track record of implementing strategic initiatives to drive growth

We have a dedicated team of talented professionals with deep knowledge of and experience in the industry. In particular, we benefit from the experience and industry know-how of our current executive management team, which includes our Chief Executive Officer, Frank Hyldmar, our Chief Financial Officer, Dr. Georg Fronja, and our Chief Operating Officer, Nicolai Kuß. See "*Management*." Our management team has a successful track record of fostering the growth, profitability and improved efficiency of the company. Our management team encourages growth through the development of a customer-centric approach with a focus on service quality, product innovation and operational efficiency as demonstrated by their successful implementation of the ongoing Operations Excellence program.

Following the completion of the Acquisition, we also expect our business to benefit from the market expertise, business relationships, knowledge and experience of our future shareholders Partners Group, CDPQ and OTPP.

Our Strategy

Grow our core business in Germany through energy efficiency solutions and supplementary products and services and new small customers

We intend to continue to grow our German business by implementing the following measures:

- *Transition from manually-read cost allocation devices to radio-enabled devices*. We are driving the transition from manually-read cost allocation devices to radio-enabled devices which can be read from outside the unit. The use of radio-enabled devices, which includes radio walk-by devices and fixed network devices, allows for improved customer experience, operational efficiency and convenience because only proximity, rather than direct access, to individual units is required. As at December 31, 2017, in Germany, approximately 63% of devices are read through radio walk-by of a total of approximately 72% of devices with radio transmitters. Approximately 9% of such devices are read via fixed networks, which means that devices are read by a stationary transmitter in the building which sends data via GPRS to us without the need for annual site visits. We continuously seek to increase our use of radio-enabled devices to extend the benefits of these efficiency gains.
- *Continuous innovation in energy efficiency solutions and supplementary products and services*; *focus on energy savings*. Supported by the increasing digitalization of energy services, we invest in the development of new energy efficiency solutions and supplementary products and services that differentiate our company from competitors and which help our customers meet energy savings targets. In 2017, we worked with an industry hardware partner to add *Smart Thermostats* to our product offering. As a next step we are developing a next generation heat cost allocator device that combines cost allocation functionality within a *Smart Thermostat* which is connected to our cost allocation services infrastructure through a branded mobile application. We successfully piloted, and have recently launched, our *Hydraulic Balancing* service, which optimizes the distribution of water in a building's hydraulic heating or cooling system by equalizing the system pressure to provide the desired indoor climate with improved energy efficiency and operating cost. In addition to our range of services directly connected to cost allocation, we offer supplementary products and services such as smoke detectors and legionella analysis, which benefit our customers through the provision of early detection and prevention measures, and which help our customers meet regulatory requirements. Furthermore, we have recently launched a new service, particularly for the Bavaria and Baden-Württemberg regions, to improve water quality for our customers by installing and maintaining water filtration, softener and dosing systems. We plan to offer this service in geographical areas where the water is particularly hard.
- *Focus on smaller customers*. We continue to increase our focus on smaller customers who manage fewer than 50 residential or commercial units. Over the last two years, we have established a dedicated sales force which has established "use cases" to define our current interactions with small customers and helps identify opportunities for and promote our expansion into this segment. Such small customers, typically private building or condominium owners, are interested in the quality of customer service, high quality

hardware and having peace of mind. Small customers are more likely to enter into and renew longer-term contracts and they require less customized procedures than the large housing associations and other large customers who have historically been our focus. This allows us to streamline our processes, which results in cost efficiencies.

Grow in our established international markets

We seek to increase our market share and promote our energy efficiency solutions to our customers in our established international markets. We currently operate in 20 countries outside Germany, which are characterized by varying levels of market development and regulation. We believe our international markets segment offers opportunities to increase penetration of individual cost allocation services as a result of the effective implementations of EED legislation, particularly in the Italian market where mandatory cost allocation was recently introduced. We currently operate in 20 countries outside of Germany, the majority of which are in Europe. Based on management estimates, we believe that we hold the number one or two market position in a number of our international markets, including Austria, Belgium, Italy, the Netherlands, Spain and Switzerland based on either volume of devices or revenue depending on which metric is customarily used or available to determine market share in the relevant country. As we increase our market share in international markets, we intend to continue providing our customers with innovative integrated energy efficiency services through our technologically advanced platform. Based on our experience in these markets, we believe we are well positioned to address the market and regulatory landscape of the international markets in which we operate. We are also streamlining our international business operations by standardizing the software and processing systems offered and used. We believe this will help us deliver our products and services to any country on a single platform, improving our cost efficiency and facilitating the expansion of our business abroad.

Maintain a focus on efficiency improvements and cost reduction to further improve our margins and cash flow

We intend to continue our focus on operational efficiencies which we believe result in cost reductions ultimately allowing us to further improve margins and cash flow. In line with these objectives, we launched an efficiency program called Operations Excellence in 2016, which is focused on three key areas: improving service quality and customer experience; improving process efficiency; and enabling the success of other corporate initiatives. Initiatives of the program include streamlining processes, reducing human intervention, reducing the error rate in device installation, automating certain aspects of installation and billing, new procurement policies, introducing new hardware and software for meter reading, simplifying device development, centralizing customer data management and implementing integrated systems to facilitate data collection. Our dedicated project team monitors more than 200 performance indicators linked to the various initiatives, such as our automatic billing rate and access-to-apartment ratios (ratios of completed customer appointments to scheduled appointments). We have realized fully implemented or contractually locked-in cost savings in the amount of €43 million, of which €30 million is already reflected in our EBITDA for the 2018 financial year with an additional €12.9 million calculated on a run-rate basis for the 2018 financial year. We plan to continue the Operations Excellence initiatives through fiscal year 2019.

The Sponsors

Following the completion of the Acquisition, the Sponsors will be the indirect principal shareholders of the Group.

Founded in 1996, Partners Group is a global private markets investment management firm with €62 billion ($74 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in Denver, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 1,000 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees. It had a market capitalization of CHF19.4 billion as at June 27, 2018.

In private equity, Partners Group manages assets of €32.0 billion and has on behalf of its clients directly invested in more than 100 companies since inception. The investment focus in private equity is on profitable companies with strong growth potential and value-add opportunities in six core sectors. Partners Group pursues a diversified and global relative value approach across geographic regions and industries. Recently agreed private equity investments on behalf of its clients include Hearthside Food Solutions and GlobalLogic.

CDPQ is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans from the province of Québec, Canada. It receives money on deposit from its clients (known as "depositors") and manages these funds while seeking optimal return on investment, in accordance with depositors' investment policies. CDPQ is one of Canada's largest institutional fund managers, with C$298.5 billion in assets as at December 31, 2017. It invests globally in major financial markets, private equity, infrastructure, real estate and private debt. CDPQ was constituted in 1965 by an act of the Québec National Assembly.

OTPP is the largest single-profession pension plan in Canada, managing C$189.5 billion in net assets as at December 31, 2017. It is an independent organization responsible for investing the pension fund's assets and administering the pensions of Ontario's 323,000 active and retired teachers. OTPP has offices in Toronto, New York, London and Hong Kong. OTPP Private Capital ("PC") is the private equity investment arm of OTPP, having deployed more than C$40 billion in capital since inception in 1991. PC has invested in more than 500 companies and funds.

The Transactions

The Acquisition

On May 24, 2018, BidCo, an entity which on the Acquisition Completion Date will be indirectly owned by the Sponsors, entered into the Acquisition Agreement to acquire from the Seller all of the issued and outstanding share capital of the Target. We currently expect the Acquisition to complete by the end of July 2018. The consummation of the Acquisition is, however, subject to the satisfaction of certain conditions, including clearance by the European Commission and the performance of certain closing actions. Under the terms of the Acquisition Agreement, BidCo has agreed to take all necessary steps to obtain the required clearances following the signing of the Acquisition Agreement. If these conditions are not satisfied on or prior to the Acquisition Longstop Date, and such date has not been extended by the parties, the Acquisition Agreement may be terminated.

The Acquisition Agreement contains customary warranties and indemnities given by the Seller as to capacity title and certain disclosure matters as well as customary covenants given by the Seller regarding, among other things, the conduct of the business and the affairs of the Group pending closing of the Acquisition. The Seller's liability for any breach of a warranty is subject to certain thresholds and limitations. The Acquisition Agreement includes a feature whereby the purchase price will increase with the time period that elapses from August 1, 2018 until the Acquisition Completion Date. As a result, the ultimate purchase price will be dependent on the timing of the Acquisition Completion Date.

The Issuer, the direct parent of BidCo, holds 100% of the share capital of BidCo. Each of BidCo and the Issuer is a limited liability company incorporated under the laws of Germany. BidCo and the Issuer are indirectly owned and controlled by the Sponsors, and were incorporated by affiliates of the Sponsors as acquisition vehicles for the Transactions. Neither BidCo nor the Issuer has any business operations or material assets or liabilities other than those incurred in connection with its incorporation and the Transactions.

The Financing and the Equity Contribution

The consummation of the Acquisition (including the repayment of the Existing Senior Facilities, as well as estimated transaction fees and expenses) is expected to require an aggregate of €4,675.0 million in debt and equity financing.

The Acquisition and the related transaction fees and expenses will be financed through (i) (A) the issuance of the Notes in the aggregate principal amount of €465.0 million and (B) a drawing under the Senior Facility in an aggregate principal amount of €2,340.0 million ((A) and (B) collectively, the "Financing") and (ii) cash funding to be provided by the Sponsors to BidCo indirectly through Lux TopCo by way of ordinary equity, preferred equity and/or deeply subordinated shareholder loans in the amount of approximately €1,870.0 million (the "Equity Contribution"). The Issuer will advance the proceeds of the Offering to BidCo by way of an equity contribution (the "BidCo Equity Contribution").

The proceeds of the Financing and the Equity Contribution will be used as further described under "*—Sources and Uses of the Transactions*." We refer to the application of part of the proceeds of the

Financing and the Equity Contribution to the repayment of the Existing Senior Facilities as the "Refinancing." We refer to the Acquisition, the Refinancing, the Financing and the Equity Contribution collectively as the "Transactions." See "*Use of Proceeds*," "*Capitalization*," "*Description of Other Indebtedness*" and "*Description of the Notes*."

Escrow Account

Pending the consummation of the Acquisition, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account in the name of the Issuer. The Escrow Account will be controlled by the Escrow Agent and will be pledged on a first-ranking basis in favor of the Trustee on behalf of the holders of the Notes.

The release of the escrow proceeds from the Escrow Account is subject to the satisfaction of certain conditions, including the consummation of the Acquisition promptly following release of the escrow proceeds from the Escrow Account. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If these conditions are not satisfied on the business day following the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price for the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of such special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

Pursuant to the Equity Commitment Letter, in the event of a special mandatory redemption, CDPQ (directly or indirectly through a wholly owned subsidiary thereof), OTPP (directly or indirectly through a wholly owned subsidiary thereof) and one or more investment funds advised or managed by Partners Group will each be required to make an equity contribution to the Issuer in such aggregate amounts as are required in order to enable the Issuer to pay any funding shortfall, including escrow account fees, negative interest on the escrow account balance and costs, accrued and unpaid interest and Additional Amounts, if any, owing to the holders of the Notes on such special mandatory redemption date. The obligation of each of the Sponsors to make such equity contributions will be several, and not joint, and will be made on a pro rata basis in relation to their respective total equity commitments in Lux TopCo. The sum of the amounts payable by each Sponsor under the Equity Commitment Letter and the equity commitment letter dated May 24, 2018 among the Sponsors, the Seller and BidCo, entered into in connection with the Acquisition Agreement (the "SPA Equity Commitment Letter") shall not exceed the amount payable by such Sponsor under the SPA Equity Commitment Letter. Under the Equity Commitment Letter, each Sponsor contribution shall be contributed, directly or indirectly, to the capital of the Issuer for deposit into the Escrow Account.

The holders of the Notes will not have any direct right to enforce the Equity Commitment Letter, and must rely on the Issuer's sole right to enforcement under the Equity Commitment Letter. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*," and "*Risk Factors—Risks Relating to the Acquisition—If the conditions precedent to the release of the Escrowed Property are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes*."

Sources and Uses of the Transactions

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below, assuming that the Transactions complete on July 31, 2018. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, differences from our estimates of fees and expenses associated with the Transactions and fees and expenses actually incurred, the actual Acquisition Completion Date and the actual date of repayment of the Existing Senior Facilities. Any changes in these amounts may affect the amount of the Equity Contribution. See also "*Use of Proceeds*."

Sources of funds	Amount	Uses of funds	Amount
	(€ million)		(€ million)
Borrowings under the Senior Facility	2,340.0	Consideration payable for the Acquisition(2)	3,150.0
Proceeds from the Notes offered hereby	465.0	Repayment of Existing Senior Facilities(3)	1,440.0
Equity Contribution(1)	1,870.0	Estimated transaction fees and expenses(4)	85.0
Total Sources	**4,675.0**	**Total Uses**	**4,675.0**

(1) Represents the cash investment in the Issuer expected to be made indirectly by the Sponsors.

(2) Represents the total cash purchase price for the Target's equity payable under the Acquisition Agreement. The purchase price may differ if the Acquisition Completion Date occurs after July 31, 2018.

(3) Represents the repayment of €1,440.0 million in aggregate principal amount outstanding under the Existing Senior Facilities (excluding accrued interest and break costs). The amount of interest and costs we will be required to pay will vary based on the actual Acquisition Completion Date. On June 7, 2018, we submitted an irrevocable payment notice pursuant to which €160.0 million in aggregate principal amount of the Existing Senior Facility was repaid on June 29, 2018 using cash on hand. Following such repayment, €1,440.0 million in aggregate principal amount remains outstanding under the Existing Senior Facilities as at the date of this Offering Memorandum, all of which is expected to be refinanced in full as part of the Refinancing, except that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility.

(4) Includes estimated expenses incurred in connection with the Transactions, including original issue discounts, commissions and commitment, placement, advisory and other fees related to the Notes and the Senior Facilities. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as at the completion of the various transactions referred to in the table above, as well as the actual date on which the Acquisition Completion Date occurs.

Recent Developments

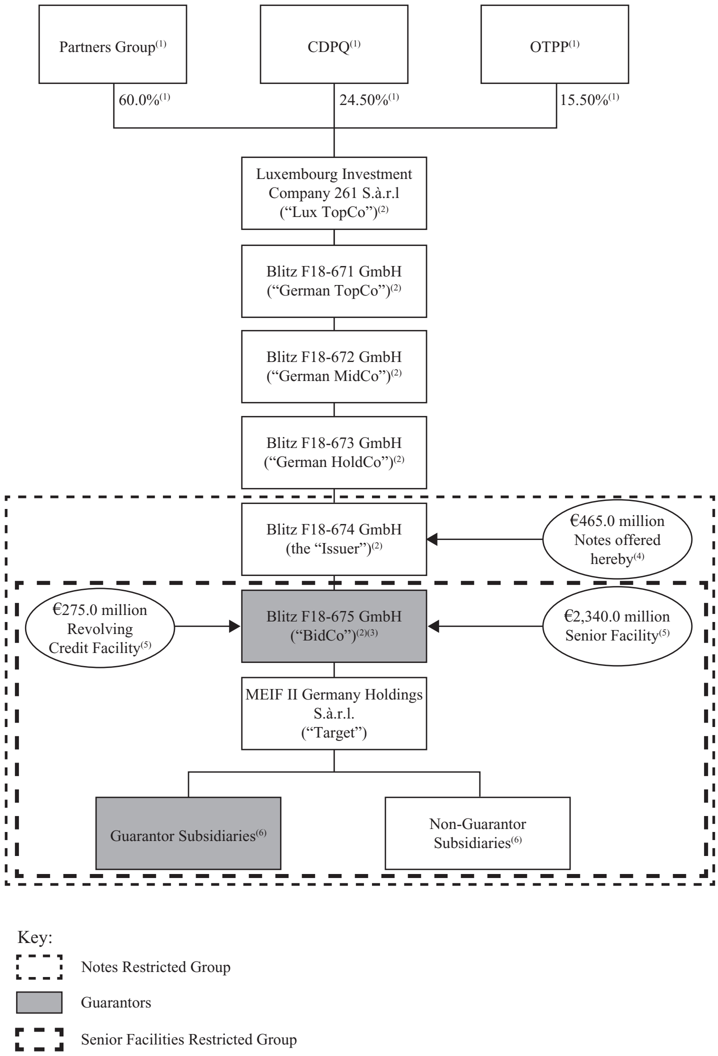
Current Trading

Based on our unaudited preliminary management accounts for the two months ended May 31, 2018, we anticipate that Adjusted EBITDA increased compared to the two months ended May 31, 2017 while our revenue remained in line with revenue for the two months ended May 31, 2017. The increase in Adjusted EBITDA was mainly due to process efficiency improvements resulting in the acceleration of the issuance of invoices to customers in the Energy Services Germany segment as compared to the prior year period. The increase in Adjusted EBITDA was also due to the full-year impact of cost reductions following process efficiency improvements implemented under the Operations Excellence program as well as price increases. While revenue for the two months ended May 31, 2018 as compared to the prior year period also benefited from the process efficiency improvements which led to the acceleration of issuing customer invoices, this effect was partially offset by a reduction in the number of devices sold in the Energy Services International segment as compared to the prior year period and lower revenues in the Energy Contracting segment due to warmer weather for the period ended May 31, 2018 as compared to the prior year period.

The preliminary financial results for the two months ended May 31, 2018 presented above are derived from our accounting records and internal management accounts. This information has not been audited, reviewed or compiled, nor have any procedures been performed by our independent auditors with respect thereto. In addition, the financial information for the two months ended May 31, 2017 and the two months ended May 31, 2018 reflects the application of IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations which were historically applied prior to the 2018 financial year. As such, the financial information presented above does not reflect the impact of the first time application of IFRS 15 (*Revenue from Contracts with Customers*) and IFRS 16 (*Leases*). Accordingly, you should not place undue reliance on the preliminary financial results, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the two months ended May 31, 2018.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram presents our simplified corporate structure and principal outstanding financing arrangements after giving effect to the Transactions. All entities shown below are 100% owned (ignoring any de minimis shareholdings) unless otherwise indicated. For more information, see "Description of Other Indebtedness" and "Description of the Notes."



(1) On the Acquisition Completion Date, the Sponsors will directly or indirectly hold all of the share capital of Lux TopCo, which will indirectly hold (through wholly owned or majority-owned intermediate holding companies) all of the share capital of the Target. The Sponsors' shareholding percentages in Lux TopCo are indicative and may be subject to minor variations. See "*Principal Shareholders and Related Party Transactions.*"

(2) On the Acquisition Completion Date, the Sponsors will indirectly through Lux TopCo, by way of ordinary equity, preferred equity and/or deeply subordinated shareholder loans, provide an aggregate amount of €1,870.0 million to BidCo. In addition, the Sponsors intend to establish a management equity participation program on or after the Acquisition Completion Date. See "*Principal Shareholders and Related Party Transactions—Management Equity Participation Program.*"

(3) On the Acquisition Completion Date, BidCo will use the proceeds from the Equity Contribution, the BidCo Equity Contribution and the Senior Facility to fund the consideration payable for the Acquisition, repay the Existing Senior Facilities pursuant to the Refinancing and pay fees and expenses incurred in connection with the Transactions.

(4) The Notes will be general senior obligations of the Issuer. On the Issue Date, the Notes and the Issue Date Guarantee will be secured by the Escrow Charge. Upon the definitive release of the Escrowed Property, the first-priority security interests over the Escrowed Property will be released. On the Acquisition Completion Date, the Notes and the Issue Date Guarantee will be secured on (i) a first-priority basis by security interests over the shares in the Issuer and (ii) on a second-priority basis by the Shared Completion Date Collateral. The Shared Completion Date Collateral will also secure on a first-priority basis the liabilities under the Senior Facilities and certain hedging obligations, and may also secure certain future indebtedness. For a description of the Collateral, see "*—The Offering*." On the Issue Date, the Notes will be guaranteed on a senior subordinated basis by BidCo. Subject to the Agreed Security Principles and the occurrence of the Acquisition Completion Date, the Notes will be guaranteed within 90 days from the Acquisition Completion Date on a senior subordinated basis by each Post-Completion Date Guarantor. The laws of Germany limit the amount of obligations that may be guaranteed, which security interests may be provided and the enforceability of the Guarantees and the rights to the security securing the Notes and the Guarantees. For more information on limitations to the validity and enforceability of the Guarantees and the security interests and the liability of the Guarantors and

German HoldCo, as security provider, see "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

(5) The Senior Facilities provide for aggregate borrowings of up to €2,615.0 million in the form of a Senior Facility in an aggregate principal amount of €2,340.0 million and a Revolving Credit Facility in an aggregate principal amount of €275.0 million. We expect that no cash drawings will be outstanding under the Revolving Credit Facility on the Acquisition Completion Date and that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility. The Post-Completion Date Guarantors will guarantee the Senior Facilities on a senior basis within 90 days from the Acquisition Completion Date. See "*Description of Other Indebtedness—Senior Facilities Agreement*" and "*Description of Other Indebtedness—Intercreditor Agreement*."

(6) The Post-Completion Date Guarantors will be Techem Energy Services GmbH and Techem Energy Contracting GmbH. The Post-Completion Date Guarantors accounted for 83.6% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 72.2% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 83.4% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. Our subsidiaries that will not guarantee the Notes accounted for 16.4% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 27.8% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 16.6% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. As at March 31, 2018, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Notes had no outstanding debt, when excluding the Existing Senior Facilities (which we expect to repay as part of the Refinancing) and intercompany loans.

THE OFFERING

The summary below describes the principal terms of the Notes, the Guarantees, the Intercreditor Agreement and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" section of this Offering Memorandum for more detailed descriptions of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer . . . . Blitz F18-674 GmbH.

Notes Offered . . . . €465,000,000 aggregate principal amount of 6.000% senior notes due 2026.

Issue Price . . . . The issue price for the Notes is 100.000% (plus accrued and unpaid interest from the Issue Date, if any).

Maturity Date . . . . July 30, 2026.

Issue Date . . . . July 30, 2018.

Interest Payment Dates . . . . The Issuer will pay interest on the Notes semi-annually in arrears on each January 30 and July 30, commencing on January 30, 2019, at a rate equal to 6.000% per annum. Interest on the Notes will accrue from and including the Issue Date.

Form and Denominations . . . . Global Notes will be issued for the Notes in denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. Notes in denominations of 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 "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property or assets that do not secure the Notes (including obligations under the Senior Facilities Agreement and certain hedging obligations), to the extent of the value of the property and assets securing such obligation or indebtedness;
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that are not Guarantors, including obligations to their trade creditors; and
- be (i) guaranteed by BidCo on a senior subordinated basis on the Issue Date and (ii) subject to the Agreed Security Principles and the occurrence of the Acquisition Completion Date, within 90 days from the Acquisition Completion Date, be guaranteed by the Post-Completion Date Guarantors, in each case, on a senior subordinated basis, as described below under "*—Guarantors.*"

The Notes will be subject to the terms of the Intercreditor Agreement, including, subject to certain exceptions, payment blockage, standstill and turnover provisions. See "*—Intercreditor Agreement*" and "*Description of the Notes—Security*."

Guarantors	The Notes will be guaranteed as at the Issue Date on a senior subordinated basis by BidCo. Subject to the Agreed Security Principles and the occurrence of the Acquisition Completion Date, the Notes will be guaranteed within 90 days of the Acquisition Completion Date on a senior subordinated basis by the Post-Completion Date Guarantors (together with BidCo, the "Guarantors").
Ranking of the Guarantees	The Guarantee of each Guarantor will: • be a general senior subordinated obligation of that Guarantor, secured as set forth under "*Description of the Notes—Security*"; • be subordinated in right of payment to any existing and future senior indebtedness of that Guarantor, including the Senior Facilities and certain hedging obligations; • rank *pari passu* in right of payment with any existing and future subordinated indebtedness of that Guarantor that is not subordinated in right of payment to such Guarantee of that Guarantor; • rank senior in right of payment to all existing and future indebtedness of that Guarantor that is subordinated in right of payment to its Guarantee; • be effectively subordinated to any existing or future indebtedness or obligation of that Guarantor and its subsidiaries that is secured by property or assets that do not secure the Notes or the Guarantees (including obligations under the Senior Facilities Agreement and certain hedging obligations), to the extent of the value of the property and assets securing such indebtedness; and • be structurally subordinated to any existing or future indebtedness of the subsidiaries of that Guarantor that do not guarantee the Notes, including their obligations to trade creditors. The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*—Intercreditor Agreement*." The Guarantees will be subject to release under certain circumstances. See "*Description of the Notes—Notes Guarantees*." The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law, including but not limited to, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their directors. In certain cases, these limitations may apply to the Guarantees, but not to the Guarantors' obligations under other debt, including the Senior Facilities. See "*Description of the Notes—Notes Guarantees*," "*Risk Factors—Risks Relating to the Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*."

	The Post-Completion Date Guarantors accounted for 83.6% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 72.2% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 83.4% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. Our subsidiaries that will not guarantee the Notes accounted for 16.4% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 27.8% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 16.6% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. As at March 31, 2018, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Notes had no outstanding debt, when excluding the Existing Senior Facilities (which we expect to repay as part of the Refinancing) and intercompany loans. This amount would have ranked structurally senior to the Notes and the Guarantees. See "*Risk Factors—Risks Relating to the Notes—The Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred stockholders (if any), of our non-Guarantor subsidiaries*."
Collateral	On the Issue Date, the Notes and the Issue Date Guarantee will be secured by the Escrow Charge. Upon the definitive release of the Escrowed Property, the first-priority security interests over the Escrowed Property will be released. On the Acquisition Completion Date, the Notes and the Issue Date Guarantee will be secured on (i) a first-priority basis by security interests over the shares in the Issuer and (ii) on a second-priority basis by security interests over the shares in BidCo (the "Shared Completion Date Collateral," and together with the first-priority security interests over the shares in the Issuer, the "Completion Date Collateral," and the Completion Date Collateral together with the Escrow Charge, the "Collateral"). The Shared Completion Date Collateral will also secure on a first-priority basis the liabilities under the Senior Facilities and certain hedging obligations, and may also secure certain future indebtedness. Pursuant to the Intercreditor Agreement, the lenders under the Senior Facilities and certain hedge counterparties will be repaid with the proceeds from any enforcement of the Shared Completion Date Collateral in priority to the Notes. See "*—Intercreditor Agreement*" below. The security interests in the Collateral will be subject to certain limitations under applicable law and may be released under certain circumstances. See "*Risk Factors—Risks Relating to the Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."
Intercreditor Agreement	The Intercreditor Agreement will set forth various matters governing the relative rights relating to the indebtedness and obligations under the Notes and certain other existing and future indebtedness and obligations permitted under the Indenture governing the Notes. Although the Notes will be secured by

	certain liens on the Collateral under the terms of the Intercreditor Agreement, the holders of the Notes will be subject to certain limitations on their ability to take certain actions in respect of their interests in the Shared Completion Date Collateral, including certain standstill periods relating to the Notes in particular. See "*Description of Other Indebtedness—Intercreditor Agreement*."
Escrow Proceeds; Special Mandatory Redemption	Concurrently with the closing of the Offering, and pending consummation of the Acquisition and the satisfaction of certain other conditions, the Initial Purchasers will deposit the gross proceeds of the Offering into the Escrow Account held in the name of the Issuer. The Escrow Account will be controlled by the Escrow Agent, and pledged on a first-ranking basis in favor of the Trustee on behalf of the holders of the Notes. The release of the proceeds deposited in the Escrow Account will be subject to the satisfaction of certain conditions, including the completion of the Acquisition pursuant to the terms of the Acquisition Agreement promptly following the escrow release. Upon delivery to the Trustee and the Escrow Agent of an officer's certificate stating that the conditions to the release of the proceeds from escrow are satisfied, the escrowed proceeds will be released to the Issuer and utilized as described in "*Use of Proceeds*" and "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If the conditions to the release of the proceeds deposited in the Escrow Account have not been satisfied on the business day following the Escrow Longstop Date, or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption. The special mandatory redemption price of the Notes will be equal to 100% of the aggregate issue price of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, such special mandatory redemption date.
	In the event of a special mandatory redemption, CDPQ (directly or indirectly through a wholly owned subsidiary thereof), OTPP (directly or indirectly through a wholly owned subsidiary thereof) and one or more investment funds advised or managed by Partners Group will each be required to make an equity contribution to the Issuer, in an amount in the aggregate that is required to enable the Issuer to pay any funding shortfall, including escrow account fees, negative interest on the escrow account balance and costs, accrued and unpaid interest, and Additional Amounts, if any, owed to the holders of the Notes on such special mandatory redemption date, pursuant to the Equity Commitment Letter. The obligation of each of the Sponsors to make such equity contributions will be several, and not joint, and will be made on a *pro rata* basis in relation to their respective total equity commitments in Lux TopCo. The sum of the amounts payable by each Sponsor under the Equity Commitment Letter and the SPA Equity Commitment Letter shall not exceed the amount payable by such Sponsor under the SPA Equity Commitment Letter. The holders of the Notes will not have any direct right to enforce the Equity Commitment Letter, and must rely on the Issuer's sole right to enforcement under the Equity Commitment Letter. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" and "*Risk Factors—Risks Relating to the Acquisition—If the conditions precedent to the release of the*

	Escrowed Property are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes."
Optional Redemption	At any time prior to July 30, 2021, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium. At any time prior to July 30, 2021, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, provided that, *inter alia*, at least 50% of the principal amount of the Notes originally issued remains outstanding. At any time on or after July 30, 2021, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this Offering Memorandum. In addition, the Issuer may redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof (including accrued and unpaid interest and Additional Amounts, if any) upon the occurrence of certain changes in applicable tax law.
Tender Offers	In connection with any tender offer for the Notes (including any Change of Control Offer or Asset Disposition Offer, each as defined in "*Description of the Notes*"), if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes in such tender offer. See "*Description of the Notes—Optional Redemption.*"
Change of Control	Upon the occurrence of certain defined events constituting a change of control, the Issuer must offer to purchase each holder's Notes at a purchase price of 101% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of repurchase. However, a change of control with respect to the Notes will not be deemed to have occurred if a specified consolidated total net leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Change of Control*."
Redemption for Taxation Reasons	If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem all but not some of the Notes at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Additional Amounts	All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or its Guarantee, as applicable, will be made without withholding or deduction for, or on account

	of, any present or future taxes in any taxing jurisdiction unless required by applicable law. If withholding or deduction for such taxes is required to be made in a relevant taxing jurisdiction with respect to a payment on the Notes or the Guarantees, subject to certain exceptions, the Issuer or the relevant Guarantor, as the case may be, will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of the Notes—Withholding Taxes*."
Certain Covenants	The Indenture will contain covenants that, among other things, will limit the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional debt and issue certain preferred stock; • make restricted payments, including dividends or other distributions; • engage in certain transactions with affiliates; • create or permit to exist certain liens; • sell certain assets; • guarantee additional debt without also guaranteeing the Notes; • create restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Issuer; • create unrestricted subsidiaries; • merge or consolidate with other entities or transfer all or substantially all of the Issuer's or a Guarantor's assets; and • impair the security interests for the benefit of the holders of the Notes. These covenants are subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants*."
Certain U.S. Federal Income Tax Considerations	For a discussion of certain U.S. federal income tax considerations of an investment in the Notes, see "*Tax Considerations—Certain United States Federal Income Tax Considerations*." You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Notes.
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer). See "*Transfer Restrictions*."
Use of Proceeds	Upon satisfaction of the conditions to the release of the proceeds of the Offering from the Escrow Account, the gross proceeds of the Offering will be used, together with the proceeds of the Senior Facility and the Equity Contribution, to fund the consideration

	payable for the Acquisition, repay the Existing Senior Facilities and pay the fees and expenses incurred in connection with the Transactions. See "—*The Transactions*" and "*Use of Proceeds*."
No Established Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have informed 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, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Governing Law of the Indenture, the Guarantees and the Notes	The State of New York.
Governing Law of the Security Documents	Germany (except for the Escrow Charge, which will be governed by the laws of England and Wales).
Governing Law of the Intercreditor Agreement	England and Wales.
Trustee	U.S. Bank Trustees Limited.
Security Agent	U.S. Bank Trustees Limited.
Escrow Agent	JPMorgan Chase Bank, N.A., London Branch.
Paying Agent and Transfer Agent	Elavon Financial Services DAC, UK Branch.
Registrar	Elavon Financial Services DAC.
Listing Agent	Carey Olsen Corporate Finance Limited.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables set forth summary consolidated financial and other information of MEIF II Germany Holdings S.à r.l. (the "Target"). The historical summary consolidated financial information of the Target set forth below as at and for the financial years ended March 31, 2016, 2017 and 2018 has been derived from the audited consolidated financial statements of the Target as at and for the financial years ended March 31, 2016, 2017 and 2018, respectively. Such consolidated financial statements have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum.

The entire share capital of the Target will be sold directly or indirectly to BidCo on the Acquisition Completion Date in connection with the Transactions. BidCo and the Issuer were formed for the purposes of facilitating the Transactions. Neither BidCo nor the Issuer has any business operations, material assets or liabilities other than those incurred in connection with their incorporation and the Transactions. We do not present in this Offering Memorandum any financial information or financial statements of BidCo or the Issuer for the periods presented, other than certain limited financial data presented on a consolidated basis "as adjusted" to reflect the Transactions and the Offering.

We have also presented summary unaudited pro forma consolidated financial and other information prepared to give effect to the Transactions as if they had occurred on April 1, 2017, in the case of the summary unaudited pro forma consolidated statement of profit or loss line items, and March 31, 2018, in the case of the summary unaudited pro forma consolidated statement of financial position line items. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary unaudited pro forma consolidated financial and other information is for informational purposes only and does not purport to represent what our pro forma interest expense actually would have been if the Transactions had occurred on April 1, 2017, or what our actual net indebtedness or pro forma net secured indebtedness would have been had the Transactions occurred on March 31, 2018, or on any other date and such information does not purport to project our financial results for any future period.

The summary consolidated financial and other information below includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are prepared in accordance with IFRS. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures."

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Summary Consolidated Statement of Profit or Loss

	Financial year ended March 31,		
	2016	2017	2018(1)
		Audited	
		(€ million)	
Revenue	744.5	782.7	766.5
Capitalized internal work	11.0	9.6	15.1
Other income	2.8	7.3	8.5
Product expenses and purchased services	(215.6)	(198.1)	(159.5)
Personnel expenses	(207.2)	(215.4)	(193.8)
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets(2)	(205.7)	(122.3)	(152.1)
Other expenses	(100.3)	(102.2)	(75.4)
Earnings before interest and tax (EBIT)(3)	**29.4**	**161.5**	**209.2**
Share of profit/(loss) of investments accounted for using the equity method	(7.5)	0.9	0.4
Financial income	23.1	25.5	20.1
Finance costs	(146.4)	(122.3)	(124.2)
Profit/(loss) before tax	**(101.4)**	**65.7**	**105.6**
Income taxes	9.9	(39.9)	(35.8)
Net profit/(loss)	**(91.4)**	**25.9**	**69.8**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies.*"

(2) Includes impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets amounting to €96.0 million in the 2016 financial year, €7.3 million in the 2017 financial year and €7.8 million in the 2018 financial year.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Summary Consolidated Statement of Financial Position

	As at March 31,		
	2016	**2017**	**2018[(1)]**
		Audited	
		(€ million)	
Cash and cash equivalents	182.1	165.4	252.1
Total current assets	485.9	487.4	573.2
Total non-current assets	1,825.4	1,836.5	1,875.4
Total assets	**2,311.3**	**2,323.9**	**2,448.6**
Total current liabilities	312.6	298.4	253.4
thereof:			
Financial liabilities (current)[(2)]	31.9	32.3	12.1
Other financial liabilities (current)	59.6	40.6	18.8
Total non-current liabilities	1,669.5	1,765.7	1,927.7
thereof:			
Financial liabilities (non-current)[(3)]	1,272.8	1,336.5	1,588.0
Other financial liabilities (non-current)	2.3	2.3	1.8
Total equity	**329.2**	**259.8**	**267.5**
Total liabilities and equity	**2,311.3**	**2,323.9**	**2,448.6**

(1) As at March 31, 2018, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied as at March 31, 2016 and March 31, 2017. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) For comparative purposes, financial liabilities (current) excludes financial leases in an amount of €1.8 million for the 2016 financial year and €2.2 million for the 2017 financial year.

(3) For comparative purposes, financial liabilities (non-current) excludes financial leases in an amount of €4.9 million for the 2016 financial year and €3.2 million for the 2017 financial year.

Summary Consolidated Statement of Cash Flow

	Financial year ended March 31,		
	2016	2017	2018(1)
		Audited	
		(€ million)	
Net cash generated by operating activities	233.3	249.2	328.0
Cash flows used in investing activities	(122.7)	(160.9)	(98.8)
Free cash flow(2)	110.6	88.3	229.2
Net cash used in financing activities	(84.7)	(137.0)	(148.2)

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Other Financial and Pro Forma Information

	Financial year ended March 31,		
	2016	**2017**	**2018**[(1)]
	Unaudited, unless stated otherwise		
	(€ million, unless stated otherwise)		
Revenues[(2)]	744.5[(3)]	782.7[(3)]	766.5
thereof:			
Germany[(2)]	575.0	576.0	577.8
International[(2),(4)]	169.5	206.7	188.7
EBITDA[(2),(5),(6)]	235.1	283.9	361.4
Adjusted EBITDA before IFRS adjustments[(5),(7)(8)]	273.3	319.7	379.2
Adjusted EBITDA[(5),(7)]	295.1	345.3	379.2
Run-Rate Adjusted EBITDA[(5),(7)]			394.1
Pro forma net indebtedness[(5),(9)]			2,831.7
Pro forma net secured indebtedness[(5),(10)]			2,300.0
Pro forma interest expense[(5),(11)]			117.8
Ratio of *pro forma* net indebtedness to Run-Rate Adjusted EBITDA[(5),(9)]			7.19x
Ratio of *pro forma* net secured indebtedness to Run-Rate Adjusted EBITDA[(5),(10)]			5.83x
Ratio of Run-Rate Adjusted EBITDA to *pro forma* interest expense[(5),(11)]			3.35x

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies.*"

(2) Audited.

(3) Our 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied prior to the 2018 financial year. While we have not restated the 2016 Audited Financial Statements, the 2017 Audited Financial Statements or the comparative column for the 2017 financial year in the 2018 Audited Financial Statements, we have conducted a hypothetical simulation of a first-time application of IFRS 15 and IFRS 16, as if they had been applied from April 1, 2014. Based on this simulation, we estimate that such a hypothetical, earlier application of IFRS 15 and IFRS 16 would have reduced our revenues by €7.2 million in the 2016 financial year and €3.1 million in the 2017 financial year, respectively. This simulation is not a full reconciliation and is subject to significant simplifications and estimates. The effects of an actual adoption of IFRS 15 and 16 at such earlier time may have differed from the effects presented here, including as a result of the application of different tax and interest rates, timing effects in the recognition of revenues and expenses, and other simplifications employed in the simulation. For an analysis of the impact of the actual first-time application of IFRS 15 and IFRS 16 from April 1, 2017, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*" and note E to our 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

(4) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland, Turkey and the United Arab Emirates). We are in the process of liquidating our only Indian subsidiary, Techem Energy Services India Private Ltd, in a solvent liquidation process.

(5) This measure is not a measure of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

(6) EBITDA represents the net profit/(loss) before income taxes, finance costs, financial income, share of profit/(loss) of investments accounted for using the equity method, depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets and impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets.

(7) Adjusted EBITDA and Adjusted EBITDA before IFRS adjustments represents our results for the year as adjusted for certain items we believe are non-cash or non-recurring. Run-Rate Adjusted EBITDA represents our Adjusted EBITDA as adjusted for certain annualized identified or contractually agreed cost savings in the 2018 financial year. The following table is a reconciliation of our net profit/(loss) to EBIT, EBIT to EBITDA, EBITDA to Adjusted EBITDA before IFRS adjustments, Adjusted EBITDA before IFRS adjustments to Adjusted EBITDA and Adjusted EBITDA to Run-Rate Adjusted EBITDA for the periods indicated:

	Financial year ended March 31,		
	2016	**2017**	**2018[(a)]**
	Unaudited, unless stated otherwise		
	(€ million)		
Net profit/(loss)[(b)]	**(91.4)**	**25.9**	**69.8**
Income taxes[(b)]	(9.9)	39.9	35.8
Finance costs[(b)]	146.4	122.3	124.2
Financial income[(b)]	(23.1)	(25.5)	(20.1)
Share of profit/(loss) of investments accounted for using the equity method[(b)]	7.5	(0.9)	(0.4)
Earnings before interest and tax (EBIT)[(b)(c)]	**29.4**	**161.5**	**209.2**
Depreciation on metering devices for rent, property, plant and equipment and right-of-use assets[(b)(d)]	205.7	122.3	152.1
EBITDA(b)(c)	**235.1**	**283.9**	**361.4**
Operations Excellence costs[(e)]	—	22.9	11.6
Business process optimization costs[(f)]	11.8	11.1	5.8
Sales partners contract termination costs[(g)]	13.4	1.2	0.0
Streamlining and integration costs of Energy Services and Energy Contracting[(h)]	11.3	—	—
Other[(i)]	1.7	0.7	0.4
Adjusted EBITDA before IFRS adjustments[(c)(j)]	**273.3**	**319.7**	**379.2**
Estimated IFRS 15 and 16 impact[(j)]	21.8	25.6	—
Adjusted EBITDA[(c)]	**295.1**	**345.3**	**379.2**
Provisions[(k)]			(1.2)
Operations Excellence[(l)]			12.9
Price increase[(m)]			2.0
Yield management[(n)]			1.2
Run-Rate Adjusted EBITDA[(c)]			**394.1**

(a) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(b) Audited.

(c) This measure is not a measure of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

(d) Depreciation on metering devices for rent, property, plant and equipment and right-of-use assets include impairment losses amounting to €96.0 million in the 2016 financial year (of which €90.4 million related to goodwill and intangible assets of Energy Contracting segment as a result of a revised outlook on mid-term growth expectations for that segment). €7.3 million in the 2017 financial year and €7.8 million in the 2018 financial year.

(e) Operations Excellence costs represents costs incurred in connection with the Operations Excellence program which was launched in 2016 in order to further increase our service quality and process efficiency to develop a best-in-class service. The key impacts of the initiative include the establishment of more-efficient processes involving a reduction in employees and temporary staff between financial years 2017 and 2019. The majority of the costs were incurred in the 2017 financial year, and include severance costs (€16.2 million), consulting costs (€5.7 million) and other costs (€1.0 million). In the 2018 financial year, we incurred severance costs (€0.5 million), consulting costs (€5.6 million) and IT costs (€4.9 million).

(f) Business process optimization costs represents costs incurred in connection with the implementation in May 2013 of the SAP Customer Service software which was introduced to optimize our installation processes. Although the software was successfully implemented, technical difficulties combined with significant growth in our business, including, for example, with respect to demand for smoke detectors and heat meters, resulted in the build-up of a customer order backlog. Total costs of €28.7 million were incurred in the 2016, 2017 and 2018 financial years, in order to fully integrate the new software within the existing systems while also implementing a short-term improvement program to improve the quality of customer management and installation processes. These costs mainly include personnel-related costs (including temporary hiring) in the amounts of €4.9 million, €2.8 million and €3.1 million, incurred in the 2016, 2017 and 2018 financial years, respectively, external workforce costs in the amounts of €6.2 million, €7.8 million and €2.6 million, incurred in the 2016, 2017 and 2018 financial years, respectively, and IT consulting and development costs in the amount of €0.4 million, incurred in the 2016 financial year, in relation to further increasing service quality levels and optimizing IT processes.

(g) Sales partners contract termination costs represents the severance costs of sales agents whose contracts were terminated upon our decision to undertake the generation of business in our Energy Services segment on our own. In line with our strategy to further optimize our cost base and operational processes, we decided to terminate the contracts with certain sales partners. According to German law, we were obligated to compensate the sales representatives for the termination.

(h) Streamlining and integration costs of Energy Services and Energy Contracting represents costs incurred in connection with the streamlining and integration of the Energy Services and Energy Contracting organizations and product ranges, including the reduction in our operational regions within Germany from seven to three. The costs incurred include severance costs (€11.0 million) incurred in the 2016 financial year in relation to restructuring activities at our headquarters which were completed in the 2016 financial year as a result of the ongoing restructuring of our German operational activities.

(i) Other includes adjustments in the amounts of €1.7 million, €0.7 million and €0.4 million in the 2016, 2017 and 2018 financial years, respectively, in connection with the disposal of our entities in the United States, Korea and Serbia in the 2016 financial year and the disposal of our Russian entity in the 2017 financial year.

(j) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied prior to the 2018 financial year. This adjustment represents the estimated EBITDA impact (applied to the 2016 financial year and the 2017 financial year) of a hypothetical first-time application of IFRS 15 and IFRS 16 from April 1, 2015. We have conducted a hypothetical simulation of such a hypothetical first-time application. This simulation is not a full reconciliation and is subject to significant simplifications and estimates. The effects of an actual adoption of IFRS 15 and 16 at such earlier time may have differed from the effects presented here, including as a result of the application of different tax and interest rates, timing effects in the recognition of revenues and expenses and other simplifications employed in the simulation. We did not restate the 2016 Audited Financial Statements, the 2017 Audited Financial Statements or the comparative column for the 2017 financial year in the 2018 Audited Financial Statements in order to give effect to the application of IFRS 15 and 16. For an analysis of the impact of the actual first-time application of IFRS 15 and IFRS 16 from April 1, 2017, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*" and note E to our 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

(k) Provisions relates to €0.8 million in unexpected incremental costs for installation work performed by external contractors in excess of a provision recorded in the 2017 financial year, and the reversal of the income statement effect of releasing a provision in the amount of €2.0 million for replacement batteries used in heat cost-allocator devices, due to an announcement in the 2018 financial year that batteries in heat cost-allocator devices must be replaced after 15 years as opposed to twelve years, as previously required.

(l) Operations Excellence represents the estimated full-year run-rate impact of cost savings (which are annualized based on cost savings actually realized or contractually agreed in the 2018 financial year) and include:

- Operations Excellence annualization: This adjustment of €8.5 million gives effect to the full-year run-rate impact of the Operations Excellence measures which were fully implemented partway through the 2018 financial year.
- Operations Excellence "locked-in": This adjustment of €4.4 million gives effect to the full-year run-rate impact of cost savings which have been contractually secured in the 2018 financial year. The main item here relates to a new IT contract which has been secured at a lower cost compared to the previous contract.

(m) Price increase represents the *pro forma* effect of our annual price increase which became effective on January 1, 2018, as if such price increase had taken effect on April 1, 2017.

(n) Yield management represents the *pro forma* effect of additional pricing initiatives (in addition to the general price increase) implemented throughout the year, as if such additional pricing initiatives had occurred on April 1, 2017.

These adjustments are based upon various assumptions, forecasts and management estimates and are in part based upon historical information. This information does not represent the results we would have achieved had each of the adjustments occurred and was fully implemented on April 1, 2017. In addition, our estimates of the impact of cost savings are based upon forecasts and management estimates and are presented on an annual run-rate basis as if such cost-savings had been fully realized at the beginning of the relevant period. We may not be able to achieve these cost savings in a timely manner or at all. The estimated cost savings are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating cost savings are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in our estimates of cost savings. These numbers have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not be comparable to our consolidated financial statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. Adjusted EBITDA, Adjusted EBITDA before IFRS adjustments and Run-Rate Adjusted EBITDA are included in this Offering Memorandum because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measurements of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Other companies, including those in our industry, may calculate a similarly titled financial measure differently from us, and so the presentation of such financial measures may not be comparable to other similarly titled measures of other companies. Funds depicted by certain of these measures may not be available for management's discretionary use due to covenant restrictions, debt service payments or other commitments.

(8) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied prior to the 2018 financial year. This adjustment represents the estimated EBITDA impact (applied to the 2016 financial year and the 2017 financial year) of a hypothetical first-time application of IFRS 15 and IFRS 16 from April 1, 2015. We have conducted a hypothetical simulation of such a hypothetical first-time application. This simulation is not a full reconciliation and is subject to significant simplifications and estimates. The effects of an actual adoption of IFRS 15 and 16 at such earlier time may have differed from the effects presented here, including as a result of the application of different tax and interest rates, timing effects in the recognition of revenues and expenses and

other simplifications employed in the simulation. We did not restate the 2016 Audited Financial Statements, the 2017 Audited Financial Statements or the comparative column for the 2017 financial year in the 2018 Audited Financial Statements in order to give effect to the application of IFRS 15 and 16. For an analysis of the impact of the actual first-time application of IFRS 15 and IFRS 16 from April 1, 2017, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*" and note E to our 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

(9) *Pro forma* net indebtedness includes *pro forma* indebtedness, consisting of borrowings under the Senior Facility, the Notes and lease obligations, net of *pro forma* cash and cash equivalents.

(10) *Pro forma* net secured indebtedness includes *pro forma* secured indebtedness, consisting of borrowings under the Senior Facility, but excluding the Notes and lease obligations, net of *pro forma* cash and cash equivalents.

(11) *Pro forma* interest expense represents our interest expense on *pro forma* indebtedness after giving effect to the Transactions and the application of the proceeds therefrom as if they occurred on April 1, 2017 as set forth in "*Use of Proceeds*." This assumes that no cash drawings will be outstanding under the Revolving Credit Facility on the Acquisition Completion Date and that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility. *Pro forma* interest expense does not include commitment fees in respect of undrawn amounts under the Revolving Credit Facility but includes interest expense on our lease liabilities. Interest expense on our lease liabilities amounted to €2.1 million for the year ended March 31, 2018 and lease liabilities amounted to €66.7 million as at March 31, 2018.

Summary Consolidated Business Segment Information

	Financial year ended March 31,		
	2016	2017	2018
	Audited		
	(€ million, unless stated otherwise)		
Revenue(1)			
Energy Services(2)	642.8	693.2	681.6
Energy Contracting	101.8	89.5	84.9

(1) Our 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied prior to the 2018 financial year. While we have not restated the 2016 Audited Financial Statements, the 2017 Audited Financial Statements or the comparative column for the 2017 financial year in the 2018 Audited Financial Statements, we have conducted a hypothetical simulation of a first-time application of IFRS 15 and IFRS 16, as if they had been applied from April 1, 2014. Based on this simulation, we estimate that such a hypothetical, earlier application of IFRS 15 and IFRS 16 would have reduced our revenues by €7.2 million in the 2016 financial year and €3.1 million in the 2017 financial year, respectively. This simulation is not a full reconciliation and is subject to significant simplifications and estimates. The effects of an actual adoption of IFRS 15 and 16 at such earlier time may have differed from the effects presented here, including as a result of the application of different tax and interest rates, timing effects in the recognition of revenues and expenses, and other simplifications employed in the simulation. For an analysis of the impact of the actual first time application of IFRS 15 and IFRS 16 from April 1, 2017, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*" and note E to our 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

(2) Energy Services includes reading and billing services, rental and associated service revenue, sales, maintenance services and other.

Key Performance Indicators

	As at March 31,		
	2016	2017	2018
	Unaudited		
	(in millions)		
Multi-unit buildings	10.7	11.0	11.2
Installed devices	53.7	56.4	57.6
thereof:			
Germany (radio)	20.9	21.3	21.7
Germany (non-radio)	11.1	10.1	9.4
International	18.0	19.7	20.3
Smoke detectors	3.8	5.2	6.1

RISK FACTORS

An investment in the Notes involves risks. You should carefully consider the risks described below before deciding to invest in the Notes. In assessing these risks, you should also refer to the other information contained in this Offering Memorandum, including the financial statements and related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that are not currently known to us or that we currently consider immaterial could also impair our business, financial condition, results of operations and our ability to make payments on the Notes.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those included in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum. All references to "we" in "—Risks Relating to the Acquisition" are to BidCo and/or its direct or indirect parent companies.

Risks Relating to Our Business

Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects.

In Germany and certain other countries where we operate, the measuring and billing of heat and water consumption is influenced to a considerable degree by statutory provisions that are aimed at promoting the conservation of energy and water. Laws and regulations that require owners and landlords of residential and commercial units to provide consumption-based sub-metering and billing of heat and water consumption and that allow for an individual allocation of sub-metering costs to end-users have proven to be significant factors for our business and our growth.

In Germany, the Heating Cost Ordinance (*Verordnung über die verbrauchsabhängige Abrechnung der Heizungs- und Warmwasserkosten, in short: Verordnung über Heizkostenabrechnung*), the building codes (*Landesbauordnungen*) of most German federal states and certain regulations serve as integral drivers of increased demand for our products and services. Pursuant to the Heating Cost Ordinance, the owner of multi-unit residential or commercial buildings with a central heating or hot water system or that is commercially supplied with heat or hot water is required to measure heat and hot water consumption, respectively, of the individual units and allocate the respective costs at least to a certain extent based on the individual consumption of the end-users. The ordinance, however, provides for various exceptions from the obligation to provide consumption-based measuring and billing of heat and hot water use. Additionally, the building codes of most German federal states (*Länder*) provide for an obligation to install cold water devices, at least in new buildings. We also benefit from certain regulations requiring building owners to install and check smoke detectors and to undertake legionella analysis. There can be no assurance that the Heating Cost Ordinance, federal state building codes, certain regulations or any other future statutory provisions will maintain the current requirements with respect to sub-metering of heat and hot water consumption, provision of consumption-based billing services, the installation and checking of smoke detectors, and performance of legionella analysis or that the exceptions to certain of these requirements will not be broadened. Any changes to these ordinances and codes or any other future statutory provisions could have a negative impact on our business.

Certain device type and production quality assessment approvals are required under national law (including, among others, for heat cost allocators and devices in contact with drinking water) while European conformity assessment and approval requirements are established under the Framework Directive 2004/22/EC of March 31, 2004 as recast by 2014/32/EU of February 26, 2014 on measuring instruments (the "MID") (including, among others, for water meters and heat meters) and as implemented in national laws. Similar assessment approvals are required for non-measuring devices (including, among others, radio devices and smoke alarm devices) which are regulated by various European directives. Such approvals are necessary to enable and allow the marketing of our devices in Europe. The approval procedures do not involve public authorities, but the producer implements so-called conformity assessment procedures itself, which may, depending on the specific product, require the involvement of external experts. The responsibility to ensure conformity with the evolving certification requirements in order to maintain approval remains with the producer. Additionally, in Germany, several of our devices are subject to the rules of the weights and measures regulations (for instance, the Measures and Weights Act (*Mess- und Eichgesetz*) as well as the associated rules of the Measures and Weights Ordinance (*Mess- und Eichverordnung*)). These rules require that installed and calibrated water and heat meters have to be recalibrated at regular intervals. Generally, for practical and cost reasons, devices are replaced, rather than recalibrated, at the expiration of the calibration period. If future legal regulations prolong the validity of calibrations or the equipment replacement cycle, or if our customers or we are found to not comply with these rules, our revenue and profitability could be adversely affected, and legal proceedings may be initiated against us or our customers. For example, we are, from time to time, subject to minor fines due to accidentally having used measuring devices not fully in compliance with the German Measures and Weights Act. Under certain circumstances, such legal proceedings could also preclude us from participating in tender processes from existing and new customers.

In the majority of the jurisdictions where we operate, most of the costs related to sub-metering, including rental charges and maintenance costs, can generally be passed through from landlords to their tenants by way of contractual agreement. In Germany, the allocation of operating costs to tenants is regulated through legislation and is generally restricted by the principle of cost-effectiveness (*Gebot der Wirtschaftlichkeit*), which means that costs can only be allocated if an adequate cost-benefit ratio exists. The costs for purchasing the devices may only by passed through to tenants under certain conditions as costs for modernization by way of a rent increase. Such increase in the annual rent for residential units is generally limited to 11% of the cost of modernization. Accordingly, there is a risk that not all innovations in the cost allocation industry promoting energy savings will result in products and services, the costs of which can be passed on to tenants. There is also a risk that a change in an individual customer's cost-benefit ratio will restrict such customer's ability to pass on costs for our devices and services, thereby reducing demand for our existing devices and services. There is also a risk that the abovementioned threshold of 11% may be reduced by a draft law recently proposed by the German Federal Ministry of Justice which proposes to lower the threshold to 8% over a period of five years.

Additionally, if costs are not allocable, owners and landlords may not be willing to invest in innovative technologies because they are not the ultimate beneficiary of the resulting cost savings. Furthermore, there can be no assurance that current statutory provisions enabling such allocation of costs will remain in place. Any changes to the statutory provisions or court decisions affecting the possibility of passing on costs for sub-metering or the realization of any of the other abovementioned risks could have a negative impact on our business.

Future regulation could also encourage the interchangeability of sub-metering and data collection equipment, decreasing our ability to differentiate our products and services from those of our competitors. Key components differentiate our devices from those of our competitors, making it difficult to replace or substitute our devices with those of our competitors. Thus, customers who wish to switch from our products and services to those of a competitor may have to exchange their devices, which can result in considerable costs, opt to revert to manual, in-person readings of their radio-enabled devices, or they can further engage us to deliver the reading values to the competitor. Conversely, convincing our competitors' customers to switch to our products and services may be challenging due to the incompatibility of competitor's proprietary radio devices with our devices. On September 2, 2016, the Digitalization of the Energy Turnaround Act (*Gesetz zur Digitalisierung der Energiewende*), comprising new regulations as well as changes to a number of existing laws, came into effect. With the newly introduced Law on the Operation of Smart Meters (*Messtellenbetriebsgesetz*) the German Federal Ministry for Economic Affairs and Energy seeks to introduce intelligent smart meter gateways for energy supply, with a nationwide rollout targeted for completion by 2032. Related measures could require the interchangeability of the sub-metering and data collection equipment used by energy service providers in the cost allocation market, by stipulating open meter standards, for example, or could otherwise make it easier for customers to change energy service providers. Heat meter services may in the future also be bundled with other metering services provided by a single service provider via new smart meter gateway infrastructure (including, under specific circumstances, special termination rights for existing service agreements), which could in turn diminish our customer base and adversely affect our financial results. Furthermore, the 2017 draft Building Energy Law (*Gebäudeenergiegesetz*) contained a legal basis for an ordinance that would set minimum technical standards for the billing of heating and hot water costs in order to achieve more interoperability between different service providers in this regard. The draft law was not adopted due to the end of the previous parliamentary term. However, it was agreed in the new coalition treaty that the government would reintroduce this bill in the new parliamentary term.

While the introduction of the EED offers the possibility of increased demand for other products and services in certain other European countries, there is a risk that not all countries will adopt the directive as promptly or effectively as Germany. For example, not all national implementations provide for penalties for a failure to comply with individual cost allocation requirements, and, in some cases, existing penalty provisions may not be enforced consistently or at all. In 2014, the European Commission referred Poland and Austria to the Court of Justice of the European Union for failing to fully transpose the EED. As a result, expected penetration rates may not be achieved in such countries in the projected time frame or at all.

Our business is highly competitive and the level of competition may increase in the future.

The geographic markets in which we operate tend to have only a few large providers of cost allocation services. For example, in Germany, five large providers serve the vast majority of the market. Due to the maturity of some geographic markets, including Germany, additional market share can be acquired only by displacing competitors, achieved typically through better service quality, broader service offering or competitive pricing. Additionally, large customers increasingly require energy service providers to tender for the services needed, which process often leads to decreases in our margins. Due to these factors, price pressure could increase noticeably and force us to lower the prices of our products and services. Moreover, increased competition could slow down or prevent growth in markets in which we intend to increase our market share. In addition, the German Federal Cartel Office (*Bundeskartellamt*) published its final report in May 2017, proposing various measures promoting competition in the German cost allocation market. As a result of such measures, we may face increasing competition. Furthermore, in certain countries in which we operate, European open metering standards ("OMS") have been introduced, providing for open and vendor-independent standards for communication and allowing interoperability between meter products. If we fail to protect or expand our market shares or if we are forced to lower the prices of our products or services, we could experience lower revenue and/or other material adverse effects on our business, financial condition and results of operations and on our ability to fulfill our obligations under the Notes and the Guarantees.

We are exposed to liability in connection with potentially defective or incorrectly installed measuring devices or incorrect readings or billing errors.

We use a large number of sub-metering and data collection devices, especially heat and water meters as well as heat cost allocators, for our various measuring activities. There are currently approximately 51.4 million devices (57.6 million, including smoke detectors) installed in approximately 11.2 million individual units in multi-unit residential or commercial buildings. Customers who claim overpayments in connection with incorrect readings, due to defective or incorrectly installed devices or incorrect billing due to process errors, are reimbursed. On average, the reimbursements have typically been about 1% of our billing revenue, ranging between €2.0 million and €3.0 million euros per year, but could increase in the future. Moreover, if we violate applicable statutory or contractual requirements, we may be exposed to damage compensation claims by our customers or possibly be obligated to pay administrative fines. In addition, the affected devices might be recalled or have to be reinstalled and we may not be able to pass this cost on to manufacturers. This could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are exposed to liability to the extent the products we rent or sell have defects or security vulnerabilities or for other reasons do not meet the customers' requirements.

We rent or sell a large number of products that must meet demanding quality standards and product specifications that are either customary in the market, self-imposed or agreed with customers. Design defects and quality flaws in our equipment may expose us to liability and harm our reputation and business. For example, sub-metering and data collection equipment fitted with radio transmitters may be exposed to hacker attacks and security vulnerabilities may surface.

To the extent the products we sell or rent could have substantial production defects or security vulnerabilities, we may have to discontinue production of the relevant devices until the cause of the error in the product is identified and a remedy is found. In the case of products already delivered and installed, accurate consumption-based sub-metering for the affected customers might not be possible in the time prior to the discovery and the remedying of such a defect. If, for example, a sub-metering and data collection device is defective for a long period of time and has to be replaced, a customer might be liable for damages if the end-user has paid too much or too little over this time period or if it can no longer be determined how the costs are to be allocated to individual tenants. In addition, our customers may be in violation of certain laws, such as the German Heating Cost Ordinance. Flaws in the sub-metering and data collection equipment could also impair the market acceptance of our other products and services and thus reduce revenue in all our business segments. In addition, product defects or incorrect installations and flaws in relation to customer specifications could result in us being liable for defects and consequential damages. This could lead to significant costs. Furthermore, in July 2010, we discovered that we had previously mounted data collectors in buildings' hallways although the collectors' fire protection classifications were insufficient for these installation sites. Although we were not contacted by authorities and there have been no known incidents, we subsequently installed the data collectors elsewhere or covered the collectors with fireproof cladding on our own initiative to attempt to rectify improper installations.

Each of these factors could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

The implementation of our corporate strategy entails risks.

The implementation of our corporate strategy is exposed to various risks. For example, we plan to promote our energy efficiency solutions in addition to increasing the installation of radio-enabled sub-metering and data collection equipment and replacing conventional sub-metering and data collection equipment to improve customer satisfaction and reduce costs. However, demand for our energy efficiency solutions and new products may fall short of our expectations and our competitors may be more successful at marketing their products or there may be a delay in providing our products and services. For example, certain of our energy efficiency solutions such as a next generation heat cost allocator device which combines cost allocation functionality in a *Smart Thermostat* connected to our cost allocation services infrastructure through a branded mobile application, are in early development stages and customers may not accept our new technology due to higher costs or for any other reason or development and production of such next generation heat cost allocator devices may be delayed. If demand falls short of our current expectations or plans are delayed, there is a risk that we will not realize the benefit of investment in the development and production of new devices and technology or that revenue will not grow to the extent anticipated. Furthermore, we seek to optimize our integrated energy efficiency solutions to differentiate ourselves from our competitors. Should such differentiation fail, we are at risk of becoming a conventional billing and reading company and increasing price pressure could result in a loss of our competitive position or our market shares.

Any failure to successfully implement our corporate strategy could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

From time to time, property management companies seek to in-source the measuring and billing of heat and water consumption.

In the past, large property management companies have, and may continue to, in-source the measuring or billing of heat and water consumption rather than engaging energy service providers for these services. For example, in recent years, one of our customers with over 300,000 residential units, decided to in-source the measuring and billing of heat and water consumption as part of an overall strategy to in-source more services. Using this approach, property management companies could refrain from or discontinue the use of our cost allocation services. We view this as a particular threat in economic downturns as property managers may look for ways to reduce layoffs or to generate earnings themselves. Any such development may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We face legal and regulatory dispute risks and do not have a centralized compliance management system in place.

We do not currently have a centralized compliance management system in place. Our local entities implement and monitor compliance at the local level and our headquarter monitors pending matters as reported by the local entities. We are or may become subject to risks relating to legal and civil, tax, regulatory and competition proceedings to which we are a party or in which we are otherwise involved or which could develop in the future, and certain of these proceedings (or proceedings in which we may become involved), if adversely resolved, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our involvement in legal, regulatory and competition proceedings may harm our reputation. We cannot assure you what the ultimate outcome of any particular legal proceeding will be, and a negative outcome could materially adversely affect our business, financial condition and results of operations.

We are subject to competition and antitrust laws, which may subject us to liability and hinder our business strategy.

Our business is subject to applicable competition and antitrust laws, rules and regulations. In general, these laws are designed to preserve free and open competition in the marketplace in order to enhance competitiveness and economic efficiency and to protect consumers. We have been in the past, and may in the future become, subject to investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of competition or antitrust laws, resulting in fines or other liabilities and harming our reputation. For example, in 2010, the Romanian Competition Council (the "RCC") initiated investigations against Techem Romania along with two of its main competitors in Romania and the Romanian Energy Regulatory Authority for allegedly violating the Romanian competition regulations by concluding market allocation agreements. On October 5, 2017, the RCC announced it would sanction eleven providers of cost allocation services, including Techem Romania. In January 2018, Techem Romania was fined, for which a provision was recorded amounting to €0.1 million. In 2014, the Bulgarian Commission for Protection of Competition (the "CPC") commenced proceedings against Techem Bulgaria for allegedly abusing its dominant position in the Bulgarian market for heat cost allocation services. The CPC imposed a fine on Techem Bulgaria, for which a provision amounting to €0.1 million was recorded in the 2018 financial year.

We may also become subject to sector inquiries and other general inquiries by the competent competition authorities. For example, in May 2017, the German Federal Cartel Office published its final report on the sector inquiry into the cost allocation market initiated in July 2015. The report identifies certain deficits of the competitive process and proposes various measures in order to promote competition in the cost allocation market, including improving the interoperability of meters, the standardization of calibration periods and the service life of meters, and improved transparency for tenants. It is possible that these proposals will ultimately result in regulation detrimental to our business environment. We may also be subject to sector and other general inquiries by local competition authorities. For example, in May 2018, we received a sector inquiry from the Hessian Ministry of Economics, Energy, Transport and Regional Development in regard to the district heating supply in the German state of Hesse. There can be no assurance that the Federal Cartel Office or the Hessian Ministry of Economics, Energy, Transport and Regional Development will not use the findings made in their respective sector inquiries to initiate administrative actions against us and/or other cost allocation or contracting companies in the future.

In addition, competition and antitrust laws may also restrict our ability to make acquisitions, enter into joint ventures and otherwise implement our business strategy. As a result of any of the foregoing, detrimental effects from antitrust scrutiny may have a material adverse effect on our business, financial condition and results of operations.

Finally, some of the agreements that we conclude with our suppliers and distributors or sales representatives may contain clauses that may not be fully compliant with applicable competition and antitrust laws. If any such clauses were challenged by a customer or declared void by a German court or legislation, fines could be imposed on us, and this could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Restrictions on our customers' ability to allocate the costs of our services to their tenants could adversely influence our Energy Contracting business. In addition, price adjustment provisions in our customer contracts may be held invalid by courts.

According to Section 556c German Civil Code, a landlord is entitled to implement even without the tenant's consent an energy contracting system and to allocate the costs related to energy contracting to tenants, if (i) the tenants are contractually obliged to bear the costs of heating or hot water, (ii) heat is delivered in a more efficient way than before (either by new installation by the contractor or by a heat energy network) and (iii) the energy contracting solution is cost neutral for the tenant. If the annual efficiency rate of an existing installation is 80% or more, it is sufficient that the energy contractor improves the efficiency of the operation of the energy delivery (rather than complying with clause (ii) above). The cost neutrality is determined in a calculation formula set forth in the Heat Delivery Ordinance ("*Wärmelieferverordnung—WärmeLV*"). According to Section 8-10 Wärme LV, cost neutrality would be achieved if the expected annual costs of the energy contracting solution to the tenants would not have exceeded the average heating and hot water costs paid by the tenants in the last three years (calculated based on the volume utilized in those last three years and prices of the last year, taking into account price adjustments). The above rules are mandatory, i.e. agreements to the contrary are invalid. They apply to all cases where a lease agreement is in place and the contracting system has been, or is, implemented at any time since 2013 during the lifetime of an existing lease agreement. If contracting has been implemented contrary to the statute, the landlord can, according to the legal framework, only pass on the costs for heat and warm water but not the additional costs of the contractor.

Therefore, the more generous view of previous court decisions that the landlord can introduce energy contracting without tenant's consent if the lease contained a reference to the Ordinance on Operative Costs (*Betriebskostenverordnung*) or the predecessor ordinance (Annex 3 to the Second Calculation

Ordinance—*Anlage 3 zur II. Berechnungsverordnung*), or if there was another clause allowing for the transferability of contracting costs, has become obsolete.

The new statutory background can materially adversely affect the landlord's ability to pass on contracting costs to the tenants and the landlord's willingness to introduce energy contracting. This could have a material adverse effect on our business in this area. Moreover, we cannot exclude further changes to the statutory provisions affecting the ability of landlords to allocate costs to tenants for investment in our innovative technologies and energy contracting, which may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Our energy contracting agreements usually contain price adjustment clauses to provide flexibility with respect to originally agreed prices. More specifically, the relevant statutory provision (Section 24 of the Ordinance on the General Terms and Conditions for the Basic Supply of District Heating (*Verordnung über Allgemeine Bedingungen für die Versorgung mit Fernwärme*)) requires clauses which are both transparent for the customer and based on the relevant costs. However, in Germany, the exact requirements under which such price adjustment clauses are enforceable (e.g. the admissibility of a certain energy price index) have remained unclear. If such clauses were declared void by a German court or legislation this could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

The changes envisaged by the legislation, especially the requirement of cost neutrality, as well as any further changes to the statutory provisions affecting the ability of landlords to allocate costs to tenants for investment in our innovative technologies and energy contracting, may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We develop intellectual property for our business and we may not be able to protect our intellectual property to an adequate degree.

We have patents, utility models, other protective rights and applications for such rights, as well as business secrets. The issuance of patents does not necessarily mean that they are valid or that potential patent claims will be enforceable to the required or desired extent. Moreover, in the case of new technologies, there can be no assurance that patents will be issued for all these new technologies in all countries where we deem this useful or necessary and have accordingly applied or intend to apply for patents. Furthermore, it is possible that our patents and protective rights might be infringed by third parties and that for legal or factual reasons it might be impossible for us to prevent or remedy such infringement.

Inadequate protection of our intellectual property may result in the inability to take profitable advantage of technological advances that have been achieved. Likewise, competitors might manufacture or market products that are similar to the products developed by us in collaboration with our partners. These factors could negatively impact our market positions and lead to revenue declines that could have a negative impact on our profitability and future prospects and a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Our competitive position could be impaired if our operating and business secrets cannot be adequately safeguarded.

Our competitive position is essentially dependent on the safeguarding of our proprietary, non-publicly available know-how against use by third parties. Currently, large parts of our proprietary knowledge base are not protected by patents. For example, we document various business workflows in manuals that are made available to companies belonging to our Group, but also to subcontractors working for us. Although we endeavor to safeguard our extensive operating and business secrets comprehensively by means of contractual confidentiality obligations, including across national borders, there can be no assurance that a confidentiality agreement is entered into with every person who learns of our operating and business secrets and thus that comprehensive protection can be ensured. Moreover, copyright laws offer only limited protection. Third parties may infringe protected legal positions or attempt to obtain our proprietary know-how despite our protective measures. This could cause us to enter into protracted and costly litigation. Moreover, there can be no assurance that our measures to safeguard our own intellectual property rights will successfully prevent the development and design of products or technologies that are similar to our products or that could enter into competition with them. If our operating and business secrets become known to competitors, this could have a negative impact on our competitive position and have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

It is possible that we might infringe the intellectual property of third parties or have to rely on the intellectual property of third parties.

It is possible that we might infringe patents or other protective rights of third parties, since our competitors also apply for patents for inventions and frequently receive patent protection. If such infringement should occur, then we would be prevented from using the respective technologies in the relevant countries where protective rights were granted.

In such cases, we might be unable to market, rent or sell our products or products manufactured for us, and we could potentially be forced to purchase licenses or have our devices or the manufacturing processes of our suppliers rearranged. Moreover, we could be obligated to pay damages in such cases. However, there can be no assurance that we will obtain the licenses necessary for our business success to the extent required and under reasonable terms. Moreover, there is no certainty that existing licenses will continue to be maintained to the extent necessary. Even if we were successful in litigation, this could be time-consuming and costly and place considerable demands on our executive management’s attention. Regardless of the outcome of such litigation, the negative external impact of litigation concerning the infringement of intellectual property could deter customers from collaborating with us or have a negative impact on such a collaboration, merely on account of the risks associated with such litigation.

Furthermore, we are a licensee of certain patents, including certain patents held by Prof. Dr. Horst Ziegler and Partner GbR, represented by Friedrich W. Ziegler, relating to our radio technology.

The suspension, restriction or interruption of the delivery, sale or production by suppliers as a result of a protective rights infringement or the loss of a license, the subsequent purchase of a corresponding license, or litigation in this regard may have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Our competitors may develop devices or technologies (including radio technology) that are superior to our devices and technologies and that compel us to make significant investments in more advanced technologies.

We continually endeavor to improve our sub-metering technology and data collection equipment and to develop new products and services. A major objective of these efforts is to reduce our costs for sub-metering and data collection equipment by redesigning them to take advantage of new technology, such as modular technology, so that they can be produced more cost efficiently. However, competitors may develop sub-metering and data collection equipment, sub-metering technologies or offer services that are superior to our products or services. This may result in more advanced technology or products or services of equivalent quality being offered at a lower cost. Based on the proposition of more advanced technology or more favorable pricing, current or potential customers could decide to switch to or contract with our competitors, which would have a negative impact on our market shares and our competitive positions. In addition, we may have to make significant investments to upgrade our products and services with more-advanced technology. This could have a material adverse effect on our business, financial condition and results of operations and thus to conform on our ability to fulfill our obligations under the Notes and the Guarantees.

We are highly dependent on the error-free functioning of our IT and communications systems for the delivery of our services.

Our business activities rely heavily on centralized information technology (“IT”) hardware and software systems and networks to support business processes, as well as internal and external communications. These systems and networks include, in particular, our self-developed billing software (heiztec/2 and heiztec/3) and the SAP and Exact ERP system environments that we use for administration, as well as the service tools for the installation (Tavo and Kavo) and reading of sub-meters (Argos). To a lesser extent, we rely on Techem Portal, our radio-based energy-saving system adapterm and our integrated platform *Techem Smart System*, a fixed network reading system that enables customers to combine billing, device monitoring and other functions through adapterm.

Our systems are potentially vulnerable to damage or interruption. An extended outage in a data center or telecommunications network we rely on or a similar event could lead to an extended unanticipated interruption of services and could result in delayed data and cost collection, the loss of data, claims for damages by our customers and ultimately the loss of business. Furthermore, we have, in the past, outsourced the majority of our IT organization to an external provider with whom we entered into various service level agreements. As at the date of this Offering Memorandum, we are migrating the Techem IT infrastructure to a new IT provider which will cover all IT infrastructure services other than wide area network ("WAN") services. For WAN services, we recently renewed our contract with our current provider. As a result, we are dependent on the external provider adhering to such agreements and being capable of providing the agreed services. The realization of any risks related to our IT system and network could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Failure to securely attain and keep the decryption keys required by an increasing number of our sub-meters could have a negative impact on our operations.

In the near future nearly all newly installed sub-meters will use encryption technology to comply with the requirements of the General Data Protection Regulation (EU 2016/679) (the "GDPR"). In order to use the data for providing services to our customers a reliable decryption process is required that includes secure transmission and storage of keys. The loss of keys without the ability to restore the keys could lead to an extended unanticipated interruption of services and could result in an inability to use data, and therefore claims for damages by our customers, and ultimately the loss of business. Also, if keys are not securely held and are leaked by accident or hacked by an attacker, the transmitted data (such as, reading values) could be compromised and their integrity could be doubted by our customer, leading to claims for damages by our customers, and ultimately to the loss of business. This could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Our fixed network reading systems depend on underlying systems and networks, the failure of which could have a negative impact on our operations.

Our fixed network reading systems depend on underlying systems and networks, including certificates to ensure secure communications, and telecommunications networks based on 3GPP standards such as GPRS. For our current fixed network reading system (TSS2) and future fixed network reading system (TSS3) secure communication is essential. For that purpose, certificates are used that have an expiration date. Once the expiration date has been reached, communication via mobile network is no longer possible. A technician is then required to exchange or update the device. Meanwhile, we would be unable to remotely read our sub-meters, which could result in a delay in readings or could require us to read the meters manually. Similarly, our TSS2 system also relies on the availability of telecommunication networks supporting GPRS, and the discontinuation of GPRS without sufficient notice could have a negative impact on our operations. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations and on our ability to fulfill our obligations under the Notes and the Guarantees.

Some of our sub-meters use radio technology that requires the use of radio frequencies subject to regulatory oversight. Failure to attain or maintain access to radio frequencies could have a negative impact on our operations.

We use radio technology in our sub-meters. In most countries where we operate, including Germany, radio frequencies are subject to regulatory oversight. We are required to maintain valid permits to use radio frequencies, which we need in order to use the radio technology in our radio-enabled devices. If regulations relating to radio frequencies change, or if we are unable to obtain or maintain our permits, our ability to use radio technology could be adversely affected. For example, if we were unable to use a specific radio frequency in a specific jurisdiction, we would be unable to remotely read our sub-meters, which could result in a delay in readings or could require us to read the meters manually. This could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We collect and process personal data in our daily business, and the leakage of such data may violate law and could adversely affect our business.

We collect, store and use personal data in the ordinary course of our business operations, especially with regard to cost allocation and the provision of billing services in relation to heat and water consumption to our customers and are therefore subject to data protection legislation (including the GDPR). Non-compliance or technical defects resulting in a leak or the misuse of such data could result in damage to our reputation and otherwise harm our business.

The GDPR, which came into effect on May 25, 2018 and was immediately binding across all Member States of the EU, is a new privacy regime regarding the protection of natural persons in relation to the processing of personal data and the free movement of such data. The GDPR obligates EU-based companies or companies that process personal data about EU subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate for example to (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security and confidentiality; (ii) the ability of the controller to demonstrate compliance with such principles (accountability); (iii) the obligation to identify a legal basis before the processing; and (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. Non-compliance may be met with significant penalties including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). Compliance with the GDPR will be a rigorous and time-intensive process that may increase our cost of doing business, and the failure to comply with these laws could subject us to significant fines and sanctions.

It is also possible that future changes to the applicable legal framework may lead to more strict data protection requirements. Such changes may especially occur in connection with radio-enabled devices and related services and may involve specific encryption and signature requirements. Independent of changes in the law, our customers may demand specific data protection measures going beyond those legally required to be applied to the sub-metering of water and heating. In these cases, we would have to adapt our products and services to these specific requirements. This may entail complex technical changes and significant investments. In the past, some of our customers have faced enquiries from their respective state data protection commissioners regarding our radio-enabled devices, data collection and the way consumption data is transmitted via radio. If such enquiries result in a finding that we did not comply with applicable data protection legislation we could be forced to modify the functionality of our radio-enabled devices. In addition, we do not currently have specific data security insurance coverage and we cannot guarantee that our general liability insurance coverage will be sufficient to cover all or any liabilities in the event of a breach of our data security systems. Should one or more of these risks materialize, it could have a material adverse effect on our business, financial condition and results of operation and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are dependent on successfully collaborating with companies from related industries in order to provide certain of our services.

We offer a number of services in collaboration with companies that do business in related industries, such as our cooperation with SGS Institut Fresenius GmbH for legionella testing and with Atral-Secal GmbH for the supply of smoke detectors. Our ability to fully exploit the strategic potential of the new products and services that we offer through these joint ventures or collaborations could be impaired if we cease to agree with our partners on strategy and implementation, if our collaborators or joint venture partners no longer provide their services at competitive prices or with the desired quality or if they have financial difficulty or violate contractual obligations.

Our collaborators or joint venture partners may, for economic, strategic or other reasons outside our control, cease collaborating with us or have divergent views about business or strategy. As a result, we may be forced to acquire the partner's equity stake, to end the collaboration or to find a new partner, any of which may adversely affect our strategy or our business and financial results.

Additionally, there is a risk that the transfer of know-how and trade secrets to partners in the context of joint ventures and other collaborations could result in a drain of expertise from us. In particular, after a potential separation from a joint venture or collaborator, there is no guarantee that the know-how or trade secrets transferred to such partner will not be used by our partners or disclosed and used by third parties, thereby adversely affecting our competitive position.

These factors could, therefore, result in our collaborations failing to lead to the success anticipated or result in the loss of business, either of which could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Supply problems with or price increases by major suppliers may delay the delivery and installation of devices and other equipment or otherwise adversely affect our business and financial results.

Price increases by or supply problems with any of our major suppliers could affect significant quantities of equipment which, under certain circumstances, other suppliers may not be able to provide to us in a timely manner or at all. Whenever possible, to reduce our dependence on a single supplier, we pursue a second or multiple source strategy. We do, however, order some devices in such large quantities from a single supplier that a failure on the part of such supplier could hurt our performance during times of high demand when inventory is low. The same would be true if supply agreements with major suppliers were terminated early by either of the parties or were not renewed. The realization of any of these supply risks could cause a delay in the delivery and installation of devices and other equipment. Our supply risks will increase since we intend to reduce the amount of inventory we carry. Price increases and supply delays or failures could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We may not be able to successfully assert warranty claims against the suppliers of our metering devices or other equipment.

The agreements with the suppliers of our devices usually provide for warranty claims in the event of defective devices. Generally, the supply agreements contain an obligation to replace defective devices and reimburse the costs incurred in handling the repair as well as an obligation of the suppliers to hold us harmless with regard to product liability claims. However, in some cases, liability claims against our suppliers are limited to foreseeable typical damages. The suppliers' liability for further damages is limited either directly to a certain amount or to the amount of the claims to which the supplier is entitled under its business liability insurance. Therefore, if defects in individual devices exist or, more importantly, if production or design flaws exist, there is a risk that we will incur losses in an amount that we will not be able to claim either in full or at all in the form of warranty claims against our suppliers.

Furthermore, there is a risk of consequential losses, such as damages in connection with billing errors and the loss of reputation, which could potentially lead to early cancellations of contracts with customers. Suppliers may also contest any warranty claims, and we may have to make significant expenditures and invest management time and attention to pursue warranty claims. Our suppliers may also experience financial difficulties, making recovery under warranty claims less likely.

An inability to hold ourselves harmless against our suppliers could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Customer satisfaction levels relating to our customer service or our billing processes may not be adequate and could result in increased customer churn and adversely affect our business.

Our success is driven by, among other factors, customer satisfaction. Our customer service operations handle a significant number of customer contracts. Errors in the preparation of customer bills, failing to solve customer problems in a fast and efficient way or failing to provide customers with the general level and type of service they expect could negatively affect customer satisfaction levels, which could damage our reputation and contribute to increased customer churn. Damage to our reputation or increased churn could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are dependent on our executive management.

Our business success and future development depends significantly on our management board members and other qualified executives and key employees. Our business activities and expansion could be significantly jeopardized if we had to continue without the services of our current CEO, our CFO, or one or more executive managers. The loss of an executive or key employee could have a material adverse effect on our market position and prospects. Furthermore, we could lose considerable expertise and access thereto could be gained by competitors. We try to retain the commitment of our qualified executives and key employees in part through performance-based remuneration systems. Even with attractive compensation packages, there is no guarantee that we will be successful in retaining these executives and the employees in key positions or in attracting new employees with corresponding qualifications. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Advanced building technologies and associated regulation as well as new heating technologies expose us to developments which could significantly reduce demand for our devices or services.

With an increase in energy awareness and new technology, advanced building standards such as the passive house standard have developed. Buildings that meet the passive house standard consume so little energy that sub-metering is no longer economical. Therefore, buildings built in Germany that meet the passive house standard are exempt from regulatory requirements for consumption-based measuring and billing of heat and hot water consumption. Demand for our cost allocation services may be affected if the number of new and existing buildings meeting such a standard begins to increase or if construction pursuant to the passive house standard becomes a legal requirement. Similar effects may impact our business outside Germany, especially in countries with high new construction and modernization levels as new construction would not use cost allocation and demand for our services would phase out.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are exposed to risks in connection with currency fluctuations.

We operate in multiple jurisdictions and consequently generate part of our revenue, costs and earnings in currencies other than the euro (for example, in Danish crowns, Swiss francs or Polish zlotys). In international markets, our devices are priced in euros, the value of which has fluctuated significantly in the past. Other currency risks result from the fact that the revenue of a group company are realized in currencies other than those of the costs assigned to them. Moreover, certain of our euro-denominated supply agreements include clauses allowing our suppliers to pass through to us foreign exchange-related increases in U.S. dollar-denominated components. Furthermore, a number of our consolidated companies conduct their accounting in currencies other than the euro, meaning that the corresponding items have to be translated to euros when consolidating such a group company. For the aforementioned reasons, we are exposed to risks that arise due to fluctuations in the relative values of the relevant currencies, particularly between the euro and the Danish crown, the Swiss franc, the Polish zloty and the U.S. dollar. These currency risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Our international business is exposed to various economic, political and other risks.

We currently operate and offer our products and services in 21 countries. Moreover, by further developing strategic partnerships with local partners, we are exploring the potential to further expand our activities outside our main customer base in Germany into additional markets, including the United Arab Emirates and Brazil. In some of the countries where we offer our products and services and where we seek to expand our activities, we may not be sufficiently familiar with the cultural traditions and customs of the markets with a lesser degree of political, economic and legal stability may prevail as compared to Germany or the European Union. This applies, in particular, to some of the countries that we have identified as growth markets for our products and services (see "*Industry—Energy Services and Cost Allocation Services—International Energy Services Market*"). For this reason, we are exposed to a range of factors that we cannot easily influence and that could have an impact on our business activities in these countries. These factors include the following:

- political, social, economic, financial and market-related instability and volatility;
- foreign currency control provisions and other regulations or impairments in terms of exchange rates and foreign currencies, such as the lifting of exchange rate pegs;
- inadequate infrastructure;
- trade restrictions;
- inadequately developed and differentiated legal and administrative systems, which can lead, for example, to the inadequate protection of intellectual property rights or can jeopardize the enforcement of receivables and other claims; and
- the risk that legal framework conditions will become less favorable to our business.

The abovementioned risks could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We could sustain losses or have to pay on existing guarantees should the eurozone cease to exist or economic conditions in Europe decline.

Concerns persist regarding the debt burden of certain eurozone countries, their ability to meet future financial obligations and the overall stability of the euro. Such concerns are further exacerbated by the uncertainty surrounding the expected exit of the United Kingdom from the European Union and the impact of such exit's implementation. The United Kingdom's withdrawal from the EU could result in, among others, the disruption of the free movement of goods, services, capital and persons between the United Kingdom and the European Union, undermine bilateral cooperation in key policy areas, significantly disrupt trade, and cause political and economic instability in other EU countries. In addition, economic conditions in the European Union are further subject to a risk of slowdown and volatility as a result of the destabilizing effect of the United Kingdom's June 23, 2016 referendum to exit the European Union. The referendum has resulted in considerable uncertainty as to the political implementation of the mandate, the nature and timing of such an exit, the risk of contagion in other member states and whether and to what extent this could continue to negatively impact the European markets. For example, should Germany begin using its own currency and should that currency then appreciate against other currencies, and should we adopt the German currency as the group currency, this could affect our financial results with respect to the conversion of non-German currency countries. Furthermore, we are also affected by political uncertainty in Italy related to the outcome of the general election held on March 4, 2018, which resulted in a hung parliament. Following three months of political deadlock, on June 1, 2018, a new government was appointed. However, there is uncertainty as to whether the new government will maintain power through a regular term and prolonged political instability in Italy may result in challenges to conducting our business as usual. Moreover, in the event a new government takes positions or actions adverse to our industry or the Italian economy as a whole, this could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, Brazil, a market where we are exploring the potential for expansion, has experienced a period of political instability since 2014 in connection with an investigation into allegations of corruption against executives of the Brazilian state-run oil company, Petróleo Brasileiro SA, and certain Brazilian politicians. Furthermore, in late May and early June of 2018, Brazilian workers went on strike to protest rising fuel prices and certain employees of Petróleo Brasileiro halted work. The continuation or increase of such instability could hinder economic growth in Brazil, which could have an adverse effect on our business and any plans for expansion. These and other economic and political factors could negatively impact our business, reputation or financial condition and could make it more difficult for us to fulfill our obligations under the Notes and the Guarantees.

A large proportion of our operations are carried out, and revenue is generated, in Germany, which exposes our business to adverse political or economic developments affecting Germany.

Our business in Germany accounted for 75.4% of our revenue for the 2018 financial year. In light of this concentration, our business is sensitive to political or economic developments that impact Germany or otherwise affect our operations in Germany. Adverse political or economic developments affecting Germany could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are exposed to general counterparty risk.

As part of our business, we have contracts with a variety of entities. We face exposure to risks associated with the financial well-being of these counterparties. Should a counterparty go bankrupt or renege on its contractual commitments to us, we may not realize the full value of our contractual investment or may incur costs enforcing our contractual rights. This risk holds especially true for our energy contracting business segment where single contracts are worth several hundreds of thousands of euros to us over the lifetime of the contract. If we incur significant losses based on our exposure to counterparties, our results of operations and financial condition would be negatively impacted and we may not be able to fulfill our obligations under the Notes and the Guarantees as a result.

We are exposed to liability based on the actions of our employees and agents.

As a group operating in many jurisdictions, we are subject to international, EU, national and local laws, regulations and ordinances. We are subject to many different regulatory requirements that change frequently, evolve continuously and may become more stringent.

In addition, misconduct, fraud, non-compliance with applicable laws and regulations or other improper activities by one of our employees, contractors or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with applicable law or regulations, including environmental laws, anti-bribery laws, regulations pertaining to internal controls over financial reporting and international sanctions, and competition and consumer-protection laws, particularly if our customers filed complaints against us alleging anti-competitive practices, as well as failure to comply with our internal controls and procedures and code of conduct policies designed to help us comply with such laws and regulations. The precautions we take to prevent and detect these activities have not always been effective and may not be effective in the future, particularly given our international operations and size, since our internal controls are subject to inherent limitations, including human error, and the possibility that controls could be circumvented or become inadequate because of changed conditions and fraud. Although we have established a corporate governance and organizational structure that we believe enables us to exercise Group-wide control over our operations and have adopted Group-wide control procedures and reporting and code of conduct policies, these policies and procedures may not be adequate to prevent or detect violations of applicable laws or regulations. For example, an internal compliance audit conducted at Techem Romania during February and March 2018 identified potential improper contract procurement commissions payments paid to members of Techem's sales personnel. The results of the audit are currently under review, although the relevant employees of Techem Romania are no longer working at Techem Romania as of March 26, 2018. In addition, in May 2018, we learned that two employees of Techem Romania allegedly paid money to property managers in contravention of our compliance policies. We are currently in the process of reviewing these allegations and as a precautionary step, May 2018, Techem Romania self-reported the alleged activity to the Romanian authorities.

Our failure, or the failure of our employees, contractors or partners, to comply with applicable laws or regulations or acts of misconduct could require significant time and resources from management, and could subject us to fines or penalties, harm our reputation, damage our relationships with customers and suppliers, reduce our revenue and profits, and subject us to criminal and civil enforcement actions.

Our energy contracting business involves the operation of combined heat and power units. We could incur liabilities for damages or remediation obligations resulting from the operation of these units.

In the course of our energy contracting business, we operate combined heat and power units. In addition, our subsidiary GWE operated two large industrial power plants until the financial year ended March 31, 2014, which, as a result of their size and thermal firing capacity, have a high risk potential. On October 1, 2013, the IHKW Heidenheim power plant was transferred back to its previous owner, and effective July 1, 2014, the IHKW Andernach power plant was sold. As the operator of these units and the former operator of the two power plants, we may be liable under general rules of civil liability for damages caused in the course of their operation while they were under our control. Under certain circumstances we may be held strictly liable for damages, in particular for damages to individuals, property, water and soil. This could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

Operators of combined heat and power units in Germany may benefit from price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources. Recent and future amendments to these regulations could have a negative impact on our business.

Operators of combined heat and power units may claim remuneration for the production of electricity under the price support schemes of the Act on Combined Heat and Power Generation (*Kraft-Wärme-Kopplungsgesetz*) (the "KWKG") or the Act on Renewable Energy Sources (*Erneuerbare-Energien-Gesetz*) (the "EEG"). Recent amendments to the Acts, however, restrict the conditions under which operators may claim remuneration. In particular, operators of a large number of energy production facilities may claim support payments only if they win an award in a competitive tender process and the total electrical capacity that may be awarded in Germany each calendar year is limited. Whereas the amendments do not have an impact on the units we already operated when they entered into force, units we may commission in the future are likely to be subject to a tender process if we claim remuneration. If other operators submit more competitive bids and win the tender process, we risk not being awarded remuneration, with the consequences that we must charge market prices for the electricity we produce and we will not benefit from the price support regime under the KWKG or EEG. It is likely that the legislator will further restrict price support under the KWKG and EEG in the future, which may have a material adverse effect on our business, financial condition and results of operations.

We could face environmental liabilities in connection with our handling of hazardous substances.

In the ordinary course of our business we handle a variety of hazardous substances, the most prevalent of which is the chemical methylbenzoat which is used in our evaporator heat cost allocators. We take precautions to prevent the end-users of our products from harming themselves with this chemical and we are not aware of any material cases in which methylbenzoat has caused harm to a customer or end-user of our evaporators.

In addition to methylbenzoat, we may also have handled hazardous substances at the GWE Group's combined heat and power generation and waste incineration plant. Under our previous ownership, the GWE Group incinerated approximately 120,000 tons of waste per year which may have contained hazardous substances without our knowledge. Furthermore, the filter dusts produced during the incineration process qualify as hazardous substances under German waste law and have to be specifically handled. Should we be found to have mishandled any hazardous substances within the GWE Group or in other parts of our Group, we could be held liable for any damage caused and be required to pay fines or other penalties. This could cause us reputational harm or have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

A majority of our balance sheet assets consists of intangible assets, the valuation of which could be impaired from year to year by changing future prospects.

We recognized extensive intangible assets of €1,358.8 million as at March 31, 2018 which made up 55.5% of the consolidated balance sheet total. Our intangible assets primarily consist of capitalized customer relationships, which are regularly amortized using the straight line method, in the amount of €622.5 million, goodwill of €610.8 million and the trademark "Techem" of €54.0 million, each as at March 31, 2018.

In compliance with IAS 36 (*Impairment of assets*), goodwill is subject to an annual impairment test. The recoverable amount of each cash generating unit ("CGU") is determined by calculating the value in use or fair value less costs of disposal. Future cash flows are based on assumed growth rates which are based on historical trends. For more information, see part D and part F (note 6) of the 2018 Audited Financial Statements included elsewhere in this Offering Memorandum. If the carrying amount of a CGU exceeds the calculated value in use, respectively the fair value less costs of disposal, an impairment loss must be recognized, which could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees. In addition, if the expected budget development of our Energy Contracting segment does not materialize, a risk of further impairments exist.

We are regularly audited and could be required to pay additional taxes and other sums, which could be significant, following audits of us or our subsidiaries.

We are regularly subject to tax audits. We are currently subject to a tax audit in Germany for corporate income tax, trade tax and VAT for financial years 2010 through 2015. This tax audit and tax audits for periods not yet reviewed may lead to higher tax assessments, interest and penalty charges, all of which could result in significant cash payments to the relevant tax authority. We have not set aside a reserve for current or future tax audits that could be used to cover any payments we might have to make with respect to any previous tax or financial year.

For instance, we have relied on the "escape clause" from German interest barrier rules (*Zinsschranke*) for our tax returns for all completed financial years since April 1, 2009, resulting in tax savings of approximately €100 million in the aggregate. Conditions for the applicability of the escape clause are assessed on a year-by-year basis. If the tax authorities were to challenge our application of the escape clause, such challenge would have to be analyzed for each individual year and may affect one or more of all tax years since April 1, 2009. The German interest barrier rules were first introduced in 2008 and a number of technical points of the rules and its exemptions remain unclear given the limited tax authority guidance and case law available. Should the German tax authorities challenge our position, reopen our tax returns and ultimately retroactively assess higher taxes, we would become liable to pay the incremental tax amounts, together with interest and penalties, for each of the financial years since April 1, 2009 for which our position would have been successfully challenged by the tax authorities. Techem has not made a provision to cover the risk of any such reassessment and we would not expect to have any claims under the Acquisition Agreement against the Seller or any of its affiliates.

Following the completion of the Acquisition, we expect to no longer be eligible for the escape clause. See "*—Risks Relating to Our Indebtedness and Corporate Structure—Due to restrictions on the deductibility of interest expenses and the forfeiture of interest carry-forwards under applicable law as a result of the Acquisition, we may be unable to fully deduct interest expenses on our financial liabilities and expect to pay higher taxes.*"

Any additional taxes or other sums that become due could have a significant adverse effect on our cash flows, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We may acquire assets that could potentially deliver lower revenue and decreased cash flows and earnings than anticipated and may have unexpected liabilities, and we may seek to dispose of businesses from time to time. We may experience difficulties integrating acquired assets in a timely manner, and we may not realize anticipated synergies.

We have selectively pursued acquisitions in the past as part of our growth strategy, and we may pursue acquisitions in the future. We may experience difficulties in integrating newly acquired assets and companies, and the anticipated benefits of such acquisitions may not be realized fully (or at all) and may take longer to realize than expected. Our performance will depend in part on whether we can effectively and efficiently integrate acquired assets, which may be complex, time consuming and expensive and may involve a number of risks, including the costs and expenses associated with any unexpected difficulties with respect to such assets and companies. Even if we are able to integrate newly acquired assets and companies successfully, we nevertheless may not realize synergies, cost savings, revenue and cash flow enhancements, growth, operational efficiencies and other benefits that we expect. Acquired assets or companies may also have unexpected liabilities for which we will be responsible. We have recently exited our cost allocation business in the United States and may continue to dispose of businesses in the future. However, our ability to successfully dispose of businesses depends on a number of factors, many of which are outside our control, and we may not be able to dispose of a business in a timely manner. For example, if we are seeking a buyer for a particular business line, none may be available, or we may not be successful in negotiating satisfactory terms with prospective buyers or internally with works councils or employee representatives to the extent we are required to do so. Even if a disposal is successful, we may face indemnity and other liability claims by the acquirer or other parties. As a result of any of the foregoing, acquisitions or disposals could have a material adverse effect on our business, financial condition and results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We could face labor disputes with our employees, which would disrupt our business.

Most of our employees are entitled to be represented by local works councils formed at their site of employment, which negotiate with management on behalf of those employees in respect of matters affecting employment and employee benefits. We may also encounter strikes or other disturbances, or threats of strikes or disturbances occasioned by our labor force, and upon the expiration of existing employment agreements, we may be unable to reach new agreements on satisfactory terms or without work stoppages, strikes or similar actions. For example, although we believe that there is no requirement to consult our local French works council, under French law there is uncertainty as to whether the Acquisition triggers a requirement for consultation procedures with the works counsel and a breach of this obligation could delay the Acquisition. Furthermore, we have undertaken ongoing initiatives to optimize our cost positions and to create the foundation for a straight-through processing environment that seamlessly automates processes in our core functions, including our efficiency program Operations Excellence. We may be unable to fully realize the savings expected as a result of our Operations Excellence program due to additional costs from any employee claims or from existing employment arrangements. In addition, we use a significant number of subcontractors for, among other things, sub-metering and smoke detector services, such as sub-meter reading, installation, testing, maintenance and replacement. If any of these subcontractors were recharacterized as our employees, we could be required to pay salary, social insurance contributions, tax and other benefits on a retroactive basis for such persons. If disputes with our works councils arise or our employees engage in a strike or other work stoppage, or if we need to incur higher labor costs or experience a significant disruption of operations, this could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks from legal and arbitration proceedings.

We are involved in legal and arbitration disputes which may involve claims for damages or other payments. The outcome of such proceedings cannot be predicted. In the event of a negative outcome of any legal or arbitration proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make 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. For a discussion of our legal and administrative proceedings, see "*Business—Legal and Administrative Proceedings*."

Risks Relating to the Acquisition

The Acquisition is subject to certain conditions and risks.

On May 24, 2018, BidCo entered into the Acquisition Agreement to acquire, directly or indirectly, from the Seller all of the issued and outstanding share capital of the Target. We currently expect the Acquisition to complete by the end of July 2018. The consummation of the Acquisition is, however, subject to the satisfaction of certain conditions, including clearance by the European Commission and antitrust clearance in certain jurisdictions, and the performance of certain closing actions. The parties to the Acquisition Agreement will not consummate the Acquisition until the conditions are fulfilled, which could take several months and, in exceptional circumstances, significantly longer. Certain subsidiaries or assets of the Target may have to be sold or spunoff in order for the parties to the Acquisition Agreement to obtain clearance by the European Commission and antitrust authorities, which might lead to the loss of operational benefits and might adversely affect the Group's financial position. Accordingly, the parties may not be able to complete the Acquisition in a timely fashion, without remedies, or at all. Any such remedies may make the Acquisition less attractive. Completion of the Acquisition promptly following the release of the proceeds of the Offering from escrow is one of the conditions for such release. If the Acquisition has not been consummated by the business day following the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption as described in "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" and you may not obtain the return you expect to receive on the Notes. The realization of any risks related to uncertainties of the Acquisition could have a material adverse effect on our business, financial position and results of operations.

The Issuer does not currently control the Target and its subsidiaries and will not control the Target and its subsidiaries until completion of the Acquisition.

The Target and its subsidiaries are currently controlled by Macquarie. The Issuer will not obtain control of the Target until completion of the Acquisition. The Seller may not operate the business of the Target during the interim period from the signing of the Acquisition Agreement until completion of the Acquisition in the same way that we would. Some information contained in this Offering Memorandum has been derived from public sources and, in the case of historical information relating to the Group, has been provided to us by the Seller, the Target and its subsidiaries, and the Issuer has relied on such information supplied to it in the preparation of this Offering Memorandum. Furthermore, the Acquisition itself has required, and will likely continue to require, substantial time and focus from management, which could adversely affect management's ability to operate the business. Likewise, employees may be uncomfortable with the Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention.

In addition, prior to the Acquisition Completion Date, the Target and its subsidiaries will not be subject to the covenants described in "*Description of the Notes*" to be included in the Indenture. We cannot assure you that, prior to such date, the Target and its subsidiaries will not take any action that would otherwise have been prohibited by the Indenture had those covenants been applicable. Any of the risks associated with the Issuer's lack of control over the Target and its subsidiaries until the completion of the Acquisition could have a material adverse effect on our business, financial position and results of operations.

If the conditions precedent to the release of the Escrowed Property are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.

The gross proceeds from the Offering will be held in the Escrow Account, pledged in favor of the Trustee for the benefit of the holders of the Notes, pending the satisfaction of certain conditions, some of which are outside our control. If the Acquisition has not been consummated by the business day following the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a special mandatory redemption as described in "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" and you may not obtain the return you expect to receive on the Notes.

The escrow proceeds deposited in the Escrow Account will be initially limited to the gross proceeds of the Offering and will not be sufficient to pay the special mandatory redemption price, which is equal to 100% of the aggregate issue price of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of special mandatory redemption. In the event of a special mandatory redemption, CDPQ (directly or indirectly through a wholly owned subsidiary thereof), OTPP (directly or indirectly through a wholly owned subsidiary thereof) and one or more investment funds advised or managed by Partners Group will each be required to make an equity contribution in an amount required to enable the Issuer to pay any funding shortfall, including escrow account fees, negative interest on the escrow account balance and costs, accrued and unpaid interest and Additional Amounts, if any, owing to the holders of the Notes on such special mandatory redemption date, pursuant to the Equity Commitment Letter. The obligation of each of the Sponsors to make such equity contributions will be several, and not joint, and will be made on a *pro rata* basis in proportion to the Sponsors' respective total equity commitments in Lux TopCo. The sum of the amounts payable by each Sponsor under the Equity Commitment letter and the SPA Equity Commitment Letter shall not exceed the amount payable by such Sponsor under the SPA Equity Commitment Letter. Under the Equity Commitment Letter, the Sponsors' contributions shall be contributed, directly or indirectly, to the capital of the Issuer for deposit into the Escrow Account.

The holders of the Notes will not have any right to enforce the Equity Commitment Letter, and must rely on the Issuer's sole right to enforcement under the Equity Commitment Letter against the Sponsors. There can be no assurance that the relevant investment funds providing such commitment will have sufficient funds to make these payments, and the Issuer may not have access to the funds necessary to allow it to pay the full amount of the required redemption price in the event of a special mandatory redemption.

Your decision to invest in the Notes is made at the time of purchase. Changes in the business or financial position of the Target and its subsidiaries, or the terms of the Acquisition or the Financing, between the Issue Date and the Acquisition Completion Date, may have an impact on our creditworthiness, and you will not be able to rescind your decision to invest in the Notes as a result thereof.

The Acquisition may entitle our customers and certain other business partners of the Group to terminate their agreements as a result of change of control provisions.

The Acquisition may constitute a change of control under certain agreements entered into by Techem and its subsidiaries, such as commercial agreements with some of its suppliers, and may entitle these third parties to terminate their agreements with us or, in some cases, request adjustments of the terms of the agreements. We cannot exclude the possibility that some of these third parties may exercise their termination, adjustment or other rights, which could have a material adverse effect on our business, results of operations and financial position following the Acquisition. In addition, some of the third parties may use their termination or adjustment rights to renegotiate the terms of the agreements to our detriment.

Amendments made to the Acquisition Agreement may have adverse consequences for holders of the Notes.

The Acquisition is expected to be consummated in accordance with the terms of the Acquisition Agreement. The Acquisition Agreement, however, may be amended and the closing conditions may be waived at any time by the parties thereto, without the consent of holders of the Notes. Furthermore, any amendments made to the Acquisition Agreement may make the Acquisition less attractive. Any amendment made to the Acquisition Agreement may be materially adverse to holders of the Notes, which, in turn, may have an adverse effect on the return you expect to receive on the Notes.

We may not be able to enforce claims relating to a breach of the representations and warranties that the Seller has provided to us under the Acquisition Agreement.

In connection with the Acquisition, the Seller has given certain customary representations and warranties in the Acquisition Agreement related to its shares in the Target and Techem's business, subject to significant limitations. We may not be able to enforce any claims against the Seller relating to breaches of these representations and warranties. The Seller's liability under the Acquisition Agreement is very limited. Moreover, even if we are able to eventually recover any losses resulting from a breach of these representations and warranties, we may temporarily be required to bear these losses ourselves. In addition, our ability to enforce our claims under the warranties and indemnities against the Seller is dependent on the Seller's creditworthiness at the time we seek to enforce our claims, and there can be no assurance regarding the financial condition of the Seller in the future.

The Target and/or any of its subsidiaries may have liabilities that are not known to us.

There may be liabilities that we failed or were unable to discover in the course of performing due diligence investigations into the Target and its subsidiaries in connection with the Acquisition. We may learn of additional information about the Target and/or any of its subsidiaries that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial position and results of operations.

Risks Relating to Our Indebtedness and Corporate Structure

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

The Issuer and BidCo are holding companies with no business operations other than the equity interests and/or intercompany receivables they hold in each of their subsidiaries. The Issuer and BidCo are dependent upon the cash flow from their operating subsidiaries in the form of dividends, interest payments on intercompany loans or other distributions to meet their obligations, including their obligations under the Notes or their Guarantees. If the subsidiaries of the Issuer do not fulfill their obligations under certain intercompany loans to make scheduled payments, the Issuer may not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of such payments, dividends and other distributions available to the Issuer and BidCo will depend on the profitability and cash flows of their respective subsidiaries as well as the ability of those subsidiaries to declare dividends under applicable law. The subsidiaries of the Issuer and BidCo, however, may not be able, or may not be permitted under applicable law, to make distributions, make interest payments on, or otherwise advance upstream loans to the Issuer or BidCo to make payments in respect of their debt, including the Notes and the Guarantees. While the Indenture will limit the ability of the Issuer's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law. In addition, the subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to 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. In particular, the Senior Facilities limit the ability to upstream cash to the Issuer subject to certain exceptions. 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 particular, the ability of the Issuer's subsidiaries to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available to each of them and the ability to pay their respective debts when due. The Target is organized under German law which provides that dividends may only be distributed out of current profits and distributable reserves, and, generally, interim dividend contributions are not allowed under German law. The subsidiaries of the Issuer that do not guarantee the Notes have no direct obligation to make payments with respect to the Notes or the Guarantees.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have, and after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As at March 31, 2018, on an unaudited *pro forma* basis to give effect to the Transactions, we would have had €2,871.7 million of outstanding total indebtedness, including €465.0 million in aggregate principal amount of Notes offered hereby and €2,340.0 million in aggregate principal amount of borrowings under the Senior Facilities. See "*Capitalization*." In addition, our Revolving Credit Facility provides for borrowings up to an aggregate of €275.0 million, subject to certain conditions. We expect that no cash drawings will be outstanding under the Revolving Credit Facility on the Acquisition Completion Date and that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility. We anticipate that our high leverage will continue to exist for the foreseeable future and the covenants under the Senior Facilities Agreement and the Indenture provide us with significant flexibility to incur additional debt and make distributions. Our significant leverage could have important consequences for our business and operations and for holders of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debts 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 working capital, capital expenditure, R&D, acquisitions, organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our suppliers and other creditors;
- increasing our exposure to interest rate increases because some of our indebtedness bears a floating rate of interest, placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged and restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our debt and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or to fund our future acquisitions or other working capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including debt in connection with future acquisitions. The terms of the Senior Facilities Agreement and the Indenture will permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*"

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

We may incur substantial additional debt in the future. Although the Indenture and the Senior Facilities Agreement will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Indenture, in addition to specified permitted debt, we are, or will be, able to incur additional debt so long as, on a *pro forma* basis, our Fixed Charge Coverage Ratio (as defined in the Indenture) is at least 2.00 to 1.00 or our Consolidated Total Net Leverage Ratio (as defined in the Indenture) does not exceed 7.2 to 1.0. In addition, in order to incur Senior Secured Indebtedness (as defined in the Senior Facilities Agreement) under the Senior Facilities Agreement, our Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement) may not exceed, on a *pro forma* basis, 5.80 to 1.00 or such debt would require capacity under certain specified permitted debt baskets. We are also able to refinance debt outstanding under our Senior Facilities Agreement with debt incurred in compliance with these ratios. In addition, we can test these ratios at the time of commitment of additional debt and then be able to draw amounts at a time when we do not meet these ratios. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture.

Moreover, some of the debt we may incur in the future could be structurally senior to the Notes (such as at the level of our subsidiaries that do not guarantee the Notes). We may incur debt that shares in the Collateral, that may be secured by collateral that does not secure the Notes and the Guarantees or could mature prior to the Notes. In addition, the Indenture and our Senior Facilities Agreement do not prevent us from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum. An inability to service our debt could have a material adverse effect on our business, financial position, results of operations and thus on our ability to fulfill our obligations under the Notes and the Guarantees.

We are subject to restrictive covenants that limit our operating, strategic and financial flexibility.

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

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

• impair the security interests granted for the benefit of the holders of the Notes; and

• create or incur certain liens.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, pursue acquisitions, investments or alliances, restructure our organization or finance our capital needs or such acquisitions.

Our failure to comply with the covenants under the Senior Facilities Agreement or the Indenture, 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 Senior Facilities Agreement and the Indenture will require us to comply with various covenants, including a springing financial covenant in respect of the Revolving Credit Facility requiring us to maintain a specified senior secured net leverage ratio and which is tested when loans under the Revolving Credit Facility (subject to certain exceptions and net of cash and cash equivalents) aggregate 40% of the total commitments under the Revolving Credit Facility as at that testing date (or, if higher, the total commitments under the Revolving Credit Facility as at the date of the Senior Facilities Agreement) on the last day of a financial quarter. See "*Description of Other Indebtedness—Senior Facilities Agreement.*" Our ability to meet this financial ratio could be affected by a deterioration in our operating results, as well as by events beyond our control, including, without limitation, unfavorable economic conditions, and we cannot assure you that we will be able to meet this ratio. Moreover, the Senior Facilities Agreement includes certain events of default (including, among other things, events of default for breaches of representations and warranties and an event of default for our failure to make principal payments when due on certain other debt) that are in addition to the events of default set forth in the Indenture. Subject to a clean-up period lasting until the date falling 180 days after the Acquisition Completion Date or following any other permitted acquisition, if an event of default occurs and is continuing under the Senior Facilities Agreement, the agent under the Senior Facilities Agreement (if directed by the majority lenders thereunder (or majority lenders under the Revolving Credit Facility in the case of a financial covenant default)) could, among other things, terminate any available facilities, cancel any undrawn commitments and declare all amounts borrowed, together with accrued and unpaid interest and any other sums then payable, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand in the event that acceleration occurs under the Senior Facilities Agreement. In these circumstances, our assets and cash flow may not be sufficient to repay in full that debt and our other debt, including the Notes then outstanding, if some or all of these instruments were accelerated, which could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under the Notes in such an event.

We may not be able to generate sufficient cash to service our debt or sustain our operations, including due to factors outside our control, and may be forced to take other actions to satisfy our debt obligations, which may not be successful.

Our ability to make payments on or to refinance the Notes or our other debt obligations, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debt, including the Notes, or to fund our liquidity needs including the repayment at maturity of the then outstanding amount under the Senior Facilities. At the maturity of the Senior Facilities (including the Facility B, which matures one year before the Notes, and the Revolving Credit Facility, which matures 1.5 years before the Notes), the Notes or any other debt that we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

• reduce or delay our business activities, planned acquisitions and capital expenditures;

• sell assets;

- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more-onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance 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 under the Notes. In that event, borrowings under other debt agreement 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 our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding debt on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional debt. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Indenture, restrict our ability to transfer or sell assets. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet our debt service obligations then due. In addition, the terms of our debt, including the Notes, the Indenture and the Senior Facilities, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict out business, financial position and results of operations.

In addition, the terms of our debt, including the Notes, the Indenture and the Senior Facilities, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws. Changes in tax laws could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A portion of our debt bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, primarily under the Senior Facility and the Revolving Credit Facility, which are based on, in respect of the Senior Facility, the Euro Interbank Offered Rate ("EURIBOR") and, in respect of the Revolving Credit Facility, either EURIBOR in respect of utilizations in euro or the London Interbank Offered Rate ("LIBOR") for all other utilizations (in each case, subject to a zero percent per annum floor) and in each case plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Neither our Senior Facilities Agreement nor the Indenture contains a covenant requiring us to hedge all or any portion of our floating rate debt.

Due to restrictions on the deductibility of interest expenses and the forfeiture of interest carry-forwards under applicable law as a result of the Acquisition, we may be unable to fully deduct interest expenses on our financial liabilities and expect to pay higher taxes.

A certain amount of our annual financing expenses (primarily interest payments) is not deductible under existing interest limitation rules, especially the German interest barrier rules (*Zinsschranke*) as further described below. Subject to certain requirements, the German interest barrier rules impose restrictions on the deductibility of interest expenses for German tax purposes. The German interest barrier rules generally provide for a limitation on the deduction of net interest expenses in excess of 30% of tax-adjusted EBITDA. For purposes of the interest barrier rules, all entities that are part of the same fiscal unity (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Any nondeductible amount exceeding the threshold of 30% is carried forward and may be, again subject to the interest barrier rules, deductible in future financial years.

Furthermore, on June 20, 2016, the European Council adopted Directive (EU) 2016/1164, which provides rules against tax avoidance practices that directly affect the functioning of the internal market. The Anti-Tax Avoidance Directive I (ATAD I) contains five legally binding anti-abuse measures, which all member states have been required to apply against common forms of aggressive tax planning since January 1, 2017. Part of the package of measures is the implementation of an interest limitation in line with German rules. The restriction of the deductibility of interest expenses for tax purposes may have adverse consequences for our financial position and results of operations. The European Council has also adopted Directive (EU) 2017/952 (ATAD II) targeted at mismatches which will need to be implemented by December 31, 2019. Further measures may follow as part of the OECD BEPS-Initiative.

Furthermore, we expect that any existing interest carry-forward will be forfeited in full on the Acquisition Completion Date. In addition, certain of our German subsidiaries have considerable tax loss carry-forwards which have partially been capitalized as deferred tax assets in our consolidated financial statements. The use of such existing tax loss carry-forwards and ongoing losses for German corporate income and trade tax purposes is expected to be forfeited in full on the Acquisition Completion Date. As a result, such tax losses cannot be set off against future tax profits, resulting in increased future tax burdens. Such restriction will also require a write-down of the deferred tax assets in our consolidated financial statements and will negatively affect our financial position and results of operations.

The German Federal Constitutional Court, in a decision published May 12, 2017, has held that the German tax loss forfeiture rules, in a version that was effective from January 1, 2008 to December 31, 2015, violate the German Constitution to the extent they stipulate a partial forfeiture of a company's current and carried-forward tax losses upon a transfer of more than 25% but less than 50% of its shares. According to the decision, the German legislator is required to amend the current tax loss forfeiture rules in respect of the aforementioned period and transfers of shares until December 31, 2018, so they are consistent with the German Constitution. Otherwise the rule will be considered as invalid. With regard to 2016 and subsequent years the German Federal Constitutional Court did not deal with the question of constitutional conformity due to the introduction of the new continuity of business rule which could also prevent tax loss forfeiture provisions. The German Federal Constitutional Court has not yet explicitly commented on whether forfeiture upon ownership changes of more than 50% are constitutional or not, but a proceeding is currently pending.

Furthermore, upon the creation of a fiscal unity for German corporate and trade tax purposes, any tax loss carry-forwards and interest carry-forwards for German corporate income and trade tax purposes of a subsidiary, which have been incurred before the creation of the fiscal unity, will be excluded from use for the duration of the fiscal unity.

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

Following the completion of the Acquisition, the Sponsors will indirectly control the Group. See "*Principal Shareholders and Related Party Transactions.*" As a result, the Sponsors will have, directly or indirectly, the power to affect, among other things, 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 other changes to our operations. In addition, the Sponsors will have control over our decisions to enter into any corporate transaction and will have the ability to prevent any transaction that requires the approval of shareholders regardless of whether our management believes that any such transactions are in our own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the Senior Facilities Agreement and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect us. In addition, for compliance with certain restrictive covenants, we will depend upon the cooperation of our principal shareholders who have the power to effect compliance with such covenants. The interests of the Sponsors and their affiliates could conflict with the interests of holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. affiliates of the Sponsors also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, the Sponsors or their affiliates may, in the future, own businesses that directly compete with ours or do business with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Sponsors collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

Risks Relating to the Notes

Your right to receive payment under the Guarantees is contractually subordinated to senior debt of the Guarantors.

The obligations of the Guarantors under their Guarantees will be contractually subordinated in right of payment to the prior payment in full in cash of all existing and future obligations in respect of senior debt of such Guarantor. This senior debt includes the obligations under the Senior Facilities and certain hedging obligations, and may also include certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis). Although the Indenture will contain restrictions on the ability of the Guarantors to incur additional debt, any additional debt incurred may be substantial and senior to the Guarantees.

Upon any payment or distribution to creditors of a Guarantor in respect of an insolvency event, the holders of senior debt of such Guarantor will be entitled to be paid in full from the assets of such Guarantor before any payment may be made pursuant to such Guarantee. Until the senior debt of such Guarantor is paid in full, any distribution to which holders of the Notes would be entitled but for the subordination provisions included in the Intercreditor Agreement shall instead be made to holders of and lenders in relation to senior debt of such Guarantor as their interests may appear. As a result, in the event of the insolvency of a Guarantor, holders of and lenders in relation to the senior debt or beneficiaries of such senior guarantee of such Guarantor may recover more, ratably, than the holders of Notes, in respect of the Guarantor's Guarantee in respect thereof.

In addition, the provisions in the Intercreditor Agreement relating to the Guarantees and the payment obligations of the Issuer provide for, *inter alia*:

- customary turnover provisions by the Trustee and the holders of the Notes for the benefit of the holders of senior debt of such Guarantor;
- that if a payment default on any senior debt of a Guarantor has occurred and is continuing, the Issuer and the Guarantors may not (subject to certain exceptions; see "*Description of Other Indebtedness—Intercreditor Agreement*") make any payment in respect of the Notes, or pursuant to their Guarantees until such default is cured or waived;
- that if any other event of default occurs and is continuing on any designated senior indebtedness and the Trustee receives a notice of such event of default, the Issuer and the Guarantors may not (subject to certain exceptions; see "*Description of Other Indebtedness—Intercreditor Agreement*") make any payment in respect of the Notes, or pursuant to their Guarantees, until (among other things) the earlier of the waiver or cure of such default and 179 days after the date on which the applicable payment blockage notice is received; and
- that the holders of the Notes and the Trustee are prohibited, without the prior consent of the requisite majority of prior ranking creditors, from taking any enforcement action in relation to such Guarantee, except in certain circumstances.

The Indenture will also provide that, except under very limited circumstances, only the Trustee will have standing to bring an enforcement action in respect of the Notes and (without prejudice to the right of any senior creditor of the Guarantors) the Guarantees. Moreover, the Intercreditor Agreement and the Indenture will restrict the rights of holders of the Notes to initiate insolvency proceedings or take legal actions against the Issuer and any of the Guarantors and by accepting any Note each such holder will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse under the Guarantees in the event of a default by the Issuer or a Guarantor.

In addition, the Guarantees will be limited as set forth under "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*," which limitations can be significant. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.*"

The security over the Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) ranks behind the security benefiting certain other senior creditors, and your rights to enforce your security over such Collateral are limited.

The Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) is pledged to the Security Agent for the benefit of, among others, the creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis), as well as for the benefit of holders of the Notes. Under the Intercreditor Agreement and the Security Documents, the liabilities in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis) are secured by first-ranking security interests in all of the Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) and the proceeds of any sale of Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) on enforcement will be applied first to repay all debt owed to the creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis). Consequently, you may not be able to recover on such Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) because the creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis) will have a prior claim on all proceeds realized from any enforcement of such Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer). The Issuer's rights under the Equity Commitment Letter will not be pledged, nor will the Trustee be a third-party beneficiary under the Equity Commitment Letter.

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

The Notes will be secured only to the extent of the value of the Collateral described in this Offering Memorandum. See "Description *of the Notes—Security.*" The Collateral (other than the Escrow Charge and the pledge over the shares in the Issuer) will also secure the liabilities owed to the creditors in respect of the Senior Facilities on a first-ranking basis, and may also secure certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second-lien basis). Although the pledge over the shares in the Issuer secures the Notes and the Guarantees thereof on a first-priority basis and will not secure the Senior Facilities, such pledge may secure additional debt ranking *pari passu* with the Notes, to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. Therefore, in addition to the above, the rights of the holders may be diluted by any increase in the *pari passu* debt secured by the Collateral or a reduction of the Collateral securing the Notes. In addition, pursuant to the Intercreditor Agreement, the proceeds of an enforcement of the Shared Completion Date Collateral that secures the liabilities owed to creditors in respect of the Senior Facilities will also be applied in repayment of any debt or guarantee obligations which are secured on a "Super Senior" basis (to the extent the "Designation Date" (being the date on which BidCo has first designated liabilities as "Super Senior" (under and as defined in the Intercreditor Agreement)) has occurred), followed by (or unless the Designation Date has not occurred) any creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second-lien basis), among others, before repayment of the Notes and Guarantees (and then only in relation to any proceeds from the realization or enforcement of (i) of any security created or expressed to be created in favor of the liabilities under the Notes and the Guarantees and (ii) the Guarantees).

To the extent the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and the Guarantees, those claims will generally rank equally with the claims of the holders of all other existing and future senior unsecured debt ranking *pari passu* with the Notes and the Guarantees. As a result, if the value of the assets pledged as Collateral is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full. In addition, most of our assets will not secure the Notes, and the Indenture will allow the Issuer and its restricted subsidiaries to secure certain types of debt permitted to be incurred under the Indenture (which may be structurally senior to the Notes and the Guarantees) with the property and assets of the restricted subsidiaries that do not secure the Notes. The value of such assets and property could be significant. If an event of default occurs and the obligations under the Notes are accelerated, the Notes and the Guarantees will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured debt of the Issuer and such Guarantors with respect to any property or assets that is excluded from the Collateral securing the Notes or such secured debt. The Issuer's rights under the Equity Commitment Letter will not be pledged, nor will the Trustee be a third-party beneficiary under the Equity Commitment Letter.

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

If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the Collateral granted in favor of holders of the Notes and, other than in respect of the Escrow Charge and the pledge over the shares in the Issuer, only after the creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second lien basis) have been paid in full. In the event of an enforcement of the Collateral in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes, including due to the reasons described in the preceding sentence. No appraisal of the value of the Collateral has been made in connection with this Offering. The value of the assets underlying the Collateral will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, regulatory restrictions that could affect such sale, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located and the availability of buyers.

The Collateral that is pledged for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of such Collateral may not be liquid and its value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. In the event of foreclosure, the grant of permits and licenses necessary to operate our business may be revoked, the transfer of such permits and licenses may be prohibited or such transfer may require us to incur significant cost and expense. Furthermore, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits and licenses. 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. Furthermore, entry into the Security Documents, enforcement of the Collateral and any transfer of our operations may require, in certain jurisdictions, governmental or other regulatory consents, approvals or filings or might otherwise be challenged. Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased. Most of our assets will not secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by the Collateral. With respect to any shares of BidCo pledged to secure the Notes and the Guarantees thereof, such shares may also have limited value in the event of bankruptcy, insolvency or other similar proceedings because all of the obligations of BidCo must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of BidCo may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time. If the proceeds of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Issuer's assets and a subordinated, unsecured claim against the Guarantors' remaining assets.

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

In addition, CDPQ and OTPP, two of our Sponsors, are subject to laws restricting their ability to (i) hold more than 30% of the voting rights with respect to the appointment or removal of directors of a corporation or (ii) own more than 30% of any class of ordinary securities of the Issuer, respectively (together, the "30% Rule"). In order to assure compliance with the 30% Rule, the first-ranking security interest over the shares of the Issuer and the second-ranking security interest over the shares of BidCo, each securing the Notes, may be released to allow a transfer of the relevant number of shares of each of the Issuer and BidCo to a designee (a "30% Rule Designee") of CDPQ or OTPP, as applicable, provided such shares are pledged by such 30% Rule Designee in favor of the Notes. Similarly, in case of issuance of new shares of the Issuer or BidCo to a 30% Rule Designee, such 30% Rule Designee will be required to pledge such shares in favor of the Notes. In case the 30% Rule is triggered, and certain shares of the Issuer and/or BidCo are transferred or issued to, and pledged by, a 30% Rule Designee, the Security Agent will be required, in the case of an enforcement of the Collateral in respect of the Notes, to enforce such pledges separately from the pledges provided by German HoldCo over the shares of the Issuer and by the Issuer over the shares of BidCo, in order to obtain control of 100% of the share capital of the Issuer or BidCo, as applicable. Enforcement of multiple security interests over the shares of the Issuer and BidCo could result in a delay in the enforcement of such Collateral, increase costs related thereto and hinder the ability of the holders of the Notes to derive full benefit from the applicable Collateral.

Further, the enforcement of the Collateral will be limited as set forth under "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations*," which limitations can be significant. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.*"

The Notes are effectively subordinated to any secured debt incurred by BidCo and its subsidiaries.

The Notes will be effectively subordinated to any of our present and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including indebtedness owed to the creditors in respect of the Senior Facilities, certain hedging obligations and certain future indebtedness or guarantee obligations (including debt or guarantee obligations incurred on a second-lien basis). In the event of our bankruptcy, liquidation, reorganization or other winding-up, our assets that secure debt ranking senior or equal in right of payment to the Notes will be available to pay obligations on the Notes only after the secured debt has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the Notes then outstanding. The Indenture will not prohibit us from incurring additional secured debt, nor will it prohibit any of our subsidiaries from incurring additional liabilities.

Certain Collateral will not initially secure the Notes, and certain Guarantors will not initially guarantee the Notes.

As at the Issue Date, the Notes will not initially be secured by all of the Collateral. As further described in "*Description of the Notes—Security,*" on the Issue Date, the Notes will be secured by a first-ranking charge over the Escrow Account. Upon the definitive release of the Escrowed Property, the first-priority security interests over the Escrowed Property will be released. On the Acquisition Completion Date, the Notes and the Issue Date Guarantee will be secured on (i) a first-priority basis by security interests over the shares in the Issuer and (ii) on a second-priority basis by the Shared Completion Date Collateral. On the Issue Date, the Notes will only be guaranteed on a senior subordinated basis by BidCo. The Post-Completion Date Guarantors will guarantee the Notes on a senior subordinated basis only after the Acquisition Completion Date has occurred and will not be required to guarantee the Notes prior to the date falling 90 days after the Acquisition Completion Date.

All Post-Completion Date Guarantors are organized in Germany. For the year ended March 31, 2018, the Post-Completion Date Guarantors accounted for 83.6% of our EBITDA (excluding intercompany transactions), 72.2% of our total revenue (excluding intercompany revenue) and 83.4% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions). The Issuer will be under no obligation to add future Guarantors in jurisdictions other than Germany or (only if any such entity individually exceeds 10% of our EBITDA) France, Italy and Austria. As a result, if we were to expand the share of our business outside Germany, France, Italy and Austria over time, the Guarantor coverage benefitting the Notes would be reduced relative to the value of the entire Group. In addition, the obligation to provide Guarantees and grant security is subject to certain limitations and Agreed Security Principles as well as local law considerations, which may also affect the scope, validity and enforceability of the Guarantees and security provided. See "*Description of the Notes—Security*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

The granting of the Guarantees and security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions.

The granting of the Guarantees and security interests to secure the Notes may create hardening or voidance periods for such Guarantees and security interests in certain jurisdictions. The granting of shared security interests to secure future permitted debt may restart or reopen such hardening or voidance periods in particular, because the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future debt. The applicable hardening or voidance period for these new security interests can run from the moment each new security interest has been granted or perfected. At each such time, if the security interest granted or recreated were to be enforced before the end of the respective hardening or voidance period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

The same rights also apply following the issuance of the Notes in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes, as applicable.

Except with respect to the Escrow Charge, the security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

The security interests that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees thereof will not be granted directly to the holders of the Notes but to the Security Agent (other than the Escrow Charge, which will be granted to the Trustee), and thus the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the relevant Security Documents except through the Security Agent as provided in the Intercreditor Agreement. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in a security document will be validly secured. In Germany, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent ("Parallel Debt") mirroring the obligations of the Issuer and the Guarantors owed to holders of the Notes under or in connection with the Indenture ("Principal Obligations"). All or part of the pledges and other security interests in Germany will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of the insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under German law and to the extent that the security interests in the Collateral created under the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

Holders of the Notes may not control certain decisions regarding the Collateral held by the Security Agent.

The Intercreditor Agreement provides that the Security Agent will act only as provided for in the Intercreditor Agreement. The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the Instructing Group. For the purposes of enforcement, "Instructing Group" means, in the context of our capital structure upon the consummation of the Transactions, more than 50% by value of the total senior secured credit participations under the Senior Facilities, certain hedge counterparties at that time, and any other additional *pari passu* indebtedness that may be secured on such Collateral (the "Majority Senior Secured Creditors"). The Majority Senior Secured Creditors may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so. The constitution of the "Instructing Group" for these purposes may change if our capital structure changes. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

Rights in the Collateral may be adversely affected by the failure to 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 or the grantor of the security, as applicable. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we fail or are unable to take the actions necessary to perfect any of these liens. Under German law, the creation of a valid security interest under a German law governed pledge agreement in relation to certain assets may be subject to the delivery of a notice of pledge by the security agent or the security provider to a third party. Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or action to perfect, or ensure the perfection of, security interests in the Notes.

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

Under a variety of circumstances, the Collateral securing the Notes will be released automatically, including a sale, transfer or other disposal of such Collateral in a transaction that does not violate the asset sale covenant of the Indenture, in connection with an enforcement sale permitted under the Intercreditor Agreement and with respect to the Escrow Charge, in connection with the completion of the Acquisition and release of the Escrowed Property. The Indenture will also permit us to designate one or more restricted subsidiaries that are Guarantors as unrestricted subsidiaries. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all the liens on the Collateral owned by such subsidiary and any guarantees of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary as such will reduce the aggregate value of the Collateral securing the Notes to the extent of liens securing the shares of such unrestricted subsidiary or of its subsidiaries.

Furthermore, under German law a secured party is, upon request by the relevant security grantor, obligated to release security if the realizable value of the security is significantly higher than the value of the obligations secured by such security.

Finally, if the secured obligations are exchanged, novated or terminated, a pledge or other accessory security interest created pursuant to a Security Document governed by German law might be released as a matter of German law.

The insolvency laws of Germany may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

On and after the Issue Date or the Acquisition Completion Date, as applicable, our obligations under the Notes will be guaranteed by the relevant Guarantors and secured by security interests over the Collateral. The Issuer and the Guarantors are organized under the laws of Germany. There is a rebuttable presumption that the "centre of main interests" as defined in the Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast) is the jurisdiction where the registered office is situated. In addition, the Collateral will include a first-ranking pledge over the shares in the Issuer and second-ranking pledges over the shares in BidCo.

In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in Germany. Your rights under the Notes, the Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of Germany. The insolvency, administration and other laws of Germany may be materially different from, or conflict with, the laws of the United States, including in the areas at rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest, the duration of proceeding and preference periods.

Although laws differ by jurisdiction, in general applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of a Guarantee against a Guarantor and the enforceability of the security interests. In certain circumstances the court may also void the security interests in the Collateral or the Guarantee if the company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Guarantees and the security interests, and intercompany obligations generally, as preferences, transactions at an undervalue, invalid charges, fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- void or invalidate all or a portion of a Guarantor's obligations under its Guarantee or the security interests provided by such security provider;
- direct that the Issuer and the holders of the Notes return any amounts paid under a Guarantee or any security interest to the relevant Guarantor or security provider or to a fund for the benefit of the Guarantor's or security provider's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes and any Guarantee or security interest in the Collateral is found to be a preference, transaction at an undervalue, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor or security provider under its Guarantee or the security interests will be limited to the amount that will result in such Guarantee or security interest not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from the Guarantors and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Guarantee or security interest may be set aside, in which case the entire liability may be extinguished. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.*"

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Guarantees were issued or the security interests created, the Guarantor or security provider:

- issued such Guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such Guarantee or created such security interest in a situation where a prudent business person as a shareholder of such Guarantor or security provider would have contributed equity to such Guarantor or security provider or where the relevant beneficiary of the Guarantee or security interest in the Collateral knew or should have known that the Guarantor or security provider was insolvent or a filing for insolvency had been made; or
- received less than reasonably equivalent value for incurring the debt represented by the Guarantee or security interest on the basis that the Guarantee or security interests were incurred for our benefit, and only indirectly the Guarantor's or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the Guarantee or the creation of the security interest, or subsequently became insolvent for other reasons; (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's or security provider's assets were unreasonably small; or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor or security provider generally may, in different jurisdictions, be considered insolvent at the time it issued a Guarantee or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that both the Issuer and the Target Group are solvent, and will be so after giving effect to the Transactions, there can be no assurance as to which standard a court would apply in determining whether a Guarantor or security provider was "insolvent" as at the date the Guarantees were issued or the security interests were created or that, regardless of the method of valuation, a court would not determine that a Guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or security provider was insolvent on the date its Guarantee was issued or the security interests were created, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

For an overview of certain insolvency laws and enforceability issues as they relate to the Guarantees and security interests in the Collateral, see "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.

The Guarantors are organized under the laws of Germany. Enforcement of the obligations under a Guarantee against, and/or any Collateral provided by (as applicable) any such Guarantor will be subject to certain defenses available to the Issuer or the relevant Guarantor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally, particularly by limiting the amounts recoverable under the Guarantees and Collateral (as applicable) and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by a particular Guarantor or security provider under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee or Collateral is not in the relevant Guarantor's or security provider's corporate interests, or the burden of such Guarantee or Collateral exceeds the benefit to the relevant Guarantor or security provider, or such Guarantee or Collateral would be in breach of capital maintenance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such subsidiary Guarantor or security provider to contravene their fiduciary duties and incur civil or criminal liability.

Guarantees and/or security interests granted by a German limited liability company (*Gesellschaft mit beschränkter Haftung*) ("GmbH") or a partnership with a GmbH as liable partner (i.e., a GmbH & Co. KG) for the purpose of guaranteeing or securing liabilities of its direct or indirect shareholders or a subsidiary of such shareholders (excluding direct or indirect subsidiaries of such GmbH or GmbH & Co. KG) are considered to constitute a benefit for such shareholder and therefore are subject to certain capital maintenance and liquidity maintenance rules. Therefore, any Guarantees and/or Collateral provided by a GmbH, including by the Issuer and BidCo, will be subject to certain contractual limitations ("limitation language") contained in the Indenture (or any other document under which any Guarantee is granted) and Security Documents, respectively, designed to ensure compliance with applicable capital maintenance, liquidity maintenance or any other general statutory laws.

Similarly, any guarantee and/or security interest granted by a GmbH may be held invalid pursuant to Section 138 of the German Civil Code (*Bürgerliches Gesetzbuch*) ("BGB") and would therefore not be enforceable if, at the time of the creation or enforcement of any such guarantee and/or security interest, among other things, the third-party creditor and the affiliate have committed a fraudulent conveyance (*kollusives Zusammenwirken*) to the detriment of the GmbH or other third-party creditors of the GmbH. These principles apply mutatis mutandis to a GmbH & Co. KG.

As a result, the Issuer's, any Guarantor's or German HoldCo's liability under its Guarantee or Collateral (as applicable) could be materially reduced or eliminated, depending upon the law and contractual enforcement restrictions applicable to it. This could lead to a situation in which such Guarantee or Collateral cannot be enforced at all. It is possible that a Guarantor or security provider, or any of their creditors, or the bankruptcy trustee or other insolvency office holder in the case of a bankruptcy or insolvency of a

Guarantor or security provider, may contest the validity and enforceability of the Guarantor's Guarantee or the German HoldCo's Collateral on any of the above grounds and that the applicable court may determine that the Guarantee or Collateral should be limited or voided. To the extent that any limitations on the relevant Guarantees or Collateral apply, the Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor or security provider, including trade payables of such Guarantor or security provider. Future Guarantees and Collateral may be subject to similar limitations. See "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Considerations.*"

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

Because the Notes and the Guarantees have not been, and will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs (as defined herein) in accordance with Rule 144A, outside the United States in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions.*"

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

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the global Notes will trade in book-entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined herein), will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the 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 Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

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

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will 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 of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment-grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Notes after completing the Offering. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

The Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred stockholders (if any), of our non-Guarantor subsidiaries.

Generally, claims of creditors, including depositors, trade creditors and preferred stockholders (if any) of non-Guarantor subsidiaries of the Issuer, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer and the Guarantors. Accordingly, in the event that any non-Guarantor subsidiary of the Issuer becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and the Guarantees will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of the non-Guarantor subsidiaries of the Issuer. For the year ended March 31, 2018, our subsidiaries that will not guarantee the Notes accounted for 16.4% of the EBITDA (excluding intercompany transactions), 27.8% of the total revenue (excluding intercompany revenue) and 16.6% of the assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) of the Target Group. As at March 31, 2018, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Notes had no outstanding debt, when excluding the Existing Senior Facilities (which we expect to repay as part of the Refinancing) and intercompany loans. This amount would have ranked structurally senior to the Notes and the Guarantees.

In addition, the Indenture will, subject to certain limitations, permit these non-Guarantor subsidiaries to incur substantial additional indebtedness without such incurrence constituting a default under the Indenture, and such indebtedness may also be secured. The Indenture will not contain any limitation on the amount of other liabilities, such as deposits and trade payables, that may be incurred by these subsidiaries.

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

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

Additionally, there is uncertainty as to whether the courts of foreign jurisdictions would enforce (i) judgments of U.S. courts obtained against the Issuer, the Guarantors and the directors and executive officers who are not residents of the United States predicated upon the civil liability provisions of U.S. federal and state securities laws or (ii) in original actions brought in such foreign jurisdictions against us or such persons predicated upon U.S. federal and state securities laws.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters, with Germany. For further information, see "*Service of Process and Enforcement of Civil Liabilities.*"

The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender.

If a change of control triggering event (as defined in the Indenture) occurs, the Issuer will be required to make an offer to purchase all the outstanding Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase. In such a situation, the Issuer may not have enough funds to pay for all of the Notes that are tendered under any such offer. If a significant principal amount of Notes is tendered, the Issuer will likely have to obtain financing to pay for the tendered Notes. However, the Issuer may not be able to obtain such financing on acceptable terms, if at all. A change of control may also result in a mandatory prepayment under the Senior Facilities Agreement and agreements governing any future indebtedness, and may result in the acceleration of such indebtedness. Any failure by the Issuer to offer to purchase the Notes upon a change of control would constitute a default under the Indenture, which would, in turn, constitute a default under the Senior Facilities Agreement.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions 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.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereof, a certain consolidated net leverage ratio of the Issuer and its restricted subsidiaries is met. For a complete description of events that would constitute a change of control under the Notes, see "*Description of the Notes—Change of Control*."

In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes. See "*Description of the Notes—Optional Redemption.*"

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

In the event that the Notes are redeemed early in accordance with "*Description of the Notes—Optional Redemption*" and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes.

The term "all or substantially all" in the context of a change of control has no clearly established meaning under relevant law and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

Upon the occurrence of a transaction that constitutes a change of control triggering event under the Indenture, the Issuer will be required to make an offer to repurchase all outstanding Notes tendered. The definition of "change of control" in the Indenture will include (with certain exceptions) 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," it has no clearly established meaning under relevant law, varies according to the facts and circumstances of the subject transaction, and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, and therefore it may be unclear whether a change of control triggering event has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The financial information presented in this Offering Memorandum does not cover the Issuer or BidCo.

We have not included any financial statements of the Issuer or BidCo either on a stand-alone basis or consolidated with its subsidiaries in this Offering Memorandum. Although the Issuer and BidCo do not engage in any activities other than those relating to holding the shares of their subsidiaries, these entities may have external liabilities that are not subordinated to the Notes and have experienced losses in the past and may do so in the future. The limited information that we have provided regarding these external liabilities and losses on an unconsolidated basis is not based on IFRS accounts in all cases and thus may not be comparable to, and could differ significantly from, such information prepared on the basis of IFRS. Since the financial information of the Target that is presented in this Offering Memorandum does not include the results of the Issuer or BidCo, such financial information may be of limited use in assessing the financial position of the Issuer.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above 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, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants and events of default will be suspended if we receive investment-grade ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes issued under the Indenture receive an investment-grade rating of Baa3 or better by Moody's, and BBB- or better by S&P or Fitch, and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as the Notes are no longer rated investment grade by either ratings agency, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment-grade rating or that any such rating if achieved will be maintained.

The Notes may not become or remain listed on the Exchange.

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will become or remain listed. If the Issuer cannot maintain the listing on the Exchange and the admission to dealing on the Official List thereof, or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Exchange. Listing of any of the Notes on the Exchange does not imply that a public offering of any of the Notes in the Channel Islands has been authorized. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange may have an adverse effect on a holder's ability to resell Notes in the secondary market.

You may face foreign currency exchange risks or other tax consequences as a result of investing in the Notes.

The Notes will be denominated and payable in euro. If you are a U.S. investor, 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 U.S. dollar because of economic, political and other factors over which we have no control. Depreciation of the euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you on a U.S. dollar basis. Investing in the Notes by U.S. investors may have other significant tax consequences. See "*Tax Considerations—Certain United States Federal Income Tax Considerations.*"

USE OF PROCEEDS

We estimate that the gross proceeds from the sale of the Notes will be €465.0 million. Pending the consummation of the Acquisition, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account for the benefit of the holders of the Notes. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." Upon satisfaction of the conditions to the release of the proceeds of the Offering from the Escrow Account, the gross proceeds of the Offering will be used, together with the proceeds of the Senior Facility and the Equity Contribution, to fund the consideration payable for the Acquisition, repay the Existing Senior Facilities and pay the estimated fees and expenses incurred in connection with the Transactions. See "*Summary—The Transactions*."

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below, assuming that the Transactions complete on July 31, 2018. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, differences from our estimates of fees and expenses associated with the Transactions and fees and expenses actually incurred, the actual Acquisition Completion Date and the actual date of repayment of the Existing Senior Facilities. Any changes in these amounts may affect the amount of the Equity Contribution.

Sources of funds	**Amount**	**Uses of funds**	**Amount**
	(€ million)		**(€ million)**
Borrowings under the Senior Facility	2,340.0	Consideration payable for the Acquisition(2)	3,150.0
Proceeds from the Notes offered hereby	465.0	Repayment of Existing Senior Facilities(3)	1,440.0
Equity Contribution(1)	1,870.0	Estimated transaction fees and expenses(4)	85.0
Total Sources	**4,675.0**	**Total Uses**	**4,675.0**

(1) Represents the cash investment in the Issuer expected to be made indirectly by the Sponsors.

(2) Represents the total cash purchase price for the Target's equity payable under the Acquisition Agreement. The purchase price may differ if the Acquisition Completion Date occurs after July 31, 2018.

(3) Represents the repayment of €1,440.0 million in aggregate principal amount outstanding under the Existing Senior Facilities (excluding accrued interest and break costs). The amount of interest and costs we will be required to pay will vary based on the actual Acquisition Completion Date. On June 7, 2018, we submitted an irrevocable payment notice pursuant to which €160.0 million in aggregate principal amount of the Existing Senior Facility was repaid on June 29, 2018 using cash on hand. Following such repayment, €1,440.0 million in aggregate principal amount remains outstanding under the Existing Senior Facilities as at the date of this Offering Memorandum, all of which is expected to be refinanced in full as part of the Refinancing, except that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility.

(4) Includes estimated expenses incurred in connection with the Transactions, including original issue discounts, commissions and commitment, placement, advisory and other fees related to the Notes and the Senior Facilities. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as at the completion of the various transactions referred to in the table above, as well as the actual date on which the Acquisition Completion Date occurs.

CAPITALIZATION

The following table sets forth, in each case, as at March 31, 2018, the cash and cash equivalents and consolidated capitalization of (i) the Target and its subsidiaries on a historical consolidated basis and (ii) the Issuer, as adjusted to give effect to the Transactions, including the Offering and the application of the proceeds therefrom, as if these transactions had occurred on March 31, 2018. The adjustments are based on available information and contain assumptions made by our management.

The table below should be read in conjunction with "*Selected Historical Consolidated Financial Information*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Other Indebtedness*," "*Description of the Notes*," and the financial statements and the related notes included elsewhere in this Offering Memorandum.

	As at March 31, 2018		
	Target Actual	**Adjustments**	**Issuer as Adjusted for the Transactions**
		(€ million)	
Cash and cash equivalents	**252.1**	**—(1)(2)**	**40.0(1)(2)**
Financial debt:(3)			
Existing Senior Facilities(4)	1,600.0	(1,600.0)	—
Revolving Credit Facility(5)	—	—	—
Senior Facility(6)	—	2,340.0	2,340.0
Lease liabilities	66.7	—	66.7
Notes offered hereby(7)	—	465.0	465.0
Total senior debt, excluding shareholder debt	**1,666.7**	**1,205.0**	**2,871.7**
Shareholders' equity(8)	267.5	1,602.5	1,870.0
Total capitalization	**1,934.2**	**2,807.5**	**4,741.7**

(1) The as adjusted amount represents the expected cash position as at July 31, 2018, assuming that the Transactions complete on that date. Cash and cash equivalents on the Acquisition Completion Date may be different from the amounts presented due to, among other reasons, interim trading and the actual Acquisition Completion Date. Cash and cash equivalents of the Target as at May 31, 2018 was €230.2 million.

(2) The as adjusted amount reflects the partial repayment of the Existing Senior Facilities in the aggregate principal amount of €160.0 million and the repayment of shareholder loans in the aggregate principal amount of €53.6 million. See "*Principal Shareholders and Related Party Transactions—Shareholder Loan Repayment*."

(3) Amounts are not reduced by the amount of capitalized debt issuance costs.

(4) As at March 31, 2018, we had €1,600.0 million in principal amount outstanding under the Existing Senior Facilities (with a carrying value under IFRS of €1,588.0 million, excluding €11.7 million of accrued interest and including €12.0 million of transactions costs). €160.0 million in principal amount outstanding under the Existing Senior Facility was repaid on June 29, 2018 using cash on hand. Following such repayment, €1,440.0 million in aggregate principal amount remains outstanding under the Existing Senior Facilities as at the date of this Offering Memorandum, all of which is expected to be refinanced in full as part of the Refinancing, except that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility.

(5) The Revolving Credit Facility will provide for aggregate borrowings of up to €275.0 million. We expect that no cash drawings will be outstanding under the Revolving Credit Facility on the Acquisition Completion Date and that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility.

(6) The Senior Facility will be drawn in full on the Acquisition Completion Date in an aggregate principal amount of €2,340.0 million in connection with the Transactions. The proceeds from the Senior Facility will be used as set forth under "*Use of Proceeds*."

(7) Represents the aggregate principal amount of Notes offered by the Issuer.

(8) As adjusted amount represents the cash investment in the Issuer expected to be made indirectly by the Sponsors, assuming that the Transactions complete on July 31, 2018. See "*Use of Proceeds*."

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial and other information of the Target. The historical selected consolidated financial information of the Target set forth below as at and for the financial years ended March 31, 2016, 2017 and 2018 has been derived from the audited consolidated financial statements of the Target as at and for the financial years ended March 31, 2016, 2017 and 2018, respectively. Such consolidated financial statements have been prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum.

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information—Presentation of Financial Information," "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements including the notes thereto included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Summary Consolidated Statement of Profit or Loss

	Financial year ended March 31,		
	2016	**2017**	**2018[1]**
		Audited	
		(€ million)	
Revenue	744.5	782.7	766.5
Capitalized internal work	11.0	9.6	15.1
Other income	2.8	7.3	8.5
Product expenses and purchased services	(215.6)	(198.1)	(159.5)
Personnel expenses	(207.2)	(215.4)	(193.8)
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets[2]	(205.7)	(122.3)	(152.1)
Other expenses	(100.3)	(102.2)	(75.4)
Earnings before interest and tax (EBIT)[3]	**29.4**	**161.5**	**209.2**
Share of profit/(loss) of investments accounted for using the equity method	(7.5)	0.9	0.4
Financial income	23.1	25.5	20.1
Finance costs	(146.4)	(122.3)	(124.2)
Profit/(loss) before tax	**(101.4)**	**65.7**	**105.6**
Income taxes	9.9	(39.9)	(35.8)
Net profit/(loss)	**(91.4)**	**25.9**	**69.8**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) Includes impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets amounting to €96.0 million in the 2016 financial year, €7.3 million in the 2017 financial year and €7.8 million in the 2018 financial year.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Summary Consolidated Statement of Financial Position

	As at March 31,		
	2016	2017	2018(1)
		Audited	
		(€ million)	
Cash and cash equivalents	182.1	165.4	252.1
Total current assets	485.9	487.4	573.2
Total non-current assets	1,825.4	1,836.5	1,875.4
Total assets	**2,311.3**	**2,323.9**	**2,448.6**
Total current liabilities	312.6	298.4	253.4
thereof:			
Financial liabilities (current)(2)	31.9	32.3	12.1
Other financial liabilities (current)	59.6	40.6	18.8
Total non-current liabilities	1,669.5	1,765.7	1,927.7
thereof:			
Financial liabilities (non-current)(3)	1,272.8	1,336.5	1,588.0
Other financial liabilities (non-current)	2.3	2.3	1.8
Total equity	**329.2**	**259.8**	**267.5**
Total liabilities and equity	**2,311.3**	**2,323.9**	**2,448.6**

(1) As at March 31, 2018, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied as at March 31, 2016 and March 31, 2017. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) For comparative purposes, financial liabilities (current) excludes financial leases in an amount of €1.8 million for the 2016 financial year and €2.2 million for the 2017 financial year.

(3) For comparative purposes, financial liabilities (non-current) excludes financial leases in an amount of €4.9 million for the 2016 financial year and €3.2 million for the 2017 financial year.

Summary Consolidated Statement of Cash Flow

	Financial year ended March 31,		
	2016	**2017**	**2018[1]**
		Audited	
		(€ million)	
Net cash generated by operating activities	233.3	249.2	328.0
Cash flows used in investing activities	(122.7)	(160.9)	(98.8)
Free cash flow[2]	110.6	88.3	229.2
Net cash used in financing activities	**(84.7)**	**(137.0)**	**(148.2)**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

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

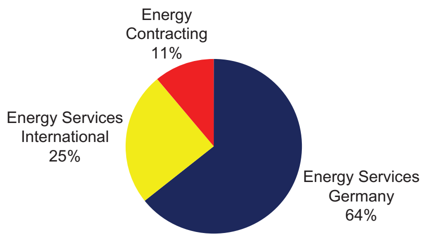
The following is a discussion and analysis of our financial condition and results of operations for the financial years ended March 31, 2016, 2017 and 2018. The following should be read in conjunction with the information set forth under "Presentation of Financial and Other Information," "Summary—Summary Consolidated Financial and Other Information" and the consolidated financial statements of the Target and the notes thereto included elsewhere in this Offering Memorandum.

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

Overview

We are a leading global energy management and services provider to the residential and commercial real estate sector, focusing on cost allocation services that ultimately enable our customers (landlords and property managers) as well as tenants to reduce and optimize energy (heat) and water resource consumption. We operate in 21 countries, including Germany. We believe we are a leading company in the cost allocation market in Germany with a market share of just under 30% based on revenue for the 2017 financial year (excluding revenue for smoke detectors, water testing and issuance of energy certificates). Leveraging our scale, expertise and large database of energy consumption information, we provide additional energy efficiency solutions and supplementary products and services such as *Smart Thermostats*, integrated energy efficiency services, smoke detection and water testing through our technologically advanced platform. Our infrastructure-like business, which is built on long-term contractual relationships with many of our customers, is organized in two business segments: "Energy Services" and "Energy Contracting." The Energy Services segment is further split into "Energy Services Germany" and "Energy Services International." Our business model combines our primary business, cost allocation, with various energy efficiency solutions and supplementary products and services that target the energy services sector in particular. For the 2018 financial year, we generated revenue of €766.5 million. In addition, for the 2018 financial year, we generated free cash flow of €229.2 million and Run-Rate Adjusted EBITDA of €394.1 million, representing a free cash flow conversion ratio of 58.1%.

Revenue Split by Segment and Geography for the 2018 Financial Year:



Energy Services

Within the Energy Services business segment, we offer cost allocation services, additional energy efficiency solutions and supplementary products and services. The demand for such services is primarily driven by increased regulatory requirements to adhere to energy efficiency practices and the global decarbonization trend. Our business is further supported by consumer preferences for more-efficient, less-intrusive and more-accurate energy consumption reporting and billing.

- *Cost allocation services*: Cost allocation services include the measuring of heating and water consumption in individual units within multi-unit residential or commercial buildings and billing services. These measurements are the basis for the subsequent cost allocation services, energy efficiency solutions and supplementary products and services that we offer. The foundation of our cost allocation services are the sub-metering services we offer to our customers, typically landlords and property managers, in 21 countries, including our core market, Germany. Globally, we provide sub-metering services for approximately 11.2 million units by means of approximately 51.4 million installed devices (57.6 million including smoke detectors), of which approximately 31.1 million installed devices are in Germany (37.2 million including smoke detectors). In the 2018 financial year, 85% of the cost allocation devices we installed in Germany were rented and 15% were sold. In Germany, the average duration of our new rental contracts in the Energy Services business is approximately nine years.

- *Additional energy efficiency solutions*: Using the consumption data collected through our cost allocation services, we offer energy and water usage monitoring services that allow our customers to review, reduce and optimize the energy and water consumption of their buildings and related costs. We have recently expanded our product portfolio to include new products such as *Smart Thermostats* and *Hydraulic Balancing* and we are developing a next generation heat cost allocator device combining cost allocation functionality with a smart thermostat which is connected to our cost allocation services infrastructure through a branded mobile application.

- *Supplementary products and services*: We provide supplementary products and services that include the installation, testing, maintenance and replacement of smoke detectors, which are required by law in many German federal states, and the performance of legionella analysis of drinking water, which also is required by law in Germany. Recently, we successfully piloted the provision of water quality solutions to our customers, which includes the installation and maintenance of building water filtration, softener and dosing systems.

For the 2018 financial year, our Energy Services business segment generated revenues of €681.6 million. Germany generated 72.3% of these revenues, with the remainder generated by our operations outside Germany.

Energy Contracting

We established our Energy Contracting business segment in 1992, building on our expertise in managing energy consumption and the market and customer data gained through our cost allocation services. Within the Energy Contracting segment, we offer system contracting and energy consulting services. Although the energy contracting market is more fragmented than the cost allocation market, we believe the close integration between our Energy Services and our Energy Contracting businesses places us well to leverage our position in both segments to benefit from cross-selling opportunities, as well as provide our customers with integrated services and solutions across both business lines.

- *System contracting*: The system contracting solutions we offer in our Energy Contracting segment mainly include the planning, financing, construction and operation of heat stations, boilers, cooling equipment and CHP-units. These projects are generally customer-specific and tailored to the individual customer's needs.

- *Energy consulting*: Energy consulting comprises assisting landlords, property managers and other customers in their energy management with offerings including energy monitoring solutions and services to enhance cost and energy efficiency in our customer's buildings.

For the 2018 financial year, our Energy Contracting business segment generated revenues of €84.9 million.

Key Factors Affecting Our Results of Operations and Financial Condition

Factors affecting our results of operations include the following:

Demand and prices for our devices and services. The volume of revenue we generate generally depends, among other factors, on the demand for our devices and services, as well as our prices for those devices and services.

In Germany, we benefit from long-term and established customer relationships. The duration of our typical customer contract in Energy Services varies among the types of business, equipment used and customer segment. For example, for rental services, our contracts for heat cost allocators and smoke detectors have a typical duration of between five and ten years, while contracts for water and heat meters generally have a duration of between five to six years. The duration of our typical customer contract in Energy Contracting is between ten and 15 years.

Since our customers are primarily landlords and property managers of multi-unit residential and commercial buildings, the revenue we generate also depends on the total number of such buildings in a relevant market, the number that are equipped or can be equipped with devices, the average number of devices per building and the number of related services we provide. For example, demand for our devices decreases as a result of the demolition of apartment buildings, which primarily occurs in the former Eastern German federal states.

In mature international markets such as Belgium, the Netherlands and Denmark, where cost allocation penetration is similar to the German market, demand is typically determined by drivers similar to those in Germany. In other international markets where cost allocation penetration is lower and the industry is less established, the most important driver of demand is the number of buildings that can be equipped with devices. For example, in markets with a lower number of multi-unit residential buildings or where central heating systems are less prevalent, the addressable market for our services may be comparably smaller.

Service prices are reviewed and in general adjusted on a yearly basis primarily following the movement of consumer prices and the cost of labor. The rental and sales prices we charge for our devices depend on the technology utilized in the device. For example, we charge higher prices for radio-enabled devices than for mechanical or electronic devices. There has been a shift from mechanical (evaporator) and simple electronic devices to more sophisticated and efficient radio-enabled devices due to technological advancements, demand from tenants for a more efficient, less intrusive and more accurate meter reading process, and regulation in Germany. Outside Germany, our service prices are also typically increased in line with consumer prices.

Social, political and regulatory developments. In certain countries in Europe there is increased public awareness of the need for and political intention to implement energy-saving measures and CO_2 reduction measures, both in business as well as in private life. Higher prices for energy and water encourage consumers to reduce energy and water consumption and to stay informed of energy costs related to their housing. High energy prices incentivize consumers to demand cost allocation metering services and to pay only for their own energy consumption.

These social developments are supported by favorable regulatory developments. In Germany, several regulations have supported the development of cost allocation. For instance, pursuant to the Heating Cost Ordinance, passed in 1981, the owner of a multi-unit residential or commercial building with a central heating source or commercially supplied heat or hot water is required to measure and bill heating and hot water based on individual consumption by the end-user. In addition, the building codes (*Landesbauordnungen*) of most German federal states also provide for an obligation to measure the consumption of cold water in residential units, at least with respect to new buildings. We believe that globally there is increased legislation aimed at saving energy. Under the Paris Agreement, the EU and its Member States are committed to a 40% target reduction in CO_2 emissions throughout the EU by 2030 (compared to 1990). In addition to the legislation and regulations already in place in certain European countries, the EU Parliament adopted and published the EED in 2012, which imposes an obligation to provide end-users with individual sub-meters that accurately measure and report their energy consumption, provide actual consumption information at least quarterly and ensure that billing is accurate and based on actual consumption. While EU Member States have implemented the EED (especially the sub-metering requirements) at different times and not all have complied with the official transposition date (June 5, 2014), certain key aspects have been reflected in recent legislation, or are expected to be reflected in legislation in the near future, in some of the key countries we operate in. For example, in Italy, the sub-metering of certain buildings became mandatory on June 30, 2017 and in France, it became mandatory on January 1, 2018. On November 30, 2016, the European Commission proposed an update to the EED, including a new 30% energy efficiency target for 2030, and measures to update the EED to make sure the new target is met. This proposal is currently under discussion. We expect that the directive and the proposed revisions, if fully implemented, will have a favorable impact on our cost allocation business in less- or non-penetrated countries within the EU.

The regulatory environment also affects our Energy Contracting business. For example, Germany provides certain tax incentives for energy contracting companies that are also manufacturing companies and the EU is actively encouraging energy contracting solutions for conserving energy. We focus our attention on our core Energy Contracting product, System Contracting.

Furthermore, the Federal Council of Germany recently adopted an amendment of the German Civil Code concerning the law of tenancy (*Mietrechtsänderungsgesetz*), pursuant to which as at July 1, 2013, landlords can transition more easily from the self-supply of heating and warm water to the supply from energy service providers such as Techem, although strict conditions must be met (for example, cost neutrality for the tenant and improved energy efficiency). We have adjusted our System Contracting product range to this new legislation. New legislation affecting our business continues to be enacted. For further details, see "*Regulation*."

Innovation. Product and service innovation is an important factor in the business environment in which we operate. For example, we were the first to introduce radio-enabled technologies to the market on a large scale. Since bringing radio-enabled technologies to the market and building them into devices, we have seen growing demand for such radio-enabled devices and we have been able to increase our margins through the use of these devices because the purchase and rental prices are higher, while the costs for reading them are lower compared to evaporators or simple electronic devices. Additionally, we are able to offer our energy efficiency solutions to customers using such devices. We believe that, with the range and quality of our products and services, we are highly competitive in the market. For example, we initiated and expanded our "bautec-system," which enables our customers to fully integrate our billing services and invoices into their individual enterprise resource planning ("ERP") systems. Furthermore, through our energy saving system *adapterm*, and our *Techem Smart System* and *Hydraulic Balancing* service*,* we offer our customers the opportunity to optimize energy usage and reduce energy costs. In 2017, we worked with an industry hardware partner to add *Smart Thermostats* to our product offering. To further the development of our integrated heat optimization and cost allocation services, we are also developing a next generation heat cost allocator device combining cost allocation functionality in a *Smart Thermostat* which is connected to our cost allocation services infrastructure through a branded mobile application. Through the application, customers (on an anonymized and aggregated basis) and tenants will be able to see their consumption data. Furthermore, tenants will be able to optimize their heating behavior and consumption while at the same time increasing their comfort. Also, in addition to our smoke detectors, we plan to introduce new smart home safety devices equipped with sensors for measuring CO_2, humidity and temperature, as well as for leakage detection. Such devices would, for example, help prevent the formation of mold and damage to water pipes caused by freezing. Additionally, we provide support and advice to our customers as to the most efficient means to purchase energy and possible steps our customers may take to reduce energy costs for their buildings.

Competition and price pressure. Our businesses are subject to strong competition. However, in our cost allocation business, entry into the market for new competitors is cost intensive and customers are party to long-term contracts, resulting in a relatively stable market position for us. In our Energy Contracting business, the market in Germany is characterized by many service providers, of which we are one of the larger independent companies not affiliated with a local utility or an equipment provider. Our Energy Contracting business is primarily focused on the residential market in order to leverage our existing customer relationships in Energy Services. In the commercial clients market, some of our competitors with ancillary business interests, such as the provision of primary energy or equipment, offer their services at very low margins in order to protect existing customer relationships. We also offer energy services to supply multi-unit commercial buildings with energy (mainly heating, cooling and electricity) that focuses on energy and cost efficiency.

Optimization initiatives. We have undertaken ongoing initiatives to optimize our cost positions and to create the foundation for a straight-through processing environment that seamlessly automates processes in our core functions. These include the outsourcing of our IT operations and efficiency measures in our mass processes (including meter reading, billing and installation). In 2016, we launched an efficiency program called Operations Excellence, which aims to improve the customer experience, reduce complexity across the organization and optimize our processes. The program focuses on three key areas: improving service quality and the customer experience; improving process efficiency; and enabling the success of other corporate initiatives. Initiatives include reducing the error rate in device installation, automating certain aspects of installation billing, new procurement policies, introducing new hardware and software for meter reading, simplifying device development, centralizing customer data management and implementing integrated systems to facilitate data collection. In connection with this program, our dedicated project team monitors more than 200 performance indicators linked to the various initiatives, such as our automatic billing rate and access to apartment ratios (the ratio of completed customer appointments to scheduled appointments). In the 2018 financial year, we have fully implemented or contractually locked in cost saving measures that we expect to result in €43.0 million of annual cost savings on a run-rate basis. We plan to continue the Operations Excellence initiatives through fiscal year 2019. In addition, we continue to address other structural issues such as the further integration and optimization of our Energy Services and Energy Contracting sales and product organizations.

Seasonality. In our Energy Services segment, the major part of our revenue is derived from equipment rental, which includes maintenance services for the rental period, and maintenance and billing agreements in connection with devices and services sold. In general, these are invoiced once a year, leading to the recognition of billed receivables. Revenue from rental and maintenance agreements are accrued or deferred (depending on whether these are invoiced in arrears or in advance, respectively) and recognized on a straight-line basis over the term of the agreement. Revenue from billing services is recognized with respect to the services already rendered using the percentage-of-completion method. Most of our reading and billing activity occurs during the winter months because December 31 is the most popular annual determination date for sub-metering data. Therefore, most of the billing revenue is recognized between

January and April according to the progress of the completion of meter reading and billing activities. Our invoices are usually paid within 30 days. Similarly, our working capital pattern is linked to this annual cycle.

Factors Affecting Comparability of Our Financial Statements

The Transactions

In the future, we will report consolidated financial statements and other information for the Issuer and its subsidiaries prepared under IFRS, although we intend to also provide certain financial information about the Target in order to facilitate the analysis of our financial performance for the periods ending prior to March 31, 2021. The fiscal year of the Issuer ends on March 31 of each calendar year and the first annual consolidated financial statements for the Issuer will be available in respect of the financial year ended March 31, 2019. The consolidated financial statements of the Target in this Offering Memorandum have not been adjusted to reflect the impact of any changes to the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income (statement of comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows, that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. However, the Issuer will account for the Acquisition using the purchase method of accounting under IFRS and will apply purchase accounting adjustments in connection with the Transactions to the financial statements for accounting periods subsequent to the Acquisition Completion Date. The application of purchase accounting could result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, leasehold rights and software, and different amortization and depreciation expenses. Due to these and other potential adjustments, our future financial statements could be materially different once the adjustments are made and may not be comparable to the Target's consolidated financial statements included in this Offering Memorandum.

We will also incur a substantial amount of indebtedness as a result of the Transactions. As at March 31, 2018, on an unaudited *pro forma* basis to give effect to the Transactions, we would have had €2,871.7 million of outstanding total indebtedness, including the €465.0 million in aggregate principal amount of Notes offered hereby and the €2,340.0 million in aggregate principal amount of borrowings under the Senior Facilities. See "*Summary—Summary Consolidated Financial and Other Information*." Our 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 repayment of our indebtedness, and this may place us at a competitive disadvantage because some of our competitors are less leveraged.

Changes in Accounting Policies

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15 (*Revenue from Contracts with Customers*) was published on May 28, 2014 and became effective on January 1, 2018. Techem has elected the voluntary early application of IFRS 15 as well as of the Clarifications to IFRS 15 in its consolidated financial statements for the 2018 financial year. In accordance with the transition provisions in IFRS 15, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on April 1, 2017 as an adjustment to the opening balance of equity. Comparatives for the 2017 financial year have not been restated. IFRS 15 is applied for all revenue transactions across all industries and provides guidance on various issues of revenue recognition such as identifying separate performance obligations in contracts with customers, accounting for multiple-element contracts, accounting for contract modifications, accounting for the time value of money, the timing of revenue recognition and the capitalization of costs to fulfill and obtain a contract. In addition, IFRS 15 contains guidelines for the recognition of the new balance sheet items "Contract Asset" and "Contract Liability," and new comprehensive requirements for the disclosure of qualitative and quantitative information in the notes to the consolidated financial statements. In addition to the impact of IFRS 15 with respect to the classification of certain statement of financial position items, the new measure also impacts the timing of revenue recognition. Under IFRS 15, revenue is recognized over time as well as at a point in time, depending on the performance obligations. Under IAS 17, revenue was recognized at a point in time; however, under IFRS 15, revenue can also be recognized over time which results in the recognition of a contract asset that is amortized over time. Incremental costs of obtaining a contract can be recognized as an asset when the entity expects to recover those cost. Costs to fulfill a contract can be capitalized when they meet the definition of IFRS 15. Those costs can be direct labor or direct material costs as well as other cost which directly relates to the contract or to contract activities. This accounting change affected the energy supply contracts (for example, as we recorded a negative adjustment of revenue from our energy supply contracts in the amount of €23.4 million in the 2018 financial year). For the same period, the application of IFRS 15 resulted in, among other things, an EBITDA increase of €3.7 million, mainly resulting from the capitalization of costs to obtain or fulfill a contract as a new requirement of IFRS 15, which effectively results in a reclassification of operating expense into amortization. As a result of the implementation of IFRS 15, the results of the 2018 financial year are not comparable to the results of the 2016 financial year and the 2017 financial year. For additional information on the effects of the first-time application of IFRS 15 and 16 in the 2018 financial year, see note E to the 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

IFRS 16 (Leases)

IFRS 16 (*Leases*) was published on January 13, 2016 and becomes effective beginning on or after January 1, 2019. Techem elected to make use of a voluntary early application and retrospectively applied IFRS 16 for the first time in its 2018 Audited Financial Statements. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on April 1, 2017 as an adjustment to the opening balance of equity. Comparatives for the 2017 financial year have not been restated. IFRS 16 introduces a single accounting model for lessees that principally obligates lessees to account for right-of-use assets and lease liabilities for lease contracts with a term of more than twelve months. The significant impact of IFRS 16 is the elimination of the classification according to IAS 17 (*Leases*) of lease contracts as operating leases and finance leases. As a result, leases, which were shown off-balance sheet according to IAS 17, are now recognized as a right-of-use asset and lease liability on the balance sheet. On adoption of IFRS 16, Techem recognized lease liabilities and right-of-use assets in relation to leases under which Techem acts as a lessee and which had previously been classified as operating leases under IAS 17. This resulted in a lease liability recognition of €79.6 million as at April 1, 2017, as opposed to an operating lease commitment of €82.4 million as at March 31, 2017. IFRS 16 also resulted in changes concerning an amortization of right-of-use assets in the amount of €19.4 million, a reduction of other expenses (mainly office rental and motor vehicle expenses) in the amount of €20.4 million and an increase in finance costs in the amount of €2.0 million following the application of the right-of-use model for leases in which Techem acts as lessee. For the same period, the application of IFRS 16 resulted in, among other things, an EBITDA increase of €20.4 million reflecting the effective reclassification of operating expenses into amortization changes. As a result of the implementation of IFRS 16, the results of the 2018 financial year are not comparable to the results of the 2016 and 2017 financial years. For additional information on the effects of the first-time application of IFRS 15 and 16 in the 2018 financial year, see note E to the 2018 Audited Financial Statements included elsewhere in this Offering Memorandum.

Results of Operations

The following table summarizes our financial performance for the periods indicated:

	Financial year ended March 31,		
	2016	2017	2018(1)
		Audited (€ million)	
Revenue	744.5	782.7	766.5
Capitalized internal work	11.0	9.6	15.1
Other income	2.8	7.3	8.5
Product expenses and purchased services	(215.6)	(198.1)	(159.5)
Personnel expenses	(207.2)	(215.4)	(193.8)
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets(2)	(205.7)	(122.3)	(152.1)
Other expenses	(100.3)	(102.2)	(75.4)
Earnings before interest and tax (EBIT)(3)	**29.4**	**161.5**	**209.2**
Share of profit/(loss) of investments accounted for using the equity method	(7.5)	0.9	0.4
Financial income	23.1	25.5	20.1
Finance costs	(146.4)	(122.3)	(124.2)
Profit/(loss) before tax	**(101.4)**	**65.7**	**105.6**
Income taxes	9.9	(39.9)	(35.8)
Net profit/(loss)	**(91.4)**	**25.9**	**69.8**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies.*"

(2) Includes impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets amounting to €96.0 million in the 2016 financial year, €7.3 million in the 2017 financial year and €7.8 million in the 2018 financial year.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

Segment Results

Revenue

The following table shows the revenue of our segments for the periods indicated:

	Financial year ended March 31,		
	2016	**2017**	**2018[(1)]**
	Unaudited, unless stated otherwise		
	(€ million)		
Energy Services[(2)]	642.8	693.2	681.6
thereof:			
Energy Services Germany	475.4	486.6	492.9
thereof:			
Legionella Analysis	5.1	11.8	8.6
Energy Services International[(3)]	167.4	206.6	188.7
Energy Contracting[(2)]	101.8	89.5	84.9
Revenue[(1)]	**744.5**	**782.7**	**766.5**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) Audited.

(3) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland, Turkey and the United Arab Emirates). We are in the process of liquidating our only Indian subsidiary, Techem Energy Services India Private Ltd, in a solvent liquidation process.

The following table sets forth our revenue by region for the periods indicated:

	Financial year ended March 31,		
	2016	**2017**	**2018[(1)]**
	Audited		
	(€ million)		
Germany	575.0	576.0	577.8
International[(2)]	169.5	206.7	188.7
Revenue	**744.5**	**782.7**	**766.5**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) International includes: Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland, Turkey and the United Arab Emirates). We are in the process of liquidating our only Indian subsidiary, Techem Energy Services India Private Ltd, in a solvent liquidation process.

The revenue we generated outside Germany amounted to 24.6% of our revenue in the 2018 financial year, 26.4% in the 2017 financial year and 22.8% in the 2016 financial year.

Financial Year Ended March 31, 2018 Compared with Financial Year Ended March 31, 2017

	Financial year ended March 31,			
	2017	2018[1]	Amount of change	% change
	Audited		Unaudited	
	(€ million)			
Revenue	782.7	766.5	(16.2)	(2.1)%
Capitalized internal work	9.6	15.1	5.5	57.3 %
Other income	7.3	8.5	1.2	16.4 %
Product expenses and purchased services	(198.1)	(159.5)	38.6	19.5 %
Personnel expenses	(215.4)	(193.8)	21.6	10.0 %
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of use assets[2]	(122.3)	(152.1)	(29.8)	(24.4)%
Other expenses	(102.2)	(75.4)	26.8	26.2 %
Earnings before interest and tax (EBIT)[3]	**161.5**	**209.2**	**47.7**	**29.5 %**
Share of profit/(loss) of investments accounted for using the equity method	0.9	0.4	(0.5)	(55.6)%
Financial income	25.5	20.1	(5.4)	(21.2)%
Finance costs	(122.3)	(124.2)	(1.9)	(1.6)%
Profit/(loss) before tax	**65.7**	**105.6**	**39.9**	**60.7 %**
Income taxes	(39.9)	(35.8)	4.1	10.3 %
Net profit/(loss)	**25.9**	**69.8**	**43.9**	**169.5 %**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) Includes impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets amounting to €7.3 million in the 2017 financial year and €7.8 million in the 2018 financial year.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Revenue

Our revenue decreased by 2.1% to €766.5 million in the 2018 financial year from €782.7 million in the 2017 financial year. The revenue in our segments developed as follows:

- *Energy Services:* Revenue of Energy Services decreased by 1.7% to €681.6 million in the 2018 financial year from €693.2 million in the 2017 financial year and, as a percentage of our total revenue, increased to 88.9% from 88.6%, respectively.

- *Energy Services Germany*: Revenue of Energy Services Germany increased by 1.3% to €492.9 million in the 2018 financial year from €486.6 million in the 2017 financial year and, as a percentage of our total revenue, increased to 64.3% in the 2018 financial year from 62.2% in the 2017 financial year. This increase was mainly due to year-on-year revenue growth in billing services and device rentals, more than offsetting the business cycle-driven decrease in our legionella analysis services. The increase in billing services and device rentals was volume- and price-driven mainly due to increased business volume with new and existing customers and regular increases in service fees in order to offset the inflation-driven increase in our cost base as well as the more consistent invoicing of various costs. Revenue related to legionella analysis services decreased 27.1% to €8.6 million in the 2018 financial year from €11.8 million in the 2017 financial year and, as a percentage of our total revenue, decreased to 1.1% in the 2018 financial year from 1.5% in the 2017 financial year. This development was mainly due to the close of the second testing cycle since the introduction of the regulation to the German market in 2011, which mandates testing every three years. Excluding the revenues from legionella analysis, revenues of Energy Services Germany increased 2.0% to €484.3 million in the 2018 financial year from €474.9 million in the 2017 financial year and, as a percentage of our total revenues, increased to 63.2% in the 2018 financial year from 60.7% in the 2017 financial year.

- *Energy Services International:* Revenue of Energy Services International decreased by 8.7% to €188.7 million in the 2018 financial year from €206.6 million in the 2017 financial year and, as a percentage of our total revenue, decreased to 24.6% in the 2018 financial year from 26.4% in the 2017 financial year. This decrease was partly due to a negative impact of €4.3 million recorded due to the initial application of IFRS 15 and 16 in the 2018 financial year. For more information, see part E of our 2018

Audited Financial Statements included elsewhere in this Offering Memorandum. The remaining decrease of €13.6 million was primarily driven by to lower equipment sales in Italy, following the comparably high level of EED-driven equipment sales in the 2017 financial year. This decrease was partially offset by revenue growth in the majority of the other countries in which we operate, in particular Poland, where we experienced a market-driven increase in equipment sales, and France, where we experienced an EED-driven increase in rental revenue.

- *Energy Contracting*: Our revenue in the Energy Contracting segment decreased by 5.1% to €84.9 million in the 2018 financial year from €89.5 million in the 2017 financial year and, as a percentage of our total revenue, decreased to 11.1% in the 2018 financial year from 11.4% in the 2017 financial year. This decrease was mainly due to a negative impact of €23.4 million recorded due to the initial application of IFRS 15 and 16 in the 2018 financial year. The decrease was partially offset by an increase of €18.8 million mainly due to revenue recorded in connection with a large contracting project.

Capitalized Internal Work

Capitalized internal work increased by 57.3% to €15.1 million in the 2018 financial year from €9.6 million in the 2017 financial year. This increase was largely due to a positive impact of €3.3 million due to the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining increase of €2.2 million was mainly due to higher capitalized costs in relation to our Operations Excellence program.

Other Income

Other income increased by 16.4% to €8.5 million in the 2018 financial year from €7.3 million in the 2017 financial year. This increase was partly due to a positive impact of €0.3 million due to the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining increase of €0.9 million reflects multiple, comparably smaller variances.

Product Expenses and Purchased Services

Product expenses and purchased services decreased by 19.5% to €159.5 million in the 2018 financial year from €198.1 million in the 2017 financial year. This decrease was mainly due to a positive impact of €28.3 million due to the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining decrease of €10.3 million was mainly due to a combination of lower volume-driven costs in Italy and cost reductions due to process efficiency improvements resulting from our Operations Excellence program. This decrease was partially offset by higher volume-driven costs in the Energy Contracting segment.

Personnel Expenses

Personnel expenses decreased by 10.0% to €193.8 million in the 2018 financial year from €215.4 million in the 2017 financial year. This decrease was mainly due to severance costs in relation to the Operations Excellence program in the 2017 financial year, as well as a reduction in the number of employees in Germany in the 2018 financial year following process efficiency improvements resulting from the Operations Excellence program. These developments more than offset the impact of annual regular salary increases.

Other Expenses

Other expenses decreased by 26.2% to €75.4 million in the 2018 financial year from €102.2 million in the 2017 financial year. This decrease was mainly due to a positive impact of €20.4 million due to the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining decrease of €6.4 million was mainly due to cost reductions following process efficiency improvements resulting from our Operations Excellence program and effective cost management.

Earnings Before Interest and Tax (EBIT)

EBIT increased by 29.5% to €209.2 million in the 2018 financial year from €161.5 million in the 2017 financial year. This increase was mainly due to cost reductions in Germany following process efficiency improvements implemented under the Operations Excellence program, as well as costs related to the implementation of this program being included in the 2017 financial year. This increase was partially offset by the negative impact of €4.2 million due to the initial application of IFRS 15 and 16 in the 2018 financial year.

EBITDA

EBITDA increased by 27.3% to €361.4 million in the 2018 financial year from €283.9 million in the 2017 financial year. This increase was partly due to a positive impact of €24.1 million due to the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining increase was mainly due to cost reductions in

Germany following process efficiency improvements implemented under the Operations Excellence program, as well as costs related to the implementation of this program being included in the 2017 financial year.

Share of Profit/(Loss) of Investments Accounted for Using the Equity Method

Share of profit/(loss) of investments accounted for using the equity method decreased to a profit of €0.4 million in the 2018 financial year compared to a profit of €0.9 million in the 2017 financial year. This decrease was due to the decreased share of profit from the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH.

Financial Income and Finance Costs

Financial income decreased to €20.1 million in the 2018 financial year from €25.5 million in the 2017 financial year. Financial income mainly includes gains on financial instruments, which amounted to €13.5 million in the 2018 financial year compared to €20.7 million in the 2017 financial year. Gains on financial instruments result from the mark-to-market valuation of the interest rate hedging instruments in the respective year. Additionally, interest income from finance leases decreased from €2.7 million in the 2017 financial year compared to €0.3 million in the 2018 financial year, mainly due to the first-time application of IFRS 15 and 16. This decrease was partially offset by a gain on refinancing of €4.1 million due to the derecognition of the embedded interest floor, which was included in our former senior secured facilities agreement.

Finance costs increased to €124.2 million in the 2018 financial year from €122.3 million in the 2017 financial year. These costs mainly include interest expenses, which amounted to €81.0 million in the 2018 financial year compared to €95.7 million in the 2017 financial year. Additionally, in the 2018 financial year, finance costs included expenses of €24.9 million, which mainly consisted of transaction costs relating to the previous financing, which were fully charged to the income statement, as a result of the new refinancing that was completed on August 3, 2017. Furthermore, the finance costs incurred in the 2017 financial year included a loss on financial instruments of €1.1 million, which resulted from the valuation of the embedded interest floor based on the Black-Scholes option pricing model. Interest expenses relating to shareholder loans from the Seller amounted to €16.6 million in the 2018 financial year compared to €24.2 million in the 2017 financial year.

Income Taxes

The Income tax loss decreased to €35.8 million in the 2018 financial year from €39.9 million in the 2017 financial year. This decrease was mainly due to a decrease in deferred tax expenses to €14.3 million in the 2018 financial year compared to €25.3 million in the 2017 financial year. This tax loss decrease was partially offset by an increase in income tax expenses in Germany to €11.4 million in the 2018 financial year compared to €2.5 million in the 2017 financial year.

Net Profit/Loss

In the 2018 financial year, we generated a net profit of €69.8 million compared to a net profit of €25.9 million in the 2017 financial year. This increase was mainly due to a significant increase in EBITDA, see "*—EBITDA*."

	Financial year ended March 31,			
	2016	2017	Amount of change	% change
	Audited		Unaudited	
	(€ million)			
Revenue	744.5	782.7	38.2	5.1 %
Capitalized internal work	11.0	9.6	(1.4)	(12.7)%
Other income	2.8	7.3	4.5	160.7 %
Product expenses and purchased services	(215.6)	(198.1)	17.5	8.1 %
Personnel expenses	(207.2)	(215.4)	(8.2)	(4.0)%
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of use assets(1)	(205.7)	(122.3)	83.4	40.5 %
Other expenses	(100.3)	(102.2)	(1.9)	(1.9)%
Earnings before interest and tax (EBIT)(2)	**29.4**	**161.5**	**132.1**	**449.3 %**
Share of profit/(loss) of investments accounted for using the equity method	(7.5)	0.9	8.4	112.0 %
Financial income	23.1	25.5	2.4	10.4 %
Finance costs	(146.4)	(122.3)	24.1	16.5 %
Profit/(loss) before tax	**(101.4)**	**65.7**	**167.1**	**164.8 %**
Income taxes	9.9	(39.9)	(49.8)	(503.0)%
Net profit/(loss)	**(91.4)**	**25.9**	**117.3**	**128.3 %**

(1) Includes impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets amounting to €96.0 million in the 2016 financial year and €7.3 million in the 2017 financial year.

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Revenue

Our revenue increased by 5.1% to €782.7 million in the 2017 financial year from €744.5 million in the 2016 financial year. The revenue in our segments developed as follows:

- *Energy Services:* Our revenue in the Energy Services segment increased by 7.8% to €693.2 million in the 2017 financial year from €642.8 million in the 2016 financial year and, as a percentage of our total revenue, increased to 88.6% from 86.3%, respectively.

- *Energy Services Germany*: Revenue from Energy Services Germany increased by 2.4% to €486.6 million in the 2017 financial year from €475.4 million in the 2016 financial year and, as a percentage of our total revenue, decreased to 62.2% from 63.9%. This increase in revenue was mainly due to year-on-year revenue growth in billing services and device rentals, as well as a business cycle-driven increase in our service product legionella analysis. The increase in billing services and device rentals is volume- and price-driven mainly due to new business volume with new and existing customers and regular increases in service fees in order to accommodate the general inflation-driven increase in our cost base as well as the more consistent invoicing of various cost positions. Revenue related to legionella analysis services increased to €11.8 million in the 2017 financial year from €5.1 million in the 2016 financial year and, as a percentage of our total revenue, increased to 1.5% from 0.7%. This development was mainly due to the peak of the second testing cycle since the introduction of the regulation to the German market in 2011, which mandates testing every three years. Excluding revenue from the legionella analysis services, revenue from Energy Services Germany increased by 1.0% to €474.9 million in the 2017 financial year from €470.3 million in the 2016 financial year and, as a percentage of our total revenue, decreased to 60.7% in the 2017 financial year from 63.2% in the 2016 financial year.

- *Energy Services International:* Revenue from Energy Services International increased by 23.4% to €206.6 million in the 2017 financial year from €167.4 million in the 2016 financial year and, as a percentage of our total revenue, increased to 26.4% from 22.5%. The Energy Services International business is driven significantly more by sales revenue than long-term contracted rental and maintenance revenue and relatively larger projects compared to Energy Services Germany. This increase was mainly due to higher equipment sales in Italy, reflecting an increase in customer demand as a result of the phased introduction of the EED into Italian law.

- *Energy Contracting*: Revenue from Energy Contracting decreased by 12.1% to €89.5 million in the 2017 financial year from €101.8 million in the 2016 financial year and, as a percentage of our total revenue, decreased to 11.4% from 13.7%. This was mainly due to lower energy prices, which more than offset the positive effect from new business, resulting from an increase in the number of projects. The remainder of the revenue decrease in the Energy Contracting segment is largely explained by past revenue generated by TEC Hellas EPE, which was sold in June 2016.

Capitalized Internal Work

Capitalized internal work decreased by 12.7% to €9.6 million in the 2017 financial year from €11.0 million in the 2016 financial year. This decrease was mainly due to less capitalized costs in relation to installed rental devices.

Other Income

Other income increased to €7.3 million in the 2017 financial year compared to €2.8 million in the 2016 financial year. This increase was mainly due to a different treatment of rental revenue related to cancelled customer contracts resulting in a reclassification to other income (offsetting the effect within Energy Services Germany revenue).

Product Expenses and Purchased Services

Product expenses and purchased services decreased by 8.1% to €198.1 million in the 2017 financial year from €215.6 million in the 2016 financial year. This decrease was mainly due to lower commissions following the insourcing of sales partner business volumes in Germany and lower volume-driven costs in the Energy Contracting segment, as well as the prior-year period including sales partners contract termination costs. These developments were partly offset by higher volume-driven costs in Italy due to higher customer demand as a result of the phased introduction of the EED into Italian law.

Personnel Expenses

Personnel expenses increased by 4.0% to €215.4 million in the 2017 financial year from €207.2 million in the 2016 financial year. This increase was mainly driven by severance costs in relation to the Operations Excellence program initiated in the 2017 financial year. Apart from that, this increase reflects annual regular salary increases as well as new employees in the Energy Services segment as a result of the overall growth in this segment.

Other Expenses

Other expenses increased by 1.9% to €102.2 million in the 2017 financial year from €100.3 million in the 2016 financial year. This increase was mainly due to higher consulting costs, mainly in relation to the Operations Excellence program.

Earnings Before Interest and Tax (EBIT)

EBIT increased to €161.5 million in the 2017 financial year from €29.4 million in the 2016 financial year. This increase was mainly due to a decrease in depreciation and amortization, which was notably impacted by a non-cash impairment charge of €90.4 million in the prior-year period related to goodwill and intangible assets of the Energy Contracting segment as a result of a revised outlook on mid-term growth expectations for that segment. With the remaining key drivers behind the increase in EBIT being the same for the increase in EBITDA, please refer to the EBITDA explanations below, see "—*EBITDA*."

EBITDA

EBITDA increased by 20.8% to €283.9 million in the 2017 financial year from €235.1 million in the 2016 financial year, mainly due to the year-on-year revenue growth in billing services, device rentals and equipment sales, combined with lower commissions following the insourcing of sales partner business volumes in Germany.

Share of Profit/(Loss) of Investments Accounted for Using the Equity Method

Share of profit/(loss) of investments accounted for using the equity method increased to a profit of €0.9 million in the 2017 financial year compared to a loss of €7.5 million in the 2016 financial year. This increase was mainly due to the recording of a provision of €8.0 million due to the increased likelihood of the credit guarantee regarding Thermie Serres being used in the 2016 financial year. In the 2017 financial year, the provision was utilized in an amount of €7.8 million. The remaining amount was reversed. Additionally, the share of profit from the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH increased to €0.7 million in the 2017 financial year from €0.5 million in the 2016 financial year.

Financial Income and Finance Costs

Financial income increased to €25.5 million in the 2017 financial year from €23.1 million in the 2016 financial year. The financial income mainly includes gains on financial instruments, which amounted to €20.7 million in the 2017 financial year compared to €18.2 million in the 2016 financial year. This increase was mainly due to the mark-to-market valuation of the interest rate hedging instruments in the respective year.

Finance costs decreased to €122.3 million in the 2017 financial year from €146.4 million in the 2016 financial year. These costs mainly include interest expenses, which amounted to €95.7 million in the 2017 financial year compared to €94.5 million in the 2016 financial year. This increase in interest expenses was mainly due to raising an additional €79.6 million under our former credit facilities in November 2015 as well as from commitment fees for an additional €150.0 million credit facility. This effect is partly offset by the reduction of the margin of the facilities under our former credit facilities to 275 basis points due to refinancing via amendment and extension on November 5, 2015. Additionally, finance costs in the 2017 financial year include a loss on financial instruments of €1.1 million compared to €2.7 million in the 2016 financial year, which results from the valuation of the embedded interest floor based on the Black-Scholes option pricing model. Furthermore, in the 2016 financial year finance costs included expenses of €7.0 million, which mainly consisted of transaction costs relating to the 2012 refinancing, which were fully charged to the income statement, as a result of the amendment and extension of our former credit facilities agreed on November 5, 2015. These credit facilities were repaid in full in 2017. Interest expenses relating to shareholder loans from the Seller amounted to €24.2 million in the 2017 financial year compared to €40.1 million in the 2016 financial year.

Income Taxes

Income tax decreased to a loss of €39.9 million in the 2017 financial year compared to a profit of €9.9 million in the 2016 financial year. This decrease was mainly due to the derecognition/recognition of tax losses carried forward regarding deferred taxes.

Net Profit/Loss

In the 2017 financial year, we generated a net profit of €25.9 million compared to a net loss of €91.4 million in the 2016 financial year. This increase was mainly due to the significant impairment losses relating to intangible assets in the 2016 financial year, as described above, see "*—Earnings Before Interest and Tax (EBIT).*" Additionally, the increases in EBITDA, share of the profit/(loss) of investments accounted for using the equity method and net financial result had positive impacts on our year-on-year development. As an offsetting effect, the increase in income tax loss had a negative impact.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity will be existing cash and cash equivalents, cash generated from operations and borrowings under our Revolving Credit Facility. As at the Issue Date, the total availability under our Revolving Credit Facility will be €275.0 million. We expect that no cash drawings will be outstanding under the Revolving Credit Facility on the Acquisition Completion Date and that approximately €3 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility.

We anticipate that our principal uses of cash will be to fund capital expenditures, provide working capital, meet debt service requirements (including under the Senior Facilities and the Notes) and finance our strategic plans.

We may also seek to finance our capital expenditures and other cash requirements through finance leases or other debt arrangements that provide liquidity on favorable borrowing terms.

Based on our current operating performance and liquidity, after giving effect to the Transactions, we believe that the cash provided by our operating activities, available cash balances and commitments under the Revolving Credit Facility available for future drawing will be sufficient to fund our projected working capital, debt service and capital expenditure requirements for the financial year ending March 31, 2019.

Our management continues to monitor working capital activities on a regular basis and as a result does not expect significant movements in the core working capital categories in the near term.

Working Capital

Working capital consists of trade accounts receivables, contract assets and inventories less trade accounts payable.

In our Energy Services segment, receivables generally represent revenue from equipment rental, maintenance and billing agreements. In general, rental, maintenance and billing services are invoiced once a year, leading to the recognition of billed receivables.

Revenue from rental and maintenance agreements are accrued or deferred (depending on whether they are invoiced in arrears or in advance, respectively) and recognized on a straight-line basis over the term of the agreement and evenly distributed throughout the year. Revenue from billing services are accrued and recognized equivalent to the services already rendered and generally follow a seasonal pattern, with the majority of billing services being realized in the first months of the calendar year. This leads to the recognition of unbilled trade accounts receivable. Most of the reading and billing activity occurs during the winter months, leading to a high volume of billed receivables relating to these services in the months between January and April, when we invoice our services rendered.

In the Energy Contracting segment, revenue in respect of the delivery of heat is recognized to the amount of the services already rendered, leading to a high volume of trade accounts receivable in the winter months.

The following table summarizes our historical working capital as at the dates indicated:

	Financial year ended March 31,		
	2016	**2017**	**2018(1)**
	Audited, unless stated otherwise (€ million)		
Billed receivables, finance lease receivables and valuation allowances	89.7	111.5	95.5
Unbilled receivables	162.7	164.6	85.8
Trade accounts receivable	**252.4**	**276.1**	**181.3**
Contract assets	—	—	87.3
Inventories	40.3	35.1	34.1
Trade accounts payable	(48.9)	(64.5)	(50.2)
Working Capital(2)	**243.8**	**246.7**	**252.5**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Financial Year Ended March 31, 2018 Compared with Financial Year Ended March 31, 2017

Working capital amounted to €252.5 million as at March 31, 2018 compared to €246.7 million as at March 31, 2017. The overall increase of €5.8 million is mainly explained by the first-time recognition of contract assets of €87.3 million due to the initial application of IFRS 15 (*Revenue from contracts with customers*) offset by a decrease in trade accounts receivable amounting to €94.8 million and a decrease in trade accounts payable amounting to €14.3 million, which is primarily due to a reduced level of trade accounts receivable in Italy following the equipment sales peak in the 2017 financial year driven by the phased introduction of the EED into Italian law, partly offset by financial year-end timing effects related to the receipt of customer payments in Germany. Inventories remained relatively stable with a decrease of €1.0 million.

Financial Year Ended March 31, 2017 Compared with Financial Year Ended March 31, 2016

Working capital amounted to €246.7 million as at March 31, 2017 compared to €243.8 million as at March 31, 2016. The overall increase of €2.9 million includes an increase in trade accounts receivable of €23.7 million. This increase in trade accounts receivable was mainly due to higher equipment sales in Italy in light of recently introduced EED regulation. The increase in trade accounts receivables was partially offset by an increase in trade accounts payable of €15.6 million, which primarily relates to financial year-end timing effects. Furthermore, inventories decreased by €5.2 million, reflecting more timely installation activities in Germany.

Capital Expenditures

Our capital expenditures mainly consist of purchases of metering devices for rent (capitalized as a result of new installations and the replacement of meters) as well as property, plant and equipment (including technical equipment and machinery related to Energy Contracting segment products and other equipment such as data collectors) and intangible assets (including software developments). Capital expenditures in connection with metering devices are only incurred when we have already concluded a rental contract for those devices so that we can expect to generate revenue therefrom.

The following table shows our capital expenditures for the periods indicated:

	Financial year ended March 31,		
	2016	**2017**	**2018(1)**
	Audited, unless stated otherwise		
	(€ million)		
Metering devices for rent	101.6	101.6	77.6
Property, plant and equipment(2)	13.6	12.5	35.0
Intangible assets	10.0	15.3	21.4
Total capital expenditure(3)	**125.2**	**129.4**	**134.0**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies.*"

(2) Excludes capital expenditures for finance leases.

(3) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information.*"

Financial Year Ended March 31, 2018 Compared with Financial Year Ended March 31, 2017

In the 2018 financial year, our capital expenditures were €134.0 million compared to €129.4 million in the 2017 financial year, an increase of 3.6%. The increase in property, plant and equipment amounted to €22.5 million and includes an increase of €24.0 million due to the application of IFRS 15. The remaining decrease of €1.5 million is mainly due to lower office equipment purchases compared to the prior-year period. The decrease in metering devices for rent in our Energy Services Germany segment amounted to €24.0 million, and is primarily due to comparably fewer smoke detector installations and regular device exchanges compared to the prior-year period. The increase in intangible assets amounts to €6.1 million, of which €3.1 million is explained by the initial application of IFRS 15 and 16 in the 2018 financial year. The remaining increase of €3.0 million was mainly due to costs related to the extension of software licenses.

Financial Year Ended March 31, 2017 Compared with Financial Year Ended March 31, 2016

In the 2017 financial year, our capital expenditures were €129.4 million compared to €125.2 million in the 2016 financial year, an increase of 3.4%. The increase in intangible assets amounted to €5.3 million. This increase was mainly due to several larger software development projects (for example, our online portal) as well as the purchase of usage rights in the Energy Contracting segment. The decrease in property, plant and equipment amounted to €1.1 million and is largely explained by the prior-year figure which includes higher project-related expenditure.

Consolidated Statement of Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Financial year ended March 31,		
	2016	2017	2018[1]
	Audited, unless stated otherwise (€ million)		
Earnings before interest and tax (EBIT)[2]	29.4	161.5	209.2
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of use assets	109.7	115.0	144.3
Impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets	96.0	7.3	7.8
EBITDA[2]	**235.1**	**283.9**	**361.4**
Changes in working capital[2],[3]	(15.4)	(2.3)	(6.9)
Changes in other receivables	(6.3)	(3.1)	(3.4)
Changes in other liabilities	12.5	1.8	2.0
Changes in provisions	14.7	(22.2)	(9.2)
Other changes[4]	1.1	0.0	(0.8)
Cash generated by operating activities	**241.7**	**258.1**	**343.0**
Changes in fixed and intangible assets[5]	(124.6)	(128.1)	(130.9)
Changes in investments and loans	0.3	(31.7)	32.3
Changes in the scope of consolidation[6]	1.6	(1.1)	(0.2)
Cash flows used in investing activities	**(122.7)**	**(160.9)**	**(98.8)**
Free cash flow—before taxes[2],[7]	**119.0**	**97.2**	**244.2**
Income taxes paid	(8.3)	(8.8)	(15.1)
Free cash flow[2]	**110.6**	**88.3**	**229.2**
Net change in debt (including finance leases)	39.7	58.0	68.2
Interest paid	(83.9)	(90.3)	(102.2)
Interest received	3.1	3.0	0.7
Transaction costs relating to refinancing[8]	(2.1)	(0.1)	(2.8)
Interest paid to shareholders	(25.8)	(12.1)	(24.2)
Changes in equity	(15.7)	(95.6)	(87.8)
Net cash used in financing activities	**(84.7)**	**(137.0)**	**(148.2)**
Change in cash and cash equivalents	**25.9**	**(48.7)**	**81.0**

(1) For the 2018 financial year, several line items in the 2018 Audited Financial Statements are affected by the voluntary first-time application of IFRS 15 (*Revenue from contracts with customers*) and IFRS 16 (*Leases*) compared to IAS 11 (*Construction contracts*), IAS 17 (*Leases*), IAS 18 (*Revenue*) and related interpretations, which were applied in the 2016 financial year and 2017 financial year. See "*—Factors Affecting Comparability of Our Financial Statements—Changes in Accounting Policies*."

(2) This measure is not a measurement of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information*."

(3) Changes in working capital consist of changes in trade accounts receivable, changes in contract assets, changes in unbilled receivables, changes in inventories and changes in trade accounts payable. In addition to the changes in the respective balance sheet line items presented under "*—Working Capital*." The changes presented in the cash flow statement above include various adjustments (for example, for exchange differences). These items have a total effect of negative €1.2 million in the 2018 financial year, positive €0.6 million in the 2017 financial year and positive €0.8 million in the 2016 financial year.

(4) Other changes consist of "Gains on disposal of fixed and intangible assets" and "Loss on sale of subsidiaries" as in the consolidated statement of cash flow in the respective audited consolidated financial statement of the Target.

(5) Changes in fixed and intangible assets consist of "Purchase of fixed and intangible assets" and "Proceeds from the disposal of fixed and intangible assets" as defined in the consolidated statement of cash flow in the 2016 Audited Financial Statements, the 2017 Audited Financial Statements and the 2018 Audited Financial Statements of the Target, respectively. In the 2018 financial year, "Purchase of fixed and intangible assets" (capital expenditure) amounted to €134.0 million and "Proceeds from the disposal of fixed and intangible assets" amounted to €3.1 million; in the 2017 financial year, "Purchase of fixed and intangible assets" (capital expenditure) amounted to €129.4 million, and "Proceeds from the disposal of fixed and intangible assets" amounted to €1.3 million; and in the 2016 financial year, "Purchase of fixed and intangible assets" (capital expenditure) amounted to €125.2 million and "Proceeds from the disposal of fixed and intangible assets" amounted to €0.6 million.

(6) The acquisitions are shown net of acquired cash. In the 2018 financial year, a cash outflow of €0.2 million is related to the acquisition of BYTTHERM spol. s r.o., Trutnov, Czech Republic (the second tranche of the purchase price). In the 2017 financial year, a cash outflow of €0.6 million related to the disposal of the subsidiary TEC Hellas EPE and a cash outflow of €0.1 million related to the disposal of the subsidiary Techem OOO, Moscow, Russia. Furthermore, a cash outflow of €0.4 million is related to the acquisition of BYTTHERM spol. s r.o., Trutnov, Czech Republic. In the 2016 financial year, there was a cash outflow of €0.1 million related to the acquisition of Building Service Liégois S.A., Grivegnée, Belgium in the 2014 financial year. This entity was merged into Caloribel S.A., Brussels, Belgium in March 2014 with retrospective effect from January 1, 2014. In addition €0.1 million are related to the disposal of the subsidiary Techem d.o.o., Belgrad, Serbia. Additionally, €0.2 million is related to the

disposal of the subsidiary Techem Water Services Inc., Delaware, United States. Furthermore, a cash inflow of €2.0 million is related to the disposal of the subsidiary IHKW Industrieheizkraftwerk Andernach GmbH, Eschborn, Germany in the 2015 financial year.

(7) Unaudited.

(8) In this line item transaction costs relating to refinancing which are not directly withheld by the banks are accounted for.

Financial Year Ended March 31, 2018 Compared with Financial Year Ended March 31, 2017

Cash generated by operating activities. Our cash generated by operating activities was €343.0 million in the 2018 financial year compared with €258.1 million in the 2017 financial year. The primary movements in cash generated by operating activities in the 2018 financial year compared with the 2017 financial year were the following:

- Changes in working capital generated negative cash flow effects of €6.9 million in the 2018 financial year compared to negative cash flow effects of €2.3 million in the 2017 financial year. The resulting negative cash flow variance of €4.6 million was mainly due to: (i) a €30.2 million negative cash flow variance from changes in trade accounts payable attributable to financial year-end timing effects (a negative impact recorded in the 2018 financial year, following a positive impact recorded in the 2017 financial year) and the reversal of the build-up in Italy following the comparably high level of EED-driven installation activities in the 2017 financial year; (ii) a €4.4 million negative cash flow variance from changes in inventories reflecting a stable development in the 2018 financial year, following a reduction in the prior-year period explained by more timely installation activities in Germany; and (iii) a €34.7 million positive cash flow variance from changes in trade accounts receivable most notably driven by the reversal of the build-up in Italy following the comparably high level of EED-driven equipment sales in the prior financial year.
- Changes in other receivables generally remained stable and generated negative cash flow effects of €3.4 million in the 2018 financial year compared to negative cash flow effects of €3.1 million in the 2017 financial year.
- Changes in other liabilities remained stable and generated positive cash flow effects of €2.0 million in the 2018 financial year compared to €1.8 million in the 2017 financial year.
- Changes in provisions generated a negative cash flow effect of €9.2 million in the 2018 financial year compared to a negative cash flow effect of €22.2 million in the 2017 financial year. The resulting positive cash flow variance of €13.0 million was mainly due to the 2017 financial year including one-off items such as sales partner contract termination payments and the payment in the context of the disposal of our Greek subsidiary. This was partially offset by the 2018 financial year including the payment of severance costs in relation to the Operations Excellence program, following the build-up of such provisions in the prior-year period.

Cash flows used in investing activities. Cash flows used in investing activities decreased to €98.8 million in the 2018 financial year from €160.9 million in the 2017 financial year. This decrease was mainly due to the re-transfer of €32.0 million of funds originally included in a tax reserve account (the "Tax Reserve Account"), following the initial transfer of these funds in the prior-year period (a positive effect of €32.0 million in the 2018 financial year, following a negative impact of €32.0 million in the 2017 financial year). The funds were temporarily invested in a fixed deposit with a maturity longer than three months in order to avoid negative interest rates. The Tax Reserve Account was established in 2012 and was released in October 2017.

Free cash flow. Based on our cash flows generated by operating activities and cash flows used in investing activities as well as income taxes paid or received, our free cash flow increased to €229.2 million in the 2018 financial year compared to €88.3 million in the 2017 financial year. This increase includes a €64.0 million positive cash flow variance related to the temporary transfer of funds included in the Tax Reserve Account described above. Adjusting for this effect, free cash flow increased by €76.9 million to €197.2 million in the 2018 financial year.

Net cash used in financing activities. Net cash used in financing activities amounted to €148.2 million in the 2018 financial year compared to €137.0 million in the 2017 financial year. Net change in debt amounted to an inflow of €68.2 million in the 2018 financial year compared to an inflow of €58.0 million in the 2017 financial year. The inflow in the 2018 financial year was mainly due to the drawing of our Existing Senior Facility in an amount of €1,588.7 million (refinancing transaction costs of €11.3 million were directly withheld by the banks) in connection with the refinancing of our previous facilities and notes. The inflow was also due to the drawing of our former facility in an amount of €50.0 million in the 2018 financial year. As an offsetting effect, cash outflows of €1,413.0 million relating to the repayment of our outstanding notes and former facilities were recorded. Additionally, break fees of €12.7 million, mainly relating to the refinancing of our previous notes, term loan and credit facility and the repayment of a loan of an international subsidiary amounting to €0.3 million, led to repayments of borrowings in an aggregate amount of €1,413.0 million. Additional cash outflows were recorded in the 2018 financial year in connection with the repayments of finance lease liabilities (mostly relating to the first-time application of IFRS 16 (*Leases*) in the 2018 financial year) in an amount of €20.1 million and of shareholders loans in an amount of €137.4 million. The net change in debt of positive €58.0 million in the 2017 financial year was mainly due to the drawing of our former facilities in an amount of €60.0 million. As an offsetting effect, cash outflows of €2.0 million relating to the repayment of finance lease liabilities were recorded.

Interest paid increased to €102.2 million in the 2018 financial year compared to €90.3 million in the 2017 financial year. Additionally, in the 2018 financial year, interest paid to shareholders amounted to €24.2 million compared to €12.1 million in the 2017 financial year.

In the 2018 financial year, transaction costs relating to the new financing of €2.8 million were recorded. In the 2017 financial year, refinancing transaction costs of €0.1 million were recorded. In the 2018 financial year, the Target made repayments of share premium of €87.8 million to the Seller. In the 2017 financial year, the Target made repayments of share premium of €95.6 million to the Seller.

Cash and cash equivalents as per the consolidated statement of cash flows amounted to €252.1 million as at March 31, 2018 compared to €171.7 million as at March 31, 2017. The cash flow figure for the 2017 financial year is €6.3 million higher than that recognized in the statement of financial position, because in accordance with our former credit facilities agreement we paid an amount of €38.3 million into the Tax Reserve Account at regular intervals since September 2012. The Tax Reserve Account was set up to provide for certain potential tax claims resulting from outstanding tax audits. Since the use of the Tax Reserve Account is restricted, it is not included in cash and cash equivalents in the statement of financial position. In the statement of financial position it is included in non-current other financial assets. However, because the Tax Reserve Account was readily convertible into cash it represented cash and cash equivalents as per the statement of cash flows. During the 2017 financial year, €32.0 million was invested in a fixed deposit account with a maturity longer than three months (i.e., no longer readily convertible into cash). Therefore, this amount is shown in the cash flows from investing activities.

Financial Year Ended March 31, 2017 Compared with Financial Year Ended March 31, 2016

Cash generated by operating activities. Our cash generated by operating activities was €258.1 million in the 2017 financial year compared with €241.7 million in the 2016 financial year. The primary movements in cash generated by operating activities in the 2017 financial year compared with the 2016 financial year were the following:

- Changes in working capital generated negative cash flow effects of €2.3 million in the 2017 financial year compared to €15.4 million in the 2016 financial year. The resulting positive cash flow variance of €13.1 million was mainly due to: (i) a €30.8 million positive cash flow variance from changes in trade accounts payable attributable to financial year-end timing effects (a positive effect in the 2017 financial year, following a negative effect in the prior 2016 financial year); (ii) a €10.6 million positive cash flow variance from changes in inventories reflecting more timely installation activities in Germany, following a build-up in the prior-year period in order to ensure product availability in light of continuously high customer demand; and (iii) a €17.4 million negative cash flow variance from changes in trade receivables most notably driven by higher equipment sales in Italy in light of the recently implemented EED regulation.

- Changes in other receivables generated negative cash flow effects of €3.1 million in the 2017 financial year compared to €6.3 million in the 2016 financial year. The resulting positive cash flow variance of €3.2 million was mainly due to the result of multiple, comparably smaller variances.

- Changes in other liabilities generated positive cash flow effects of €1.8 million in the 2017 financial year compared to €12.5 million in the 2016 financial year. The resulting negative cash flow variance of €10.7 million was mainly due to changes in VAT liabilities affected by the phasing of customer and supplier invoices in the last months of the financial year.

- Changes in provisions generated a negative cash flow effect of €22.2 million in the 2017 financial year compared to a positive cash flow effect of €14.7 million in the 2016 financial year. The resulting negative cash flow variance of €36.8 million was mainly due to one-off items such as sales partner contract termination payments and the €7.8 million payment to a bank in Greece in exchange for the release of the €10.0 million guarantee in the context of the disposal of our Greek subsidiary, following the build-up of provisions in the prior-year period.

Cash flows used in investing activities. Cash flows used in investing activities increased to €160.9 million in the 2017 financial year from €122.7 million in the 2016 financial year. This increase was mainly due to a €32.0 million temporary transfer of funds included in the Tax Reserve Account. The funds were invested in a fixed deposit account with a maturity longer than three months in order to avoid negative interest rates. The remainder of this increase relates to an increase in capital expenditures; see "—*Capital Expenditures*."

Free cash flow. Based on our cash generated by operating activities and cash used in investing activities as well as income taxes paid or received, our free cash flow decreased to €88.3 million in the 2017 financial year compared to €110.6 million in the 2016 financial year. This decrease was mainly due to a €32.0 million negative cash flow variance related to the temporary transfer of funds included in the Tax Reserve Account described above. Adjusting for this effect, free cash flow increased by €9.7 million to €120.3 million in the 2017 financial year.

Net cash used in financing activities. Net cash used in financing activities amounted to €137.0 million in the 2017 financial year compared to €84.7 million in the 2016 financial year. Net change in debt amounted to an inflow of €58.0 million in the 2017 financial year compared to an inflow of €39.7 million in the 2016 financial year. The inflow in the 2017 financial year was mainly due to the drawing of our former facilities in an amount of €60.0 million. As an offsetting effect, cash outflows of €2.0 million relating to the repayment of finance lease liabilities were recorded. Net change in debt in the 2016 financial year was mainly due to a net cash inflow of €77.2 million (after the direct deduction of fees by banks) resulting from the refinancing, by way of amendment and extension, of our former credit facilities agreement agreed on November 5, 2015. Additionally, shareholder loans of €35.0 million were repaid in the 2016 financial year.

Interest paid (excluding interest paid to shareholders) increased to €90.3 million in the 2017 financial year compared to €83.9 million in the 2016 financial year. In the 2016 financial year, interest payments on our former credit facilities were made in April 2015, July 2015 and October 2015, based on three-month EURIBOR, which covered a total period of nine months. From November 2015 the conditions were switched to semi-annual interest payments, based on six-month EURIBOR. Therefore, interest on our former credit facilities was paid in April 2016 and October 2016 in the 2017 financial year, which covered a total period of twelve months. After taking the aforementioned into consideration, the slight increase in interest payments was due to higher drawings of the facilities under our former credit facilities agreement in the 2017 financial year compared to the 2016 financial year (March 31, 2017: €619.4 million; March 31, 2016: €569.2 million). This effect was partly offset by the reduction of the margin of the facilities under our former credit facilities agreement to 275 basis points due to refinancing via amendment and extension on November 5, 2015. In the 2017 financial year, interest paid to shareholders amounted to €12.1 million compared to €25.8 million in the 2016 financial year. In the 2017 financial year, the Target made repayments of share premium in an amount of €95.6 million to the Seller. In the 2016 financial year, the Target made repayments of share premium of €15.7 million to the Seller.

Cash and cash equivalents as per the consolidated statement of cash flows amounted to €171.7 million as at March 31, 2017 compared to €220.4 million as at March 31, 2016. We note that the cash flow figure for the 2017 financial year is €6.3 million higher than as recognized in the statement of financial position, because in accordance with our former credit facilities agreement we have paid an amount of €38.3 million into a Tax Reserve Account at regular intervals since September 2012. The Tax Reserve Account was set up to provide for certain potential tax claims resulting from outstanding tax audits. The use of the Tax Reserve Account is restricted, therefore it is not included in cash and cash equivalents in the statement of financial position. In the statement of financial position it is included in non-current other financial assets. However, because the Tax Reserve Account was readily convertible into cash it represented cash and cash equivalents as per the statement of cash flows. During the 2017 financial year, €32.0 million were invested in a fixed deposit account with a maturity longer than three months (i.e., no longer readily convertible into cash). Therefore, this amount is shown in the cash flows from investing activities.

Available Sources of Liquidity

We expect that our principal sources of liquidity in the medium term will be cash provided by operations and cash from short- and long-term borrowings, including the Revolving Credit Facility.

The Transactions

In connection with the Transactions, we will enter into the Senior Facilities Agreement. Upon satisfaction of the conditions precedent to the release of the proceeds of the Offering from escrow, the gross proceeds of the Offering will be used, together with the proceeds of the Senior Facility and the Equity Contribution, to fund the consideration payable for the Acquisition, repay the Existing Senior Facilities and pay the estimated fees and expenses incurred in connection with the Transactions. On the Issue Date, under the Senior Facilities, we will have €2,340.0 million in aggregate principal amount outstanding under our Senior Facility and €275.0 million in unutilized commitments under our Revolving Credit Facility, and approximately €3.0 million in non-cash guarantees under the Existing Revolving Credit Facility will be rolled over under the Revolving Credit Facility. Drawings under the Revolving Credit Facility will be subject to certain conditions. We enter into interest rate swaps from time to time in order to hedge against interest rate risk associated with our borrowings that are subject to floating rates of interest, including the Senior Facility. As the Notes have a fixed rate of interest, we do not anticipate entering into any interest rate hedges in connection therewith. See "*Description of Other Indebtedness.*"

We believe the proceeds of this Offering and our new Senior Facilities, cash generated from our operations and other current sources of financing will be adequate to meet our foreseeable financial needs. See "*Risk Factors.*"

Lease Obligations

The table below presents information relating to our lease obligations as of March 31, 2017:

	As at March 31, 2017
	Audited
	(€ million)
1 year	19.3
2 years	15.9
3 years	13.2
4 years	11.0
5 years	8.7
After 5 years	14.1
Total minimum lease obligations	**82.4**

Following the application of IFRS 16 (*Leases*) in the 2018 financial year, we no longer report our lease obligations as previously reported under IAS 17 (*Leases*). The table above is presented for illustrative purposes.

Other Financial Obligations and Financial Guarantees

The table below summarizes our financial obligations and financial guarantees as at March 31, 2018 (excluding those relating to indebtedness).

	As at March 31, 2018	Up to one year	Between one year and five years	Over five years
		Audited		
		(€ million)		
Financial obligations due to purchase of fixed assets	7.7	7.7	0	0
Financial obligations due to purchase of intangible assets	0.6	0.6	0	0
Financial obligations due to energy supply contracts	22.9	14.1	7.6	1.2
Total other financial obligations	**31.2**	**22.5**	**7.6**	**1.2**

Additionally, as at March 31, 2018, financial guarantees in an amount of €0.2 million have been issued.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition or results of operations.

Quantitative and Qualitative Disclosures Regarding Market Risk

Our segments operate in competitive markets and are subject to changes in business, economic and competitive conditions. Our business is subject to:

- credit risks;
- liquidity risks;

- interest rate risks and interest rate management;
- risks relating to interest rate instruments not subject to hedge accounting; and
- currency risks and risks relating to currency management.

Developments in any of these risk areas could cause our results to differ materially.

Credit Risks

We offer our services to a large number of customers active in various sectors and geographical regions. We grant credit terms to eligible customers and believe we are not exposed to an unreasonable concentration of risk. Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated.

As at March 31, 2018, the total of trade accounts receivable, including receivables from finance leases (current and non-current), was €188.6 million (March 31, 2017: €316.9 million; March 31, 2016: €289.7 million). The historical write-offs of our trade accounts receivable were €1.6 million in the 2018 financial year (€1.7 million in the 2017 financial year and €1.5 million in the 2016 financial year).

Liquidity Risks

Liquidity risk is the risk concerning the ability to meet obligations arising out of financial liabilities. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risks by continually monitoring our expected cash flows and working capital levels and ensuring that adequate borrowing facilities are maintained.

Interest Rate Risks and Interest Rate Management

Interest rate risks arise from the fact that a significant part of our loan agreements is subject to a floating rate of interest. Our interest rate risk is analyzed centrally and managed by the treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps and caps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of our financing strategy and are not used for trading or speculative purposes. Hedging instruments are only used in the Group to hedge interest rate risks on variable cash flows.

In accordance with internal guidelines, the use of derivatives is restricted to the hedging of existing risks. Generally, we use hedging instruments that are measurable and have a transparent risk profile. All derivatives are measured at fair value in accordance with IFRS 13 (*Fair value measurement*). This is determined using the mark-to-market method (for interest rate swaps and the interest rate cap) and the Black-Scholes option pricing model (for the embedded interest rate floor), in both cases including a credit risk adjustment relating to the counterparty or us. The market values of interest rate swaps, the interest rate cap and the embedded interest floor are reported as other financial assets or other financial liabilities.

The Notes will bear interest at a fixed rate. The Senior Facility and the Revolving Credit Facility will each bear interest at a variable rate, based on, in respect of the Senior Facility, EURIBOR and, in respect of the Revolving Credit Facility, either EURIBOR in respect of utilizations in euro or LIBOR for all other utilizations (in each case, subject to a zero percent per annum floor) and in each case plus an applicable margin.

Interest Rate Instruments Not Subject to Hedge Accounting

Changes in market value are recognized in the income statement but do not affect cash. As at March 31, 2018, we had payer-swaps with a total nominal value of €1.6 million related to our former senior facilities agreement. These interest rate instrument swapped three-month EURIBOR against a four-year fixed interest rate. In the consolidated financial statements the liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

As at March 31, 2018, there was no embedded interest rate floor due to new financing (March 31, 2017: negative €4.4 million; March 31, 2016: negative €3.3 million).

As at March 31, 2016, we had also entered into an interest rate cap outside Germany with a positive market value of €0.0 million and a nominal amount of €3.3 million. The interest rate cap terminated on November 28, 2016.

We intend to roll-over our existing payer-swap agreements in relation to the Senior Facilities Agreement.

Currency Risks and Currency Management

A large part of our revenue was generated in the eurozone and was not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the eurozone as part of intercompany financings.

As at March 31, 2018, there were no currency instruments.

Critical Accounting Policies

In the opinion of the management of our Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments, as well as the uncertainties which affect them, are also important factors to be considered when looking at present and future operating earnings of our Group.

The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made which can impact the valuation of the assets and liabilities recognized, income and expenses, as well as the disclosure of contingent liabilities. Assumptions and estimations also relate to the accounting and measurement of provisions. All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions will be adjusted, and, if applicable, the book values of the respective assets and liabilities will also be adjusted.

We have summarized below our accounting policies that require the more subjective judgment of our management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect our results of operations and financial condition. For more information, see the notes to our consolidated financial statements included in the financial statements included elsewhere in this Offering Memorandum.

Revenue recognition from major business activities. We believe that revenue recognition is critical for our financial statements because consolidated net income is directly affected by the timing of revenue recognition. Revenue is measured at the fixed transaction price agreed under the contracts with our customers. The Group uses the practical expedient of IFRS 15 (*Revenue from contracts with customers*), therefore the transaction price is only adjusted for the effects of a significant financing component if the expected period between when we transfer goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales. Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.

For all major products, payment terms for goods or services may be in advance or in arrears. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress towards complete satisfaction of this performance obligation, to an amount equivalent to the cost of services already rendered plus a profit margin. The revenue for energy deliveries (for example, heat or cooling) is recognized in an amount that corresponds directly with the value to the customer of our performance to date.

Revenue recognition is less critical regarding rental and maintenance as well as sales revenue. Revenue from rental and maintenance services is recognized using an output-based measure of progress towards complete satisfaction of our performance obligations on a straight-line basis over the contractual term. Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, which is upon delivery.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a CGU. In accordance with IFRS 13 (*Fair value measurement*), the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill as well as trademarks are subject to an impairment test at least once a year and not subject to straight-line amortization. The impairment test is carried out on a CGU basis. Goodwill and trademarks are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Valuation allowances on trade accounts receivable. Valuation allowances on trade accounts receivable are recognized based on their aging structure. Additionally, receivables that have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 (*Employee benefits*) using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37 (*Provisions, contingent liabilities and contingent assets*), providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Derivative financial instruments and hedging. In accordance with IAS 39 (*Financial instruments: recognition and measurement*), all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13 (*Fair value measurement*). On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability. Changes in the fair value of our interest rate instruments and foreign exchange hedging instruments are recognized as financial income and finance costs.

INDUSTRY

THE ENERGY SERVICES INDUSTRY

Energy services typically comprise a range of solutions for the design and implementation of measures to address, among other things, energy conservation, metering, energy infrastructure, power generation and energy supply. The scope and size of the energy services industry has been dramatically impacted by national and international legislation, designed to ensure continuing decarbonization, the more efficient management of industrial and residential energy demand through digitalization, and the decentralization of power generation to reduce strain on the grid.

Decarbonization is a global priority on the agenda of many countries worldwide. For example, the EU and its Member States are committed to a 40% target reduction in CO_2 emissions throughout the EU by 2030 (compared to 1990) under the Paris Agreement. The EU pioneered energy efficiency measures with multiple agreements ultimately leading to the EED, established in 2012. A key measure for achieving this target is to optimize residential buildings' energy consumption where the European Commission states that buildings are responsible for 40% of energy consumption and 36% of CO_2 emissions.

Energy services providers capitalize on digitalization trends that drive the proliferation of connected networks and enable the collection and interpretation of large amounts of data through big data analytics. As a result, service providers can better address growing customer demands for more innovative and intelligent energy efficiency solutions, including more customized services tailored to customer needs and individual behavior. Legal guidelines such as monthly reading and transparency for tenants as suggested by an update to the EED combined with the continued digitalization and interconnection of energy networks, offer a large range of opportunities for energy services providers. This has driven the development of new, technology-driven energy efficiency solutions, such as real-time consumption monitoring and remote-control solutions.

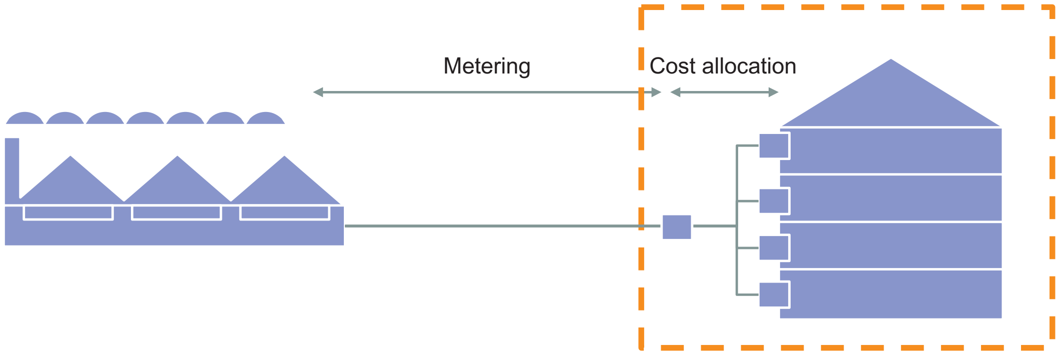
Energy production is shifting to smaller energy plants in order to provide power at or near the point of use. Those smaller decentralized heat and power plants are more efficient and flexible because operators can better match energy supply and demand via digital control systems which allows users to remotely optimize consumption and therefore cost. Furthermore, they benefit from regulatory support because those technologies are less CO_2 intensive in comparison to stand-alone heat and power plants. Decentralized power generation units also provide several economic benefits to customers including tax benefits, the avoidance of grid fees, the optimization of power procurement costs and the marketing of excess power.

ENERGY AND COST ALLOCATION SERVICES

Industry Overview

Heating, water and electricity delivery to buildings is generally metered by utility companies. The gas, oil and district heating (*Fernwärme*) meters in centrally heated buildings and water meters provided by utility companies, however, generally only monitor the consumption of the entire building and are not equipped to monitor the consumption of individual units within a multi-unit residential or commercial building.

To monitor the consumption of individual units, multi-unit buildings in many countries are equipped with additional measuring devices called cost allocation devices or sub-metering devices. Cost allocation devices measure the heating use and water consumption within residential and commercial multi-unit buildings and allow landlords or property managers to subsequently allocate the costs to different tenants on the basis of their individual consumption. Cost allocation generally covers heating and water only, because electricity consumption is usually measured and billed directly by utility companies on an individual basis. Cost allocation is important where multiple units within a building share a common heating or water system, because only the cost allocation system enables the measuring of the individual consumption of each unit. While metering for the whole building is provided by utility companies, cost allocation services are typically provided by specialized energy services providers such as Techem.



Cost allocation services are generally provided as follows: first, cost allocation devices are installed in each unit (for example, on each radiator or in each main water line) within a multi-unit residential building. The energy services providers typically ensure the regular reading of the cost allocation devices and the maintenance of these devices. Joining the individual device readings with the overall costs of the heating and water supply, which is provided to the energy services provider by the landlord or property manager, allows the energy services provider to provide an individualized, consumption-based cost allocation for each end-user or tenant. Subsequently the landlord or property manager can invoice the individual costs for water or heating to the tenants. Therefore, a cost allocation services company generally provides the following services: the installation and management of cost allocation devices, interaction with landlords or property managers to gather the overall cost and tenant data for the entire building, the reading of the cost allocation devices and the allocation of the overall costs to individual units.

The billing phase of cost allocation is a complex process that requires significant technical know-how. Typically, billing comprises the assembly of cost and other object-related information (for example, tenant changes or building restructurings) delivered by the customers as well as metering values collected by the service providers. The billing process technically starts by computing the billing to all pre-defined settings and rules. The outcome, which is usually produced overnight, is subsequently checked against plausibility rules for quality assurance and if positive the billing product might be automatically forwarded to print production or data exchange. However, in case of irregularities, the last step can involve highly individual, manual review before the billing product is distributed. Further automation of the billing process is dependent on continuous integration and synchronization of the steps along the value chain, automated rule settings and early phase quality checks.

Cost allocation services provide significant benefits to the landlord or property manager, the tenant and society generally. Cost allocation has proven to positively influence consumption behavior, leading to the more efficient use of energy and water, because the allocation of costs based on individual consumption provides an incentive to use energy and water more economically. A series of pan-European studies has shown that the implementation of consumption-based billing of energy costs leads to energy-savings quotas varying between 10% and 40%, with average savings of approximately 20–30%. Compared to other measures available to reduce CO_2 in buildings, such as building insulation, cost allocation services are significantly more cost effective. Today, Techem's services provide an annual savings impact of approximately 7 million tons of CO_2 in Germany and internationally during an average climate year. For the landlord or property manager, the services provider takes over the cost allocation process and ensures that the landlord or property manager is in compliance with regulatory requirements to provide accurate consumption-based billing, thereby offering peace of mind. Lower energy costs for the building will also lead to a reduction in ancillary costs and thus lower overall expenses. Tenants will benefit from energy consumption savings and receive fairly allocated energy consumption costs, in exchange for only a small fraction of total ancillary costs incurred in connection with renting the apartment.

Devices and Contracts

Energy services providers offer cost allocation services by reading their cost allocation devices (heat cost allocators, heat meters and water meters). Readings from the cost allocation devices are processed by the energy services provider and converted into consumption data for each unit within a multi-unit residential or commercial building. The cost allocation devices are read for cost allocation purposes at least once a year, usually at the end of a calendar year. Cost allocation devices that measure the consumption of water are subject to mandatory calibration and, in Germany, heat meters and hot water meters must be recalibrated (and in practice replaced) every five years, and cold water meters every six years, whereas in Belgium, economic operators must recalibrate (and in practice replace) hot water meters every eight years and cold water meters every eight or every sixteen years, depending on the relevant volume. Heat cost allocators

("HCAs") have a lifespan of up to 15 years and are not subject to recalibration requirements. Heat meters, which are subject to recalibration requirements as well, have a calibration period of five years. Most energy services providers do not manufacture cost allocation devices and are therefore pure service providers. Depending on the devices, cost allocation devices can be read in different ways:

- *Manual cost allocation device reading*: The consumption data is read directly from each cost allocation device, either visually or by an electronic meter reader that connects with the device through an optical, infrared-like connection. The meter's reading values are then entered manually or by optical data transfer into a mobile meter-reading device. The meter-reading device is then connected via data link with a central data center to transmit the reading values, which is usually done once a day. This method of reading requires someone with a cost allocation device reader to enter the apartment or other individual unit where the cost allocation devices are located. It is commonly used with evaporator-based HCAs, electronic HCAs and standard water meters.

- *Radio-enabled cost allocation device reading*: Newer cost allocation devices are equipped with radio transmitters. Radio-enabled cost allocation devices record consumption information and send it to a receiver outside the individual unit (data collector). Such devices enable a simpler and more secure reading of consumption data without a cost allocation device reader having to enter an apartment or other individual unit, or even the building. In case of "walk-by reading" the data collector is carried by a cost allocation device reader, walking through the floors or even outside the building. The collected data is encrypted and transmitted to the energy services provider's data center by public networks. For remote reading, data collectors are connected with a mobile telephony network and transmit the readings regularly, typically once a day, to the data center. This significantly accelerates the reading and therefore the overall cost allocation process and minimizes the time until customers receive the final consumption data. This also reduces the errors resulting from manual reading and entry. Techem was the first energy services provider to introduce radio-enabled cost allocation devices on a large scale, and approximately 73% of its devices are radio-enabled. Radio-enabled devices have higher rental payments or sales prices. As a result, a higher level of customer service, including fast and error-free reading and processing of consumption data, is important.

Cost allocation services customers are typically offered two types of contracts with respect to device ownership, and both contracts are accompanied to the service component of cost allocation services, which are typically long-term (multiple years):

- *Rental contract*: With a rental contract, the customer rents the cost allocation devices from the energy services provider, and the energy services provider agrees to install and maintain the devices, including regular checks to confirm functionality and to replace defective or aging devices, including for battery life or calibration. Rental contracts typically have a duration of between five and ten years.

- *Sales contract*: With a sales contract, the customer purchases the cost allocation devices from the energy services provider and the energy services provider agrees to install the devices in the customer's building. Most customers also enter into a maintenance contract for the devices, with the energy services provider undertaking essentially the same services as under a rental contract.

Customers

The cost allocation of a jointly used resource requires that the entire building is monitored and managed by the same energy services provider using the same measuring technique. For that reason, the direct customers of energy services providers are professional and private property managers and owners of residential and commercial buildings, who rely on the data collected and processed by the energy services provider to invoice consumption-based heating and water costs to their tenants. The relationship between the tenant and the energy services provider is mostly indirect, with the tenant being required to grant the energy services provider access to the premises for the installation and servicing of the cost allocation devices and, depending on the device, for the reading of the measurements. With the introduction of digital services, such as real-time consumption monitoring through a mobile application, the relationship between the tenant and the service provider is expected to become closer.

The actual cost allocation customer base is highly fragmented, differing in size from the owner of a house with two units to property managers and owners of large residential apartment building portfolios with more than 100,000 units. The vast majority of customers are smaller, private property managers and home owners with a few units under management.

While cost allocation is a regulatory requirement in some cases, the contracts governing cost allocation services are not subject to specific regulation. Contracts are typically entered into with customers who also pay the water and heating costs to the utility companies for the entire building. To cover their energy and other costs and spread payments from their tenants over time, customers often receive predetermined monthly installments from their tenants together with rental payments. These monthly installments cover all costs of the operation of the building, such as heating, water, insurance, the cleaning of public spaces and elevator maintenance (referred to as *Nebenkosten* in Germany). Based on annual cost allocation data, actual heating and water consumption costs are then allocated to the individual end-users or tenants (i.e., consumption-based billing) who receive an individual cost itemization and, according to their actual consumption and the amount paid in installments, either receive a refund or must make an additional payment.

The costs related to cost allocation (including hardware costs) are often passed on from landlords to tenants, typically making the costs of cost allocation only one of many important decision criteria that landlords consider. In addition, cost allocation costs usually represent less than 5% of a tenant's utility costs. As a result, the main criteria for obtaining cost allocation services are quality and performance levels, including timeliness and the accuracy of meter readings and cost allocation, the breadth and depth of services offered, the quality and accessibility of after-sales services, and device reliability. Nonetheless, prices must remain competitive in all customer segments, with professional customers typically making use of a tendering process.

Supportive Legal Framework

The provision of cost allocation services benefits from a favorable legal environment. Both energy and water are becoming increasingly scarce and expensive resources. Accordingly, consumers and legislators are focused on the more efficient use of energy resources.

The legal framework governing the provision of cost allocation services can range from regulation on the federal, municipal or state level to no legislation. In addition, there is supranational legislation at the EU level as well as certain financial incentives, such as in Brazil, where state-funded financing for new apartments is only available if the apartment building is fitted with cost allocation devices.

In Germany, the German Heating Cost Ordinance (*Verordnung über Heizkostenabrechnung—HeizkostenV*) introduced in 1981 requires landlords to provide consumption-based billing of heating and warm water consumption; landlords are generally required by law to provide cost allocation capabilities in multi-unit residential or commercial buildings. Only maintenance and rental costs are considered operating expenses and can be passed on to the tenants while the cost of straight purchase may only be passed through to tenants under certain conditions, as costs for modernization by way of a rent increase. Residents are allowed to withhold up to 15% of the annual utility bill for heating and warm water if the property owner does not provide for consumption-based billing.

The Heating Cost Ordinance had implemented parts of the EED, which is part of the EU energy efficiency framework and was adopted in 2012. The EED requires all EU countries to increase energy usage efficiency at all stages of the energy chain, from production to final consumption, with the further aim to reduce dependency on energy imports from outside the EU and to achieve a "European Energy Union." With regard to the cost allocation services, the EED has established specific guidelines that encourage cost allocation and are expected to support increasing penetration rates throughout the implementing EU Member States. For further information, see "*Regulation*."

While a supportive legal framework is helpful, it is not a prerequisite to the implementation of cost allocation. Sociological pressure, for example, to fairly allocate costs and efficiently use energy is significant. Both Denmark and Belgium have high penetration rates for cost allocation devices despite the lack of any mandatory national cost allocation legislation.

Key Market Drivers

While the cost allocation services markets in different countries develop at different rates and under different structures according to national conditions, there are certain macroeconomic factors relevant across all countries, including the following:

- *Number of multi-unit buildings with central heating*: Cost allocation is required where the meters used by utility companies cannot measure each individual unit of a building separately. For that reason, multi-unit buildings, residential or commercial, represent the target properties for energy services providers. Overall market potential for cost allocation services is therefore strongly linked to the overall number of multi-unit buildings with central heating in a market.

- *Increased cost of energy and water*: The world's energy consumption has been increasing and is forecast to continue to increase. On the basis of rising energy and raw materials prices, costs are in turn passed on to end-users, who as a result seek to reduce their energy consumption and costs. Cost allocation has been proven to reduce energy consumption and therefore is an attractive option for consumers facing increasing energy and water costs.

- *Scarcity of natural resources and government awareness:* The public and governments are increasingly focused on the scarcity of natural resources and reducing energy consumption by promoting energy efficiency. Public awareness campaigns are common place and governments are also turning to direct regulation (such as the EED). Cost allocation has been recognized as a viable option for reducing energy consumption while fairly allocating energy and water costs among tenants in multi-unit buildings. Over the long-term, it is expected that the increasing scarcity of natural resources and related price increases to result in cost allocation regulations in additional countries.

- *Supportive legal framework*: The adoption of consumption-based billing has been driven not only by the fundamental fairness of allocating costs based on usage, but also by market regulation. Energy services providers continue to benefit from the implementation of European Union regulation and directives. In Germany, cost allocation of heating and hot water consumption is compulsory, with several non-governmental institutions and alliances ensuring compliance with the regulatory framework, such as the consumer protection agency (*Verbraucherschutz*) and tenants' association (*Mieterbund*). In other countries, the implementation of the EED is ongoing with a few member states, including France and Italy, transposing the EED into national law only recently.

- *Relatively low cost of cost allocation services*: Costs related to cost allocation generally can be passed on by customers to their tenants. Those costs are low in relation to the average overall heating and water bill (cost allocation services costs depend on the size of the building but are typically less than 5% of total utility costs) and also lower than the average savings on energy costs. As a result of the low cost level, customers tend to focus on the service quality instead of price to ensure a hassle-free process.

- *Acceptance with respect to service-based business models*: Cost allocation services entail both the installation of cost allocation devices and reading and billing based on the data collected. The acceptance of service-based business models and the willingness of customers, not only to equip apartments with cost allocation devices, but also to pay for related services like reading and billing, are key market drivers.

- *Household growth (single and double income/no kids) drives demand for radio*: The market has seen a trend towards radio-enabled devices driven by the growth in the number of households, including an increasing number of small households with single parents or two working adults without children. The convenience of radio-transmitted readings is particularly attractive for these groups because manual readings typically occur during normal business hours and would require them to be in their apartments to grant meter reader access to the cost allocation devices.

- *Digitalization*: Customers are seeking more cost-efficient carbon saving solutions and advanced energy management systems, while users are looking for simple ways to monitor their energy consumption in real time. The digitalization of energy services provides real time information which enables prompt billing, regular device monitoring and consumption reduction. The availability of data also enables the development of energy efficiency use cases which leads to tangible energy savings. Radio-enabled devices are a prerequisite for the digitalization of such services.

Sources of Competitive Advantages

The sources of competitive advantages held by existing players in the cost allocation market, such as scale and market penetration, financial strength and large customer bases, formed organically alongside the overall market developments and dynamics. These factors are challenging for new market participants to enter the market, particularly in the short to medium term.

- *Scale and market penetration*: The cost allocation market is led by large established players, each having a large base of installed devices in mature markets, which provides access to a broad customer base. Larger players can exploit unit cost advantages from economies of scale as well as lower device sourcing prices using higher bargaining power and large order volumes compared to smaller market participants. For example, substantial investments in the IT infrastructure can be spread across the cost of sales of all products. The scale effect from a large sales and service network also results in a more competitive cost structure. Furthermore, these exhaustive networks enable cross-selling opportunities for products and services.

• *Financial strength*: Devices are usually rented to customers. For example, as at March 31, 2018, approximately 85% of Techem devices in Germany were rentals. Consequently, cost allocation companies typically pre-finance substantial investments in their devices. The devices reflect a trend towards innovative, high quality devices with improved sensor systems and other innovative characteristics. Furthermore, because service quality and an easy billing process do not incentivize switching cost allocation providers, new market participants need to have sufficient financial capacity to finance the required up-front investments for the devices as well as R&D to enter the cost allocation market and secure a competitive position.

• *Loyal customer base*: Cost allocation companies typically enjoy low customer churn rates, with customer retention in excess of the usual term of the contract. The main reason for this is that customers value the quality and ease of services provided, such as a smooth and errorless billing and maintenance process, and usually do not switch providers as long as contractual agreements and service quality are good and adequate.

German Energy Services Market

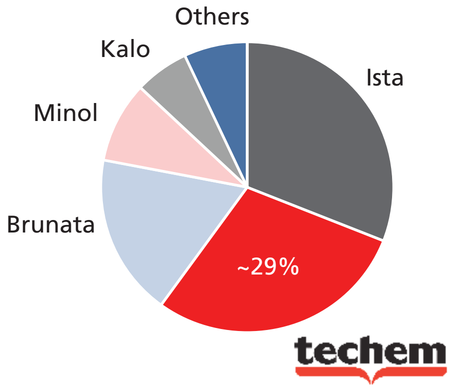
Germany is the world's largest cost allocation market and the most important market for heating and water cost allocation devices in the EMEA region because it is home to several of the world's leading cost allocation companies. Germany implemented a favorable legal framework in the 1980s, features a comparatively high share of apartments in multi-unit buildings with central heating systems and processes, and services are developed by companies there before being implemented in other regions.

Initially established in the 1950s, the German cost allocation market expanded rapidly on the basis of the sociological desire to pay a fair bill for heating and water usage. In the aftermath of the first oil crisis, supportive legislation was launched in Germany in the early 1980s. In 2016, Germany further increased its commitment to become greenhouse gas-neutral to a large extent by 2050, introducing revised legislation and guidelines such as the Climate Action Plan 2050 (*Klimaschutzplan 2050*).

Due to regulation and new product offers (both from a product offering and an individual service standpoint) over the past ten years, the German cost allocation market has evolved into a market with full cost allocation solutions comprising a variety of devices and services. In line with the characteristics of a mature market, customers are increasingly offered additional energy efficiency products. These additional energy efficiency products are enabled, for example, by the use of radio-enabled metering devices, first introduced on a large scale in Germany by Techem in 1996. Today, due to the increased focus on energy savings, energy services providers such as Techem have introduced energy efficiency solutions such as *Hydraulic Balancing* and *Smart Thermostats* to meet customers' demand.

In terms of the competitive landscape, the German market has five key cost allocation providers. We believe that Techem has established itself as a leading company in the cost allocation market in Germany with a market share of just under 30% based on revenue for the 2017 financial year (excluding revenue for smoke detectors, water testing and issuance of energy certificates) with a stable market share (see the table below). Other large cost allocation providers are ista, Brunata-Metrona, Minol and Kalorimeta. The market structure is highly stable with the incumbents, such as Techem, benefiting from unit cost advantages due to economies of scale in servicing a large and fragmented customer base. They also enjoy low churn rates with customer retention in excess of the contract term, because customers value quality and ease of services provided, and usually do not switch providers as long as service quality is good.

Cost allocation services market shares in Germany (2017):



Source: Group information. Based on revenues for the 2017 financial year (excluding revenue for smoke detectors, water testing, and issuing of energy certificates)

German Additional Energy Efficiency Solutions and Supplementary Products and Services Market

Supplementary products and services such as smoke detectors and water testing for legionella are offered by energy services providers such as Techem who are able to benefit from their access to apartments and operational infrastructure that is already in place. They also have the knowledge to manage the legal framework in Germany.

The installation, monitoring and maintenance of smoke detectors is regulated by each of the 16 German federal states and installation requirements differ in the individual German states. In recent years an obligation to install smoke detectors in privately used buildings (i.e., mainly apartments) has been introduced by all federal states. Smoke detectors are mandatory in new buildings in all federal states as well as for existing buildings in twelve out of 16 federal states (with Thuringia requiring compliance by the end of 2018 and Brandenburg and Berlin by the end of 2020, while in the federal state of Saxony no transition deadline has yet been set). In general, smoke detectors need to be installed in all bedrooms and hallways that are part of the escape route and the responsibility for timely installation lies with landlords. In the majority of federal states, the law imposes the responsibility to ensure the functionality of the smoke detectors on the tenants, unless the landlord decides to assume this task.

The installation of smoke detectors is considered a modernization measure and purchase costs can therefore be passed on to tenants via rent. The landlord can increase the annual "cold rent" (i.e., rent excluding utility costs) by up to 11% of such purchase costs (although this percentage may potentially be reduced to 8%). The landlord can also rent smoke detectors and many landlords pass on the rental costs of the devices to their tenants; however, the transferability of those costs as operating costs is currently under consideration and it is possible that landlords may not be able to pass on the rental costs to tenants in the future due to a change in the legal framework. As a rule, smoke detectors should be checked at least on an annual basis and currently only a few companies, including Techem, are able to provide this service entirely remotely without access to the tenants' premises through the use of radio-enabled smoke detectors. Smoke detectors should be replaced ten years after their installation at the latest. The costs incurred for the annual check are allocable to the tenant of a residential unit as operating costs.

In addition to smoke detection, as set forth in the German Drinking Water Ordinance (*Trinkwasserverordnung*), centrally heated drinking water needs in certain cases to be tested at least every three years for legionella by an independent laboratory for health and safety reasons. This applies particularly to hot water facilities of a certain size that are connected with showers or other installations which result in a nebulization of drinking water, if the drinking water is provided in connection with a commercial activity, such as the leasing of apartments or the operation of hotels and hospitals. Landlords are permitted to pass the costs associated with the set-up of special collection points and costs for the examination of water quality to the tenants. Such service is also provided by energy services providers such as Techem.

Germany also benefits from the proliferation of connected homes, of which energy savings-related devices form a part of the ecosystem (such as, *Smart Thermostats* and smart smoke detectors). This creates an opportunity for energy services providers to offer new, innovative, energy efficiency solutions.

According to the Commissioned Report, Germany's smoke detectors and water testing markets were estimated to be €0.2 billion each in 2016, and are estimated to be €0.3 billion and €0.2 billion, respectively, in 2021.

International Energy Services Market

While Germany remains the largest single market for cost allocation services, cost allocation has become increasingly relevant within the member states of the European Union. In addition, the macro-trend towards energy efficiency and the individual allocation of energy costs (whether due to legal or market requirements) creates opportunities in markets outside the European Union for energy services providers to expand into such markets.

Several European countries (including Austria, Belgium, Denmark, the Netherlands, Poland and Switzerland) are relatively mature and display stable or slightly increasing penetration rates for heat and/ or water cost allocation. The growth in these mature countries is mainly driven by a positive volume trend from new real estate developments and a shift from HCAs to higher priced heat meters. There is also an increasing interest in additional energy efficiency solutions to meet EU energy saving targets.

Other European markets (including France and Italy) exhibit strong growth driven by the recent implementation and stricter enforcement of the EED and the consequent installation of heat cost allocators or heat meters. This leads to a significant increase in penetration rates for heat cost allocation in these countries because non-compliance would result in significant penalties. Italy has experienced high installation volumes through the sale of cost allocation devices since Italy started implementing the EED in July 2014. As the market matures in terms via installed devices, it is expected to shift towards services for reading and billing of installed devices. Like Italy, heat cost allocation penetration rates in France are expected to increase in the next seven to ten years with stronger enforcement of the EED.

Countries outside Europe, such as the United Arab Emirates, offer growth opportunities in the area of cooling driven by the country's goal of achieving national energy and water saving targets.

In the international markets, Techem enjoys leading positions in many of the markets it operates in. Generally, the market structures are similar to the German market where a few relevant players hold a majority of the market share, including local participants.

ENERGY CONTRACTING

Industry Overview

Energy contracting is a comprehensive energy service concept for residential and commercial building managers and owners. Energy contractors generally offer to increase energy efficiency and decrease energy costs by taking on certain planning, construction, maintenance and operating tasks from their customers. The energy contractor typically acts as a general manager that plans, finances and develops measures designed to save energy, such as the development and installation of new heating or cooling devices.

Energy services providers have significant insight into their customers' heating usage through their cost allocation businesses. Energy services providers therefore gain the knowledge and expertise required to advise their customers regarding the replacement and improvement of their heating systems. As a result, energy services providers are in a favorable position to also offer energy contracting services. As a key provider of cost allocation services, Techem can leverage its Energy Services business to grow its Energy Contracting business.

The main type of contract in the energy contracting industry is system contracting. System contracting typically includes the planning, building or renovating, financing and operating of equipment by a contractor. CHP-units, heat stations and boilers are pieces of equipment often installed and operated pursuant to system contracting agreements. In system contracts, the cost for the unit (or the renovation of an existing unit) is typically financed over time and paid through the base price. The contracts typically set forth the pricing for the heat and energy produced as well as administration and maintenance charges payable to the system contractor over the duration of the contract. In order to allow for amortization of the relatively high investment costs, the contracts typically have a duration of ten to 15 years.

Customers

Within Energy Contracting, our customers can be allocated to the following segments:

- *Residential*, which includes private real estate owners and property management companies;
- *Commercial*, which includes industry, building companies and hotels; and
- *Public*, which includes schools, local authorities, public buildings and hospitals.

Key Legislation and Subsidies

On January 1, 2016 the German Federal Ministry for Economic Affairs and Energy launched the Energy Efficiency Incentive Programme (*Anreizprogramm Energieeffizienz*,) (the "APEE") which provides funding for the modernization of heating and ventilation systems. Until the end of 2018, a total amount of €165 million may be made available per year to support the installation of particularly efficient heating systems. This serves to promote a changeover to more efficient gas-based heating systems or heating systems based on renewables.

In 2002, the EU adopted Directive 2002/91/EC on the energy performance of buildings Directive ("EPBD 1"), which had to be implemented into national law by January 4, 2006. The Directive was recast by Directive 2010/31/EU (the "EPBD 2" and, together with the EPBD 1, the "EPBD") in 2010. The principal objective of the EPBD is to improve the energy performance of buildings through cost-effective measurements. EU members have to implement a methodology for the calculation of the energy performance of buildings and set regulations for minimum energy requirements for new and existing buildings. Additionally, EU states are obligated to ensure that energy performance certificates are issued, particularly whenever a building is constructed, sold or rented out and that inspections of boilers and heating systems are carried out. The EPBD gives two options for the inspection of boilers and air-conditioning systems. Either the boilers have to be checked on a regular basis or the respective government has to ensure that there is advice given on boiler replacement and other modifications to heating systems to improve overall energy efficiency. In particular with activities towards a scalable, modular and digitalized heating value chain, integrated industry players such as Techem can provide stepped upgrading possibilities to low investment measures.

For further information, see "*Regulation*."

Key Market Drivers

Similar to the cost allocation market, while the energy contracting markets in individual countries develop at different rates and under different structures according to national conditions, there are certain macroeconomic factors relevant across all countries, including the following:

Increasing energy prices: World energy consumption is expected to continue to grow. Within the context of rising energy and raw materials costs, which in turn are paid for by end-users, customers have a strong incentive to invest in new heating and cooling systems that have a higher degree of energy efficiency than existing systems. The complexity in planning, managing and operating such systems has also increased significantly over the past several decades, incentivizing customers to turn to outside contractors to manage their facilities, increase energy efficiency and reduce costs.

Increasing awareness for alternative energy production environments: Modern CHP-units use primary energy in an efficient manner. They produce electricity and use the waste heat to heat buildings or the whole area. In addition, decentralized CHP-units reduce the strain on electricity grids. These benefits and increasing public awareness of the need to increase the efficient use of energy and use renewable energy has led to an increased demand for CHP-units. In Germany, that trend is fostered by the *Energiewende*, a decision of the German government to abandon nuclear energy and to phase out nuclear power plants by 2022, forcing Germany to find other efficient electricity production methods.

Changing legislative framework: Energy contracting is not regulated. Rather, it is influenced by various provisions and legal frameworks (for details, see "*Regulation*"). For example, in May 2010, a revision to the EPBD 1 was adopted in an attempt to heighten energy performance requirements. Individual countries within the European Union had to implement the new EPBD 2.

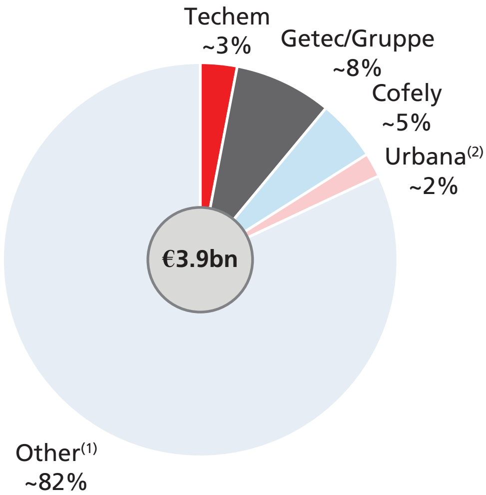
Need for financing solutions: Outdated heating systems and the opportunity for financing high-cost investments without the need for bank borrowing serve as primary economic drivers in the residential sector. In the commercial sector further need for a single energy supplier to provide efficient energy supply facilities and low cost heating is a high priority. Given the lack of financing sources, public sector contracting tends to involve upfront investment in heating plants as a replacement for old heating systems.

Digitalization: The introduction of digitally interconnected heating systems across the service provider network allows heating systems to be controlled remotely. This allows the real-time identification of imperfect utilization, which optimizes energy consumption and eventually leads to cost savings.

Competitive Position

Due to the local nature of customers, the energy contracting industry remains rather fragmented with more than 500 providers. Large players like utilities and OEMs are either already active or currently looking at the energy contracting market; however, they only provide these services as an add-on offering to their core business as a one-stop shop for their customers. Techem is one of the leading players in the market with no single player having more than 10% of total market share. Techem currently ranks third in the German residential energy contracting market, servicing approximately 3,600 buildings. Going forward, data aggregation and analytics, engineering, scale, and service excellence are expected to be the key success factors in the energy contracting and the broader energy efficiency sectors, leading to an advantage for larger, specialized and/or data-driven players.

Energy contracting market shares in Germany:



(1) Including municipal utilities such as RWE, STEAG, EnBW and E.ON.

(2) Urbana was acquired by GETEC Gruppe in May 2017.

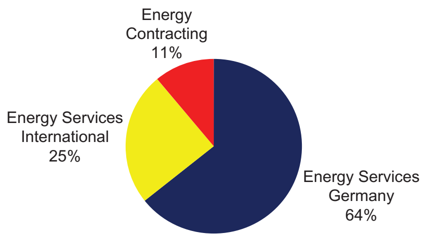
Source: Group information and Commissioned Report

BUSINESS

Overview

We are a leading global energy management and services provider to the residential and commercial real estate sector, focusing on cost allocation services that ultimately enable our customers (landlords and property managers) as well as tenants to reduce and optimize energy (heat) and water resource consumption. We operate in 21 countries, including Germany. We believe we are a leading company in the cost allocation market in Germany with a market share of just under 30% based on revenue for the 2017 financial year (excluding revenue for smoke detectors, water testing and issuance of energy certificates). Leveraging our scale, expertise and large database of energy consumption information, we provide additional energy efficiency solutions and supplementary products and services such as *Smart Thermostats*, integrated energy efficiency services, smoke detection and water testing through our technologically advanced platform. Our infrastructure-like business, which is built on long-term contractual relationships with many of our customers, is organized in two business segments: "Energy Services" and "Energy Contracting." The Energy Services segment is further split into "Energy Services Germany" and "Energy Services International." Our business model combines our primary business, cost allocation, with various energy efficiency solutions and supplementary products and services that target the energy services sector in particular. For the 2018 financial year, we generated revenue of €766.5 million. In addition, for the 2018 financial year, we generated free cash flow of €229.2 million and Run-Rate Adjusted EBITDA of €394.1 million, representing a free cash flow conversion ratio of 58.1%.

Revenue Split by Segment and Geography for the 2018 Financial Year:



Energy Services

Within the Energy Services business segment, we offer cost allocation services, additional energy efficiency solutions and supplementary products and services. The demand for such services is primarily driven by increased regulatory requirements to adhere to energy efficiency practices and the global decarbonization trend. Our business is further supported by consumer preferences for more-efficient, less-intrusive and more-accurate energy consumption reporting and billing.

- *Cost allocation services*: Cost allocation services include the measuring of heating and water consumption in individual units within multi-unit residential or commercial buildings and billing services. These measurements are the basis for the subsequent cost allocation services, energy efficiency solutions and supplementary products and services that we offer. The foundation of our cost allocation services are the sub-metering services we offer to our customers, typically landlords and property managers, in 21 countries, including our core market, Germany. Globally, we provide sub-metering services for approximately 11.2 million units by means of approximately 51.4 million installed devices (57.6 million including smoke detectors), of which approximately 31.1 million installed devices are in Germany (37.2 million including smoke detectors). In the 2018 financial year, 85% of the cost allocation devices we installed in Germany were rented and 15% were sold. In Germany, the average duration of our new rental contracts in the Energy Services business is approximately nine years.

- *Additional energy efficiency solutions*: Using the consumption data collected through our cost allocation services, we offer energy and water usage monitoring services that allow our customers to review, reduce and optimize the energy and water consumption of their buildings and related costs. We have recently expanded our product portfolio to include new products such as *Smart Thermostats* and *Hydraulic Balancing* and we are developing a next generation heat cost allocator device combining cost allocation functionality with a smart thermostat which is connected to our cost allocation services infrastructure through a branded mobile application.

- *Supplementary products and services*: We provide supplementary products and services that include the installation, testing, maintenance and replacement of smoke detectors, which are required by law in many German federal states, and the performance of legionella analysis of drinking water, which also is required by law in Germany. Recently, we successfully piloted the provision of water quality solutions to our customers, which includes the installation and maintenance of building water filtration, softener and dosing systems.

For the 2018 financial year, our Energy Services business segment generated revenues of €681.6 million. Germany generated 72.3% of these revenues, with the remainder generated by our operations outside Germany.

Energy Contracting

We established our Energy Contracting business segment in 1992, building on our expertise in managing energy consumption and the market and customer data gained through our cost allocation services. Within the Energy Contracting segment, we offer system contracting and energy consulting services. Although the energy contracting market is more fragmented than the cost allocation market, we believe the close integration between our Energy Services and our Energy Contracting businesses places us well to leverage our position in both segments to benefit from cross-selling opportunities, as well as provide our customers with integrated services and solutions across both business lines.

- *System contracting*: The system contracting solutions we offer in our Energy Contracting segment mainly include the planning, financing, construction and operation of heat stations, boilers, cooling equipment and CHP-units. These projects are generally customer-specific and tailored to the individual customer's needs.

- *Energy consulting*: Energy consulting comprises assisting landlords, property managers and other customers in their energy management with offerings including energy monitoring solutions and services to enhance cost and energy efficiency in our customer's buildings.

For the 2018 financial year, our Energy Contracting business segment generated revenues of €84.9 million.

Our Strengths

We operate a resilient, infrastructure-like business

We operate a resilient, infrastructure-like business providing customers with essential services that are supported by favorable legal frameworks, long customer contracts and our size. In Germany, demand for our products and services increased as a direct impact of the German Heating Cost Ordinance (*Verordnung über Heizkostenabrechnung—HeizkostenV*) introduced in 1981 which facilitates and in many cases requires a consumption-based allocation of heating and hot water costs in multi-unit residential buildings with central heating. The EED, introduced in Europe in 2012, is currently in the process of being implemented throughout the EU. The EED targets energy savings through a variety of measures, including individual cost allocation, resulting in regulatory support for our services in other EU member states. In addition, demand for our services in Germany continues to be supported by further urbanization and growth in the number of households due to a reduction in the average household size.

We engage in long-term rental contracts for cost allocation and measuring devices and services. The length of our rental contracts is determined by the life span (including the battery lifespan) and calibration periods (in the case of heat and water meters) of devices. For instance, heat cost allocators are typically subject to five- to ten-year rental contracts, heat meters are generally subject to five-year rental contracts and water meters are often subject to five- to six-year rental contracts. Additionally, we experience low customer churn rates (less than 5% for the 2018 financial year), which we attribute to our strong customer relationships and customer service focus, the complex tri-party relationship between us, landlords and property managers (our customers) and tenants, and the fact that the costs for cost allocation services only account for a small fraction of a tenant's total ancillary costs. In choosing to remain with a service provider, customers value the quality and ease of services provided and usually do not switch providers as long as service quality is satisfactory.

We operate a leading platform in Germany, the largest cost allocation market globally

Germany is the largest and most advanced cost allocation services market globally with a market size of approximately €1.5 billion as at 2016. Recognizing the benefits of cost allocation, including reduced energy consumption and cost savings, Germany was one of the first countries in the European Union to adopt legislation making cost allocation mandatory. In November 2016, Germany increased its commitment to become greenhouse gas-neutral by 2050, introducing the "Climate Action Plan 2050" (*Klimaschutzplan* 2050). In Germany, we operate over 50 offices and have an installed base of approximately 31.1 million installed devices (37.2 million including smoke detectors) and 72% of our devices are radio-enabled as at March 2018. We believe we differentiate our platform from those of our competitors by taking a holistic approach to energy efficiency. As the only market participant with a significant presence in both the cost allocation and energy contracting segments, we are able to leverage the high level of integration of our Energy Services and Energy Contracting businesses, using our access to customers and expertise to offer a broad range of services across the heat and energy value chain. For example, our energy saving system *adapterm* relies on our radio-enabled heat cost allocators and is an artificial intelligence-based solution (algorithm). It is designed to optimize the generation of heat by gradually adapting to the heating consumption in a building and guaranteeing that the heating system only generates the heat that is actually needed. We also offer additional energy saving solutions, such as *Smart Thermostats* and *Hydraulic Balancing*, and supplementary products and services, such as smoke detector maintenance and installation as well as legionella analysis.

We operate a scalable platform with a large installed base in European markets demonstrating strong growth potential

We currently operate in 20 countries outside Germany, the majority of which are in Europe. Based on management estimates, we believe we hold the number one or two position in most of these countries, including Austria, Belgium, Italy, the Netherlands, Spain and Switzerland based on either volume of devices or revenue, depending on which metric is customarily used or available to determine market share in the relevant country. Each of these markets is characterized by varying levels of market maturity and regulation. We believe strong growth potential in European markets, combined with the expertise we have developed through our German operations, positions us well to increase our market share in select markets where cost allocation penetration is low.

The benefits of scale, our extensive database and advanced technological capabilities position us well to adapt our German business model to, and capitalize on favorable legislation in, other markets. As a result of the introduction of the EED, penetration rates for cost allocation services are increasing in many European countries. Since the introduction of the Heating Cost Ordinance in 1981, penetration rates for heat cost allocation in Germany increased to almost 100%. We believe we will benefit from our established footprint in EED-driven growth markets such as Italy and France, where heat cost allocation penetration rates are expected to increase due to recently implemented legislation, which provides for penalties for non-compliance. We also operate in markets outside of Europe where supportive legislation and financial incentives generate demand for our services. For instance, in the United Arab Emirates, where 60% of the energy costs are related to cooling activities, there is strong government support for district cooling, the reduction of carbon dioxide and energy efficiency solutions. Our leading positions in these international markets offer cross-selling opportunities for our additional energy efficiency solutions to our customer base.

Our business platform is difficult to replicate given the operational complexities of the cost allocation business and our technological capabilities

Over the course of our 60-year history, we have scaled our business and established key technological competencies, creating a business model that is difficult to replicate. Cost allocation services are highly complex and require significant resources in order to operate efficiently. For example, we managed an average of approximately 4.3 million device installations in Germany per year for the past three years. The installation of devices is managed through an extensive logistics network comprising our own employees and a significant number of external subcontractors, who plan and manage access to households. In order to manage the complex billing process, we have built a fully automated scalable billing platform which handles a wide variety of inputs, including customer type, heating system and radiator placement, to complete billing in an accurate and timely manner. Similar to the provision of services, the billing phase of the cost allocation business requires significant coordination and technological capabilities. We manage approximately eleven million billings per year and provide customer service to approximately 410,000 customers. Today, approximately 38% of billing is fully automated, which reduces error and saves personnel costs. The system infrastructure also supports data exchange and interaction with our customers.

The scale of our business allows us to continuously invest in technology and to develop innovative, high quality products and services. We have an R&D team of approximately 36 employees and we hold approximately 200 patents globally in over 65 patent families. As energy consumption data is central to our business, through our in-house data analysis, we have developed "use cases" and energy efficiency solutions such as real-time consumption monitoring, screening and benchmarking services propositions that are highly valued by our customers. We also continuously invest in technology to fully digitize our customer service processes to ensure we provide a high level of service quality to our customers using a low-cost, scalable platform.

Our strong technological and automation capabilities allow us to retain customers and capture growth opportunities

We believe our focus on innovation has positioned us as a technological leader in the cost allocation market. Technology provides us with the ability to improve service quality and customer retention rates, identify new energy efficiency offerings, enhance operational efficiency and stay ahead of our competitors in terms of innovation. We were the first cost allocation services provider to offer radio-enabled cost allocation devices on a large-scale basis, resulting in a radio-enabled cost allocation device penetration rate of 73% globally (as at March 2018). The use of radio walk-by technology, and more recently fixed network technology, results in a more efficient, less intrusive and more accurate reading process for our customers, at the same time reducing our operating expenses. In addition, we established our integrated *Techem Smart System* platform, which enables customers to combine prompt billing, regular device monitoring, online control of device read-outs and the monitoring of heating and water consumption. Through our Energy Contracting segment, we are able to gather the heat generation and usage data of a building by measuring the temperature outflow from and inflow back into the heating system. In combination with the consumption data from Energy Services, we have access to energy data across the entire heating system value chain from generation and distribution (Energy Contracting) to energy usage (cost allocation services), which enables us to develop integrated, low-investment energy efficiency use cases. Supported by the digitalization of energy services, we continue to develop and offer new energy efficiency solutions for our customers and to broaden our portfolio of integrated services. For example, we recently piloted the *Hydraulic Balancing* service, which optimizes the distribution of water in a building's hydraulic heating or cooling system by equalizing the system pressure to provide the desired indoor climate with improved energy efficiency and operating cost. With this service, tenants can actively manage their heating through *Smart Thermostats* with the combination of *Hydraulic Balancing* to optimize energy consumption.

We have a resilient financial profile with predictable cash flow and consistent growth

Our financial profile is resilient with predictable cash flows supported by an environment experiencing consistent growth. In addition to favorable legislation, positive underlying growth fundamentals such as urbanization and household growth due to a reduction in the average household size, lend further stability to our business. We also benefit from low customer concentration because no single customer contributes more than approximately 1% of our revenue. Additionally, we enjoy significant revenue visibility because we are typically engaged in long-term rental contracts for cost allocation devices which have tenures between five and ten years. For example, for the 2018 financial year, approximately 80% of Techem's total revenues for Energy Contracting and Energy Services (including billing, rental and maintenance), excluding equipment sales, were generated under ongoing contractual arrangements, with the remainder being mainly new equipment sales conducted on a transactional basis. Furthermore, many of our customers engage us for multiple services or devices and the staggered contract periods encourage customer retention due to the cost and inconvenience of a staggered transition to competing providers. We attribute our low customer churn rates of less than 5% (for the 2018 financial year) to our strong customer relationships and customer service focus.

These factors, combined with a highly predictable cost base, provide stable profitability and cash flows. For example, over the past ten years, including during the 2008 global financial crisis, we have delivered non-cyclical, uninterrupted Adjusted EBITDA growth and margin improvement. Through our increasing investment in rental cost allocation devices, we seek to drive further EBITDA growth and margin improvement. Capital expenditures in connection with metering devices are only incurred when we have already concluded a rental contract for those devices so that we can expect to generate revenues therefrom. For the 2018 financial year, we generated free cash flow of €229.2 million and Run-Rate Adjusted EBITDA of €394.1 million.

We have an experienced management team with a proven track record of implementing strategic initiatives to drive growth

We have a dedicated team of talented professionals with deep knowledge of and experience in the industry. In particular, we benefit from the experience and industry know-how of our current executive management team, which includes our Chief Executive Officer, Frank Hyldmar, our Chief Financial Officer, Dr. Georg Fronja, and our Chief Operating Officer, Nicolai Kuß. See "*Management*." Our management team has a successful track record of fostering the growth, profitability and improved efficiency of the company. Our management team encourages growth through the development of a customer-centric approach with a focus on service quality, product innovation and operational efficiency as demonstrated by their successful implementation of the ongoing Operations Excellence program.

Following the completion of the Acquisition, we also expect our business to benefit from the market expertise, business relationships, knowledge and experience of our future shareholders Partners Group, CDPQ and OTPP.

Our Strategy

Grow our core business in Germany through energy efficiency solutions and supplementary products and services and new small customers

We intend to continue to grow our German business by implementing the following measures:

- *Transition from manually-read cost allocation devices to radio -enabled devices*. We are driving the transition from manually-read cost allocation devices to radio-enabled devices which can be read from outside the unit. The use of radio-enabled devices, which includes radio walk-by devices and fixed network devices, allows for improved customer experience, operational efficiency and convenience because only proximity, rather than direct access, to individual units is required. As at December 31, 2017, in Germany, approximately 63% of devices are read through radio walk-by of a total of approximately 72% of devices with radio transmitters. Approximately 9% of such devices are read via fixed networks, which means that devices are read by a stationary transmitter in the building which sends data via GPRS to us without the need for annual site visits. We continuously seek to increase our use of radio-enabled devices to extend the benefits of these efficiency gains.

- *Continuous innovation in energy efficiency solutions and supplementary products and services*; *focus on energy savings*. Supported by the increasing digitalization of energy services, we invest in the development of new energy efficiency solutions and supplementary products and services that differentiate our company from competitors and which help our customers meet energy savings targets. In 2017, we worked with an industry hardware partner to add *Smart Thermostats* to our product offering. As a next step we are developing a next generation heat cost allocator device that combines cost allocation functionality within a *Smart Thermostat* which is connected to our cost allocation services infrastructure through a branded mobile application. We successfully piloted, and have recently launched, our *Hydraulic Balancing* service, which optimizes the distribution of water in a building's hydraulic heating or cooling system by equalizing the system pressure to provide the desired indoor climate with improved energy efficiency and operating cost. In addition to our range of services directly connected to cost allocation, we offer supplementary products and services such as smoke detectors and legionella analysis, which benefit our customers through the provision of early detection and prevention measures, and which help our customers meet regulatory requirements. Furthermore, we have recently launched a new service, particularly for the Bavaria and Baden-Württemberg regions, to improve water quality for our customers by installing and maintaining water filtration, softener and dosing systems. We plan to offer this service in geographical areas where the water is particularly hard.

- *Focus on smaller customers*. We continue to increase our focus on smaller customers who manage fewer than 50 residential or commercial units. Over the last two years, we have established a dedicated sales force which has established "use cases" to define our current interactions with small customers and helps identify opportunities for and promote our expansion into this segment. Such small customers, typically private building or condominium owners, are interested in the quality of customer service, high quality hardware and having peace of mind. Small customers are more likely to enter into and renew longer-term contracts and they require less customized procedures than the large housing associations and other large customers who have historically been our focus. This allows us to streamline our processes, which results in cost efficiencies.

Grow in our established international markets

We seek to increase our market share and promote our energy efficiency solutions to our customers in our established international markets. We currently operate in 20 countries outside Germany, which are characterized by varying levels of market development and regulation. We believe our international markets segment offers opportunities to increase penetration of individual cost allocation services as a result of the effective implementations of EED legislation, particularly in the Italian market where mandatory cost allocation was recently introduced. We currently operate in 20 countries outside of Germany, the majority of which are in Europe. Based on management estimates, we believe that we hold the number one or two market position in a number of our international markets, including Austria, Belgium, Italy, the Netherlands, Spain and Switzerland based on either volume of devices or revenue depending on which metric is customarily used or available to determine market share in the relevant country. As we increase our market share in international markets, we intend to continue providing our customers with innovative integrated energy efficiency services through our technologically advanced platform. Based on our experience in these markets, we believe we are well positioned to address the market and regulatory landscape of the international markets in which we operate. We are also streamlining our international business operations by standardizing the software and processing systems offered and used. We believe this will help us deliver our products and services to any country on a single platform, improving our cost efficiency and facilitating the expansion of our business abroad.

Maintain a focus on efficiency improvements and cost reduction to further improve our margins and cash flow

We intend to continue our focus on operational efficiencies which we believe result in cost reductions ultimately allowing us to further improve margins and cash flow. In line with these objectives, we launched an efficiency program called Operations Excellence in 2016, which is focused on three key areas: improving service quality and customer experience; improving process efficiency; and enabling the success of other corporate initiatives. Initiatives of the program include streamlining processes, reducing human intervention, reducing the error rate in device installation, automating certain aspects of installation and billing, new procurement policies, introducing new hardware and software for meter reading, simplifying device development, centralizing customer data management and implementing integrated systems to facilitate data collection. Our dedicated project team monitors more than 200 performance indicators linked to the various initiatives, such as our automatic billing rate and access-to-apartment ratios (ratios of completed customer appointments to scheduled appointments). We have realized fully implemented or contractually locked-in cost savings in the amount of €43 million, of which €30 million of which is already reflected in our EBITDA for the 2018 financial year with an additional €12.9 million calculated on a run-rate basis for the 2018 financial year. We plan to continue the Operations Excellence initiatives through fiscal year 2019.

Our Business Activities

Our business model combines our primary business, cost allocation, with various complementary products and services.

Our business is organized in two business segments:

Energy Services, which offers:

- cost allocation services to approximately 410,000 customers in 21 countries. Our cost allocation services include the measuring of individual heating and water consumption in approximately 11.2 million individual units in multi-unit residential or commercial buildings and billing services. These measurements are the basis for the subsequent cost allocation, billing and energy efficiency solutions that we offer;
- additional energy efficiency solutions, which include energy and water monitoring services, as well as energy efficiency offerings such as *Smart Thermostats* and *Hydraulic Balancing*; and
- supplementary products and services such as the installation, testing, maintenance and replacement of smoke detectors and the performance of legionella analysis of drinking water and water quality solutions.

Energy Contracting, which offers services solutions in the fields of:

- system contracting, where we handle the planning, financing, construction and operation of heat stations, boilers, cooling equipment and CHP-units tailored to our customers' needs acting in our own name and for our own account; and
- energy consulting, where we assist our customers, among other things, with energy management offerings including energy monitoring solutions and services to enhance cost and energy efficiency in our customer's buildings.

ENERGY SERVICES

Our Energy Services business segment offers cost allocation services, additional energy efficiency solutions and supplementary products and services.

A landlord or property manager signs a contract with us and we take over the cost allocation process for the individual units of a multi-unit building, providing our customers with the measurement (sub-metering), allocation and billing of the individual heating and water consumption for each end-user (tenant). Based on such consumption data our customers invoice heating and water costs to their tenants. In order to provide such service, we rent or sell cost allocation devices to our customers, offer the maintenance services required for the devices, read the sub-meters, aggregate the consumption data and allocate the costs based on the collected consumption data to each individual end-user.

Sub-Metering

Devices

We do not manufacture or assemble our sub-metering devices ourselves. Some of our devices and our supplementary equipment are produced exclusively for us by our equipment suppliers, with whom we have long-term contractual relationships, according to our specifications. Under some of these agreements, we have minimum purchase obligations for a limited period of time. In other situations we use more standard meters and have them customized for our radio technology. With respect to certain key components of our sub-metering devices, we hold exclusive intellectual property rights. Certain of our radio-enabled devices are proprietary and not compatible with third-party systems. Therefore, customers who wish to switch from our products and services to those of a competitor must either have the devices read manually by the competitor, replace the current equipment with equipment provided by the competitor, or contract with us to continue reading the devices and provide the competitor with the consumption data collected in exchange for remuneration. In certain countries in which we operate, European open metering standards ("OMS") have been introduced providing for open and vendor-independent standards for communication, allowing interoperability between meter products. We are a member of the German network OMS Group, which we believe positions us well to adapt to developments.

Though OMS promotes interoperability, it is primarily a communication standard which impacts the standard consumption data collection process, while the expertise of the cost allocation provider in respect of managing the complexities across the other aspects of the value chain remains unique to the cost allocation provider. Our expertise in energy efficiency services allows energy efficiency solutions to be provided where such data remains encrypted. As such, the introduction of OMS is expected to benefit large players like us who can attract new customers with superior offerings and service quality. Our new-generation radio device, which is currently under development and partially rolled out, will be based on OMS, and as a result these devices will be compatible with other meter products.

Devices for Measuring Heating Consumption

We offer two types of sub-metering and data collection devices to measure heating consumption: *heat cost allocators* and *heat meters*. In addition, we are in the process of developing a next generation heat cost allocator device.

Heat cost allocators are available as evaporators or electronic devices which are directly installed on all radiators within our customers' buildings. Evaporators measure the heat emitted by a radiator based on the amount of liquid contained in the device that evaporates during the heating period. Electronic heat-cost allocators measure the heat emitted by a radiator through electronic sensors and display the amount consumed digitally. All of our currently offered electronic heat-cost allocators can be equipped with radio transmitters, which convey the consumption data to a data collection device.

Heat meters are available in various versions to suit the varying needs of our customers, some of whom use floor heating, radio-based systems or heating systems that are not easily accessible. Our standard heat meters have an integrated radio module. In several countries, heat meters are subject to calibration requirements and, in Germany, for example, must be replaced after five years.

Next generation heat cost allocator device: In 2017, we worked with an industry hardware partner to add *Smart Thermostats* to our product offering. To further the development of our integrated heat optimization and cost allocation services, we are also developing a next generation heat cost allocator device which combines cost allocation functionality in a *Smart Thermostat* which is connected to our cost allocation services infrastructure through a branded mobile application. Through the application, customers (on an anonymized and aggregated basis) and tenants will be able to see their consumption data. Furthermore, tenants will be able to optimize their heating behavior and consumption while at the same time increasing their comfort. Also, in addition to our smoke detectors, we plan to introduce new smart home safety devices equipped with sensors for measuring CO_2, humidity and temperature, as well as for leakage detection. Such devices would, for example, help prevent the formation of mold and damage to water pipes caused by freezing.

Devices for Measuring Water Consumption

With respect to the measuring of water consumption, we offer water meters with various mechanisms. All water meters are installed in the piping system of a building and consumption is displayed in liters and cubic meters. Our standard water meters are prepared to be equipped with a clip-on radio module. In several countries, water meters are subject to mandatory calibration and, in Germany, for example, have to be replaced after five years (hot water meters) or six years (cold water meters).

Devices for Measuring Cooling Consumption

Our cold meters are specifically designed for installation in cooling circuits and they record cooling consumption. The standard devices have an integrated radio module and other types are prepared to be equipped with a wire-based plug-in radio module.

Rentals, Sales and Replacement

When supplying our customers with devices, we advise our customers on which devices are most suitable for them based on their individual circumstances, taking into consideration factors such as data collection efficiency, implementation and maintenance costs, and future energy efficiency solutions. Most of our customers in Germany rent our devices, because the costs for such rentals can generally be passed on to tenants. In the 2018 financial year, 85% of our devices (including smoke detectors) in Germany were rented and 15% were sold.

We generate relatively stable cash flows from our hardware business, because the devices rented or sold to our customers in several countries in which we operate, including Germany, must be replaced at regular intervals due to calibration regulations and/or battery life. In addition, once the devices that were the subject of the preceding rental or sales contract are required to be replaced, most of our rental contracts are renewed. In addition, most of our sales contracts are accompanied by maintenance contracts. The intervals at which replacements must be made depend on battery life, and for some devices, regulatory requirements that vary between jurisdictions. In Germany, for example, heat meters and hot water meters must be recalibrated (and are in practice replaced) every five years, and cold water meters every six years, whereas in Belgium operators must recalibrate (or replace) hot water meters every eight years and cold water meters every eight or every 16 years, depending on the relevant volume. In the case of sub-metering devices with a modular design, the mandatory replacement requirement only applies to the water meter component which is subject to calibration regulations; however, in most cases, the customer replaces the entire device.

We encourage our customers to rent rather than buy our devices in order to enable our customers to benefit from the fact that costs for such rentals can be passed on to tenants. Additionally, we view long-term rental contracts as advantageous in terms of customer retention.

Installation, Testing, Commissioning, Maintenance and Replacement

Together with our rental and sales contracts, we typically provide installation, commissioning, maintenance and replacement services. The price for the installation of the devices is often included in the sales or rental price. The vast majority of our installation services are provided in conjunction with the conclusion of a rental or sales contract and, in the case of a sales contract, in conjunction with at least a maintenance contract.

With a trend towards rental contracts, the number of devices under maintenance pursuant to separate maintenance agreements has decreased. Maintenance for rented devices is provided pursuant to the rental agreement.

Methods for Reading and Data Collection:

Reading of cost allocation devices is the basis for the collection of heating, water or cooling consumption data. In most markets, data is read once a year, usually at the end of a calendar year or after the heating or cooling period.

There are different methods for reading and data collection, depending on the customer's preference:

- *Manual device reading* requires access to the unit. The technician enters the unit and reads the devices manually. Consumption data is read out directly and visually from the sub-meter. All our manual sub-meter reading is done by subcontractors via digital handheld devices with mobile connectivity to transfer data while on the road. We provide our subcontractors with instructions of when and where to read. The subcontractor distributes an announcement to the tenants of the individual units regarding the upcoming reading appointment and then physically enters the individual unit in order to read the sub-meters. Approximately 27% of devices are read manually.

- *Radio walk-by* requires proximity to the building as devices are read from outside the unit via radio. Consumption data is read by subcontractors from sub-metering devices through wireless radio-based technology. Approximately 63% of our devices are read through radio walk-by.

- *Fixed network* reading does not require access or proximity to the building. Devices are read by a stationary data collector (called "data concentrators" or "RTU") installed permanently in the building and a transmitter transfers data via GPRS data without the need for an annual site visit. Approximately 9% of devices are read remotely.

We first introduced our radio technology for cost allocation devices in 1996. Since then, we have equipped an increasing number of new devices with radio transmitters. As at March 31, 2018, 72% of our installed devices (including smoke detectors) in Germany are radio-enabled. In Germany, we have a leading market share for radio-enabled cost allocation devices (approximately 43% as at March 31, 2018 based on volume).

As no wiring is required for the devices, the installation of radio-enabled devices does not require invasive structural work in a building. In addition, radio-enabled sub-metering has the following advantages:

- *Consumer friendliness*: The collection of consumption data via radio-enabled devices does not require that residents of the individual unit are present during read-outs. This renders the entering of the premises by a meter reader as well as read-out appointments obsolete. Furthermore, with the help of stationary reading equipment, the manual midway reading previously required when there was a change in tenants is no longer necessary because the data is remotely read on a daily basis.

- *Accuracy*: Radio-enabled collection automatically records consumption data and transmits it to our receivers (whether to the handheld devices of our meter reading sub-contractors or to a GPRS-based data collector), eliminating retransmission errors and the need for costly follow-up visits.

- *Energy efficiency solutions*: Fixed network reading is the first step towards solutions and energy efficiency solutions that enable more economical and efficient energy consumption. Such solutions range from consumption measurement and billing via device and energy monitoring to energy-saving heating controls. The solutions are brought together onto one platform (our *Techem Smart System*) which enables customers to combine prompt billing, regular device monitoring, online control of meter read-outs, and monitoring heating and water consumption and costs. Using the *Techem Smart System* platform, landlords can track and optimize energy consumption. Another example of our energy efficiency solutions is the energy-saving system *adapterm* which was launched in 2006. *adapterm* optimizes the generation of heat by gradually adapting to the heating consumption in a building and guaranteeing that the heating system only generates the heat that is actually required by the occupants of a building without affecting the comfort of the residents.

In addition, radio-enabled meter reading, particularly remote radio-enabled meter reading, is more cost efficient for us compared to manual meter reading and results in higher margins. At the same time radio-enabled meter reading increases and ensures a high level of quality in our services.

Data Aggregation and Analysis

Consumption data collected is transmitted to our data centers where it is stored, aggregated and analyzed. The collected data can be compared to other data that was previously collected from a particular site, to a customer's other sites or to comparable sites in our database of energy consumption information to benchmark the energy consumption and operating condition of the building.

Cost Allocation

The concept of cost allocation comprises the consumption-based measurement and billing for heating and water in multi-unit residential and commercial buildings. The market for consumption-based measurement and billing for heating and water encompasses two distinct segments: metering and cost allocation. The major difference between metering and cost allocation is the distribution and measurement point. Utilities and third party suppliers supply energy sources (for example, electricity, oil and gas) and water to the building. Energy and water are then distributed to each individual unit in a multi-unit building. The utility or energy supplier company measures the consumption only for the entire building and then issues a bill to the property owner or landlord for the entire water and primary energy consumption. Subsequently, the property owner or landlord allocates those costs to each tenant.

Buildings without cost allocation use allocation approximation methods like the size of individual units (for example, square meters and number of residents). However, these methods do not allow for a fair and accurate allocation of heat and water costs, as tenants with a higher than average usage underpay for their consumption to the disadvantage of lower-usage tenants. As such, cost allocation solutions allow for a fair allocation of consumption costs.

In order to facilitate the cost allocation process, our customers provide us with the total consumption of the building, total cost and individual end-user data which we combine with the consumption data we collect from our devices, and based on this combined data, we offer three advanced ways to prepare individual bills for heating, water or cooling consumption:

- *Data input online*: Customers transfer overall consumption, cost and end-user data directly and securely to our billing tool in our online portal (the "Techem Portal"). Based on the read-out values from our devices and the billing and end-user data provided to us, we prepare the respective heating bills and *send* them to our customers for distribution to the respective end- users. The data of approximately 26% (as at March 31, 2018) of our serviced individual units in Germany is transferred via our direct online billing to our database.

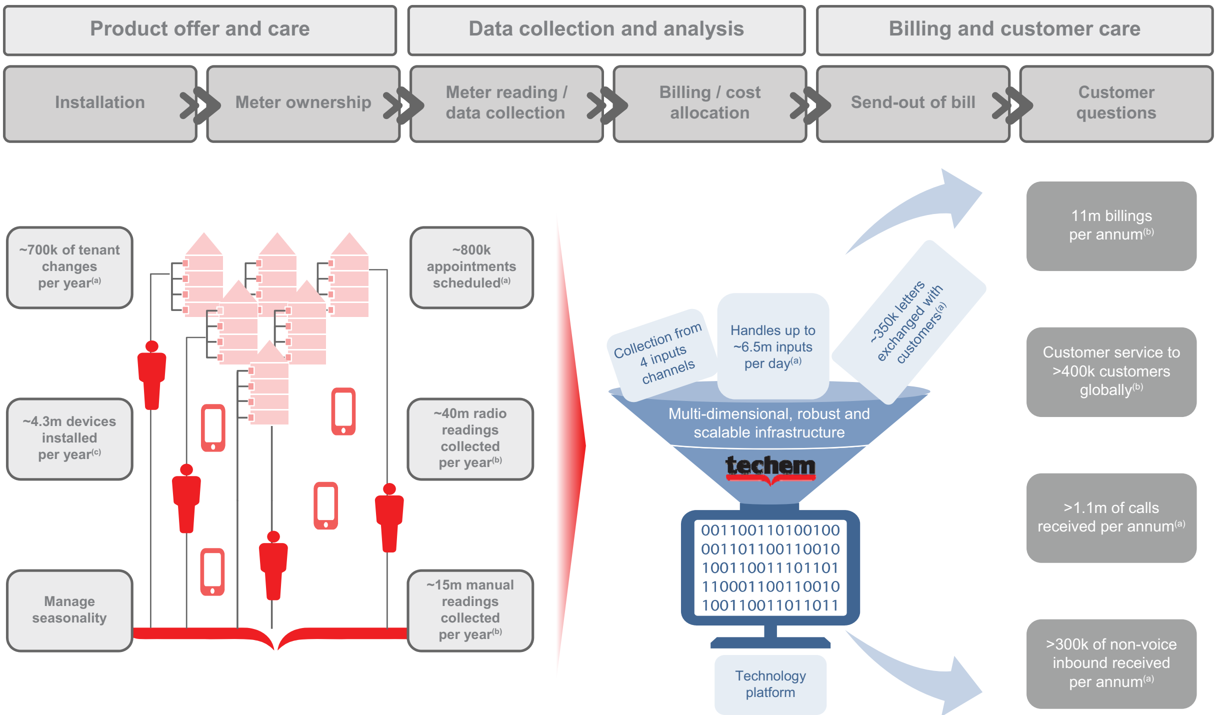
- *Data exchange online via our Techem Portal*: Customers can exchange their overall consumption, cost and end-user data with us via our Techem Portal using their ERP software. Once this data is combined with the individual consumption data collected by us, we either (i) prepare only the respective *heating* bills or (ii) combine the heat costs with the other ancillary charges (such as cold water consumption, waste charge and annual heating system maintenance charges) for each tenant. We then print out the bills and send them to our customers. The data of approximately 31% (as at March 31, 2018) of our serviced individual units in Germany is transferred via our direct exchange online to our database.

- *Integrated billing*: Using our proprietary software and certain systems from external providers which enable integrated billing, customers receive one final bill combining the heating bill and a bill for ancillary rental expenses. The final bills are ready for printing and dispatch from the customers' individual ERP system. The data of approximately 8% (as at March 31, 2018) of our services individual units in Germany is transferred via our integrated billing service to our database.

The data of the remaining 35% (as at March 31, 2018) of our serviced individual residential and commercial units in Germany is transferred via traditional mail to our database, although we also maintain digital copies that our customers can access. We then prepare the water, heating and, in commercial buildings, cooling bills and send them to our customers for distribution to the respective end-users.

Customer Care

In addition to the high quality services we provide with respect to our measurement and billing processes, customer care is the primary way we ensure our service quality. Through our experienced customer care organization, we answer customer calls concerning any questions they have relating to our services. In the billing period we proactively engage with customers to discuss how to best proceed with the reading and billing processes.



(a) Energy Services Germany, 2017 financial year
(b) Group, 2017 financial year
(c) Average per year for the 2016 financial year to the 2018 financial year

Additional Energy Efficiency Solutions

In addition, we offer our customers several additional services:

Energy and Water Usage Monitoring

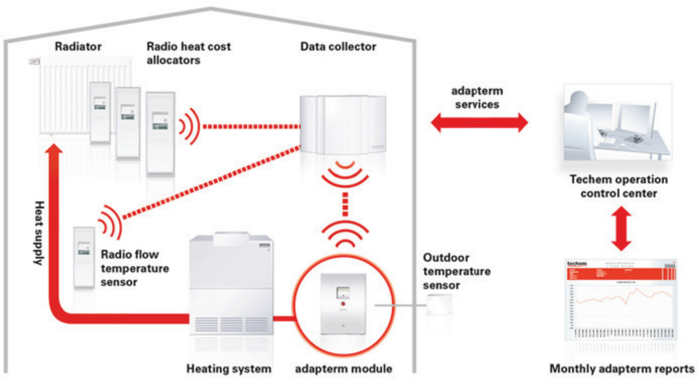
In the context of increasing energy prices, the scarcity of resources and pressure to reduce CO_2 emissions, energy efficiency and awareness of energy costs are becoming increasingly important aspects for both the residential and the commercial real estate sectors. Using the consumption data collected through our cost allocation services, including over 400 billion data points, we offer energy and water monitoring services that allow our customers to review, reduce and optimize the energy consumption of their buildings and related energy costs, which helps to increase the attractiveness of our customers' buildings, especially in areas with high vacancy rates because it reduces the overall rent for the tenants.

Based on the consumption data we collect and save as a result of our sub-metering services, we provide the following analytical services via the Techem Portal:

- *Benchmark Analysis* is a comparison of the energy and water consumption and costs of our customers' buildings with similar properties in our portfolio.
- *Portfolio Analysis* gives our customers insight into the energy and water consumption of their individual buildings and the related costs incurred.
- *Unit Analysis* provides a concise overview of the energy and water consumption and costs in individual units. The optional *Unit Analysis Plus* service provides a detailed monthly unit analysis of individual units for both energy and water consumption and costs. Furthermore, customers who wish to review the current energy and water consumption on an ongoing basis and monitor developments in heating and water usage for individual units can opt for the *Intra-Year Unit Analysis*.
- *Time Series Analysis* enables our customers to track the development of energy and water consumption and costs of their properties and units over the past six years.

Energy Saving System (Adapterm)

Based on the analysis of heating consumption, we have developed an additional solution designed to optimize the energy efficiency of our customers' properties. Our energy saving system *adapterm* relies on our radio-enabled heat cost allocators and is an artificial intelligence-based solution (algorithm). It is designed to optimize the generation of heat by gradually adapting to the heating consumption in a building and guaranteeing that the heating system only generates the heat that is actually needed. The *adapterm* system collects temperature data from our radio-enabled heat cost allocators and the *adapterm* module determines the total heating demand in the building and calculates whether there is an oversupply of heat in the building, taking into account all available data such as inside heating demand, outside temperature and other factors. If an oversupply of heat is detected, the *adapterm* system reduces the flow temperature of the heating system to its optimal level. Via radio-based remote access we ensure that the *adapterm* system operates efficiently. Monthly *adapterm* statements inform our customers of the energy savings achieved in their buildings.

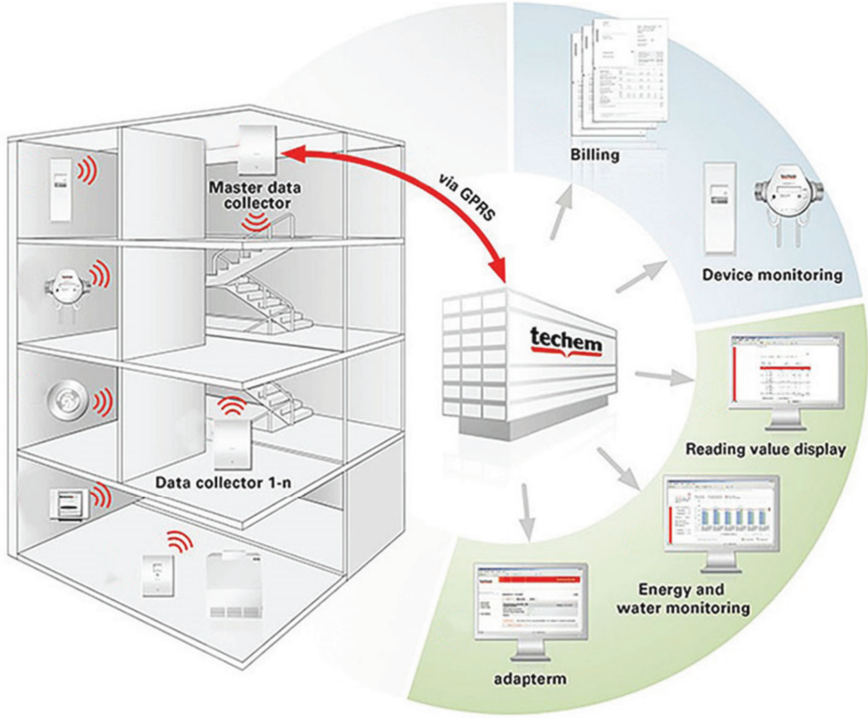


According to a study published in 2010, the *adapterm* system reduces the heating system's consumption by up to about 10%, without affecting the comfort of the residents, with little to no additional investment besides the relatively low investment in the *adapterm* system itself.

Integrated Energy Efficiency Solutions Platform (Techem Smart System)

The *Techem Smart System* integrates and utilizes the capabilities of our radio-based technology and provides our customers with access to a wide range of monitoring services, such as energy monitoring and smoke detector status. We typically offer the *Techem Smart System* to our customers in a package with our other services, providing them with continuous access to their energy consumption data.

Radio-enabled meters in each unit send their measured consumption to master data collectors (in larger buildings or in the case of several buildings via additional data collectors) which record the consumption data and the device status information from various devices under the control of the master data collector and transmit the data to our control center at our Eschborn company headquarters via GPRS for processing. The access to energy consumption data from units equipped with radio-enabled sub-meters enables monitoring of the installed devices. The digital archiving of collected consumption data provides our customers and the end-users with online access to current and previous sub-meter read-outs at any time. Based on the collected energy consumption data, we provide energy monitoring services that offer our customers analysis of energy and water consumption and costs in respect of their properties. Based on the analysis of a building's energy efficiency, our energy saving system *adapterm* uses the consumption data from individual radiators to optimize the heating system according to actual heating requirements.



Smart Thermostat

In 2017, we added *Smart Thermostats* to our product offering. *Smart Thermostat* is a product that allows the regulation of heating systems wirelessly via mobile devices. The *Smart Thermostat* and mobile application are linked to the energy consumption information in our cost allocation services infrastructure, a valuable data source unique to our smart thermostats.

Hydraulic Balancing

In April 2018, we piloted, and have recently launched, our *Hydraulic Balancing* service which optimizes the distribution of water in a building's hydraulic heating or cooling system by equalizing the system pressure to provide the desired indoor climate at optimum energy efficiency and minimal operating cost.

Supplementary Products and Services

In addition to the range of services directly connected to cost allocation, we offer supplementary products and services that benefit our customers through the provision of early detection and prevention measures, and which help our customers meet regulatory requirements. In providing these products and services, we are able to leverage our knowledge of the legal framework in respect of residential buildings and the process know-how of managing access to the buildings, each gained in connection with our Energy Services activities.

Smoke Detectors

Most of the federal states in Germany have made the installation and maintenance of smoke detectors compulsory. Based on our know-how regarding radio-enabled devices, we and our supplier have together developed radio-enabled smoke detectors, of which the newest model allows remote functionality testing and senses if the smoke detector is covered. All of our new radio-enabled smoke detectors can be integrated into our *Techem Smart System* platform. Along with the purchase or rent of the detectors, we offer our customers a full service range, including installation, maintenance and regular testing of the smoke detector as well as the legally required documentation of the annual testing of each detector and replacement.

In the 2018 financial year we invoiced 992,000 new smoke detectors, of which 18% were sold and 82% were rented. As at March 31, 2018, our smoke detector installed base amounted to 6.1 million devices.

Legionella Analysis and Water Solutions

Since November 2011, legionella analysis of hot water systems is mandatory for certain buildings in Germany and particularly applies to landlords and property managers of multi-unit residential buildings. In collaboration with SGS Institut Fresenius GmbH, we offer hot water tests for legionella that are conducted in three-year cycles as mandated by law. We offer to install the appliances required to take hot-water samples, take, in cooperation with our business partner, the laboratory SGS Institut Fresenius GmbH, the samples, submit the samples to SGS Institut Fresenius GmbH and keep all concerned parties, including the landlord, the public health department (*Gesundheitsamt*) and the tenants, informed throughout the process. In the event the samples contain legionella above the maximum threshold stated by regulation, we offer consulting services regarding how to sustainably reduce the legionella, such as decontaminating the hot-water system or retrofitting the pipe system. The analysis of the samples is conducted by SGS Institut Fresenius GmbH. We currently serve approximately 25,000 customers in Germany.

We have recently launched a new service, particularly for the Bavaria and Baden-Württemberg regions, to improve water quality for our customers by installing and maintaining water filtration, softener and dosing systems. We plan to offer this service in geographical areas where the water is particularly hard.

ENERGY CONTRACTING

Our Energy Contracting segment offers products and services that build on our expertise in the Energy Services business and our access to customers and their energy consumption data. As a leading global product and service provider in the cost allocation market, we first entered energy contracting in 1992. Since then we have gradually expanded our energy contracting services, building on our strengths in the multi-unit residential buildings segment. With continuously rising energy costs, the global decarbonization trend and the requirement to adhere to energy efficiency standards, we believe that the highly competitive energy contracting market offers growth potential.

System Contracting

With our system contracting service, we as an energy service provider are engaged to procure, convert and supply usable energy to our customers, mostly residential real estate owners, by planning, financing, constructing and operating heat stations, boilers, cooling equipment and CHP-units for our customers, usually on a ten to 15-year contract basis. Our system contracting customers transfer to us the tasks of procuring, converting and supplying energy. Our customers benefit from our process and technical expertise. The pricing approach of system contracting is flexible enough to adjust to changing market conditions. At least two price components are applicable: a fixed price component covers the financing of implementation or renovation costs, interest, maintenance and a service fee, and a variable price component covers the cost for energy consumption. In addition, in certain cases a fixed metering price as compensation for measurement service is agreed. The contracts typically also provide for price adjustments based on changes in the market price for energy procured for the customer, which allows us to avoid the risk of energy price increases.

Of our revenue generated with system contracting, 64.0% were generated with customers owning residential real estate in the 2018 financial year.

Energy Consulting

We assist our customers in their energy procurement by offering energy monitoring services via our *Contracting Online Portal* which provides owners of commercial properties easy access to energy reports generated every 15 minutes by the electricity, heating, cooling, water and temperature sensors in their commercial facility.

Using our services, our customers gain direct access to information regarding the levels of energy consumption at their managed properties. We believe that our Energy Services segment offers our customers considerable advantages such as cost savings on electricity and gas, which increase the attractiveness of rental properties and reduce vacancy costs and create the opportunity to quickly react to changes in the energy markets.

Customers and Suppliers Overview

Customer Structure

The contractual framework of cost allocation services can be characterized as a triangular business-to-business-to-consumer (or B2B2C) relationship involving the cost allocation company, customers (landlords) and tenant. The landlord or property manager maintains a direct relationship with the cost allocation company and is also responsible for any contractual payments. Based on the individualized consumption-based billing provided by the services provider, landlords or property managers can subsequently issue invoices to their tenants. Such invoices will include the costs related to the provision of the cost allocation services, which can be passed on to tenants.

With approximately 410,000 customers and a total of approximately 11.2 million individual units, we have a well-diversified customer base. No single customer generates more than approximately 1% of our revenue. The average duration of our new rental contracts in the German Energy Services business is approximately nine years and we benefit from long-term and established customer relationships, with average customer relationships of over 20 years.

In the 2018 financial year, services and sales to our largest ten customers made up approximately 5.0% of our revenue. In Germany, we currently provide our services to approximately 340,000 customers with approximately 5.7 million individual units within multi-unit residential and commercial buildings.

Energy Services

We provide energy services through our business units Energy Services Germany and Energy Services International. With €492.9 million in revenue in the 2018 financial year, Energy Services Germany remains the largest business sub-segment. In Germany, customers of our cost allocation services can be split into the following groups:

- A—large customers with more than 5,000 residential or commercial units per customer (for example, large property managers and building associations).
- B—medium-sized customers with more than 500 and less than 5,000 residential or commercial units per customer (for example, property managers and building associations).
- C—local customers with more than 50 and less than 500 residential or commercial units per customer (for example, small property managers).
- D—small customers with fewer than 50 residential or commercial units per customer under management (for example, private property owners).

The pricing for customers varies among the groups, with the larger customers in groups A and B generally being charged less per apartment or unit due to the volume of apartments or units for which they engage our services.

Energy Contracting

In the 2018 financial year, we invoiced a net amount of €19.0 million to our top ten Energy Contracting customers. Our Energy Contracting customers can be divided into the following groups:

- *Residential,* which includes private real estate owners and property management companies (approximately 64% of revenue in the 2018 financial year);
- *Commercial,* which includes industry, building companies and hotels (approximately 29% of revenue in the 2018 financial year); and
- *Public,* which includes schools, local authorities, public buildings and hospitals (approximately 7% of revenue in the 2018 financial year).

Suppliers

The purchasing department generally differentiates between suppliers for technical and structural equipment and suppliers for non-technical goods and services, which includes, among other things, marketing, fleet, IT, logistics and travel.

For technical equipment, we have business relationships with approximately 90 suppliers for the 2018 financial year. For our main products, a dual source strategy tends to be in place in order to avoid dependence on a single supplier. In cases where this is not possible because of supplier restrictions or the market situation, a risk assessment has been carried out. For Techem Germany, purchases from our top ten technical suppliers made up 89.9% of total technical equipment purchases in the 2018 financial year.

The majority of our equipment purchase volume is managed centrally in Germany. Procurement of equipment of exclusively local relevance is often handled in the respective markets.

High-volume heat cost allocators are manufactured according to our specifications. The sub-meters procured by us are standard mechanical meters and our radio devices are developed by us and produced by our suppliers in accordance with our specifications. They are protected by means of our intellectual property rights.

We generally arrange provisions regarding special warranty rights and ownership rights in relation to machines and tools. We require our suppliers to disclose their cost structures, which are used as a starting point for price negotiations. Additionally, we organize an annual meeting with our top suppliers to discuss supplier ranking, forecasts and prices for the upcoming financial year.

In Germany, purchases from our top ten non-technical suppliers made up 29.1% of total non-technical purchases in the 2018 financial year.

Sales and Marketing

In Germany, we have established a sales team covering products and services across both Energy Services and Energy Contracting businesses, encouraging the teams to actively seek cross-selling opportunities.

We sell our products and services across Germany via our sales organization, which is tailored to the breakdown of customer groups by size. In order to promote organic growth, we have further streamlined our sales strategy, sales organization and sale process in Germany.

Our sales activities outside Germany are organized by regions such as, Region West (Belgium, Brazil, Denmark, France, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden) and Region CEE (Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Switzerland, Turkey and the United Arab Emirates). We are in the process of liquidating our only Indian subsidiary, Techem Energy Services India Private Ltd, in a solvent liquidation process. In some markets outside Germany we operate a countrywide sales structure as we do in Germany, where we focus the sales activities on selected territories or metropolitan areas.

Our customers are landlords and property managers of multi-unit commercial buildings and multi-unit residential buildings (and to a lesser degree architects, project developers and contractors). In most countries, our business activities do not involve direct contractual relationships with end-users of residential and commercial units. Therefore, we do not market our products and services to end-users. Our customer account representatives conduct most of our marketing activities as part of our regular sales activities. For this purpose we use advertising materials such as image brochures and other publications that highlight the advantages of our technical innovations (such as *adapterm*). In addition, we use trade shows, events and our presence in associations to maintain customer contacts. Sales to small customers are primarily based on direct marketing activities. Over the last two years, we have established a dedicated sales force which has established "use cases" to define our current interactions with small customers and identify opportunities for and promote our expansion into this segment. Recommendations from our existing customers are a key factor in attracting new customers. We also place advertisements in industry publications, use our websites (primarily www.techem.de and www.techem.com), engage in public relations activities and place articles in newspapers and trade publications for strengthening our credibility and increasing awareness about our product and service competencies. For example, public relations activities which reference projects supported by the awareness of the need for increasing the energy efficiency of the public, such as newspaper articles about energy savings achieved through our services in hospitals or other public buildings as well as in multi-unit commercial buildings, play an increasing role in our communication efforts. We continuously monitor existing customer relationships to ensure potential opportunities are identified.

Research and Development

We view R&D as an essential factor in improving customer relationships and maintaining our market-leading position and our position as a comprehensive energy services provider. Our R&D is the foundation of our Group's technical innovations and thus forms the cornerstone of the devices we produce and use to perform our energy services. One of the main tasks of our R&D department is the development and improvement or monitoring of our existing products through innovation and patent management as well as the adjustment of our product range to adapt to market development, particularly with respect to trends in the field of digitization, remote reading, energy savings and the efficiency improvement of buildings, resource protection and technological improvements in metrology and radio communications. In addition, we permanently monitor and control the quality of our manufacturers, particularly the producers of high volume devices such as radio-enabled heat cost allocators, radio-enabled modules for water meters and radio-enabled smoke detectors, thereby ensuring a high reliability of our devices in the field. Our R&D draws from our extensive and expanding knowledge of energy saving methodology, low power electronics, consumption registration, the remote reading and monitoring of devices via radio, and long-term cooperation with leading scientific partners.

In the 2018 financial year, we had an average of 36 employees working in our R&D department.

Intellectual Property Rights

Throughout our history we have patented a number of market innovations, including both products and processes. We currently hold approximately 200 national patents, mainly in Europe, in over 65 patent families, including, for example, patents for battery-powered radio modules for measuring water consumption and patents for leakage detection devices. As at March 31, 2018, approximately 41 of our national patents were less than six years old. As at March 31, 2018, we had 37 patent applications pending worldwide.

We hold approximately 66 trademarks in Germany, the European Union and some non-EU countries, which include, among other things our company name "Techem," "*adapterm*," "*bautec*" and "*Techem Smart System*." The trademarks themselves are owned by Target GmbH or its relevant affiliates. We also hold two patents that aid the advance of our radio technology initiatives.

In addition, our Group owns approximately 200 internet domain names. The most important of these domains are www.techem.com and www.techem.de.

Although our patents, utility models and trademarks as a whole are materially significant for our business, we believe that no single intellectual property right and no individual group of intellectual property rights are materially important to our business as a whole. In order to maintain our competitiveness, we also rely on trade secrets, non-patented knowledge, innovative product updates and ongoing technological advances. We attempt to protect our position by entering into nondisclosure and similar agreements.

Under certain circumstances, we must take legal recourse to assert our intellectual property rights or to determine the validity and scope of the ownership rights of third parties. We are not currently aware of any legal disputes that would result in us being prohibited from exercising our rights to intellectual property in such a way that would materially impair our business. We are also not aware of any legal disputes raised against us due to the infringement of patents or trademarks that would materially impair our business.

Some companies in our Group are partners in collaborations that could result in restrictions with regard to the use of inventions or knowledge developed within the framework of these partnerships.

Information Systems

Our in-house information management systems, supplemented by services from external providers, are of decisive importance for the management of our company. These systems and networks include our internally developed billing software heiztec/3, our field service software (Tavo and Kavo) and our newly developed reading platform based on the Android app. In addition, we use SAP and Exact ERP system environments to support administrative functions. For example, we use SAP Customer Service planning and logistics software to optimize our installation processes.

We are also making increasing use of the Techem Portal, our radio-based energy-saving system, *adapterm*, and our integrated platform, TSS (*Techem Smart System*). The fixed network reading system TSS uses real-time near information from radio-enabled devices and enables our customers to combine billing, regular device monitoring, online control of meter readings, and the monitoring of heating and water consumption and costs as well as intelligent consumption reduction through our system, *adapterm*.

We rely on centralized IT hardware and software systems and networks in addition to internal and external telecommunications networks. All IT and infrastructure networks we use are provided by professional IT service providers. As at the date of this Offering Memorandum, we are undergoing a transition according to which we are migrating the Techem IT infrastructure to a new IT provider who will cover all IT infrastructure services apart from WAN services. For WAN services, we recently renewed our contract with our current provider. The entire infrastructure will be based on new hardware, new technologies and enhanced services.

Employees and Pension Liabilities

Employees

For the financial year ended March 31, 2018, we had an average number of 3,573 employees, compared to an average of 3,652 employees for the financial year ended March 31, 2017. For the financial year ended March 31, 2018, we had an average number of 113 temporary employees, compared to an average of 260 temporary employees for the 2017 financial year.

The following table shows our average number of employees by region for the financial years ended March 31, 2016, 2017 and 2018:

	Financial year ended March 31,		
	2016	2017	2018
		Unaudited	
Average number of employees			
Germany	2,232	2,298	2,205
International	1,331	1,343	1,357
Employees	**3,563**	**3,641**	**3,562**
Employees of investments accounted for using the equity method	26	11	11
Total employees	**3,589**	**3,652**	**3,573**

In addition to our own workforce, we have independent service relationships with approximately 1,300 individuals and entities providing meter reading and assembly services in Germany. As far as such services are provided by individuals we have established internal guidelines and procedures which aim to ensure the status of these individuals as independent contractors and to avoid mock-self-employment (*Scheinselbständigkeit*) at our companies in Germany.

We have collective bargaining agreements that set forth key terms of employment in several countries. In Germany, we are currently not bound to collective bargaining agreements with trade unions.

We have a number of works councils and we are bound by various agreements with works councils, which cover topics such as additional benefits and agreements providing for severance and other compensation in connection with restructurings and redundancies. Works councils in particular in Germany enjoy a broad range of information, consultation and co-determination rights, especially relating to matters affecting the staff or operations.

A supervisory board has been established at Techem Energy Services GmbH pursuant to the provisions of the German One-Third Employee Representation Act (*Drittelbeteiligungsgesetz*). Accordingly, one member of this supervisory board is an employee representative, whereas the other two members of this body are appointed by the shareholders.

Pension Liabilities

We have defined benefit pension plans for certain employees. In addition, employees in Germany and certain other countries can participate in defined contribution pension plans in the form of a pension insurance fund or a direct insurance scheme. Many employees of our Group also receive benefits from statutory social insurance funds, into which contributions are paid as part of their salary.

As at March 31, 2018, the present value of our defined benefit obligations from unfunded plans was €18.4 million. As at March 31, 2018, the present value of defined benefit obligations from funded or partly funded pension plans was €19.2 million and the fair value of the assets to fund these obligations was €14.7 million. As at March 31, 2018, this resulted in unfunded pension obligations of €22.8 million. The amount of the unfunded pension obligation is dependent upon the development of the present value of the pension obligations and the fair value of the assets available to fund those obligations, if any. The value of the pension obligations is also based on various assumptions, such as the actuarial parameters to measure the obligations. Any change in the underlying assumptions or a change in the legal requirements for the pension plans respectively for the calculation of the pensions owed or an insufficient development of the funding assets may have a significant impact on the value of our pension obligations.

We generally have no further obligations after payment of the retirement pension contributions to state social insurance funds and private insurance companies (including pension insurance funds), therefore these plans are treated as defined contribution plans. However, by law an employer ultimately remains liable for defined contribution schemes other than the state social insurance scheme to the extent the pension claim is not satisfied by the insurance company or other funding vehicle, such as pension insurance funds.

In addition, we grant our employees other long-term benefits, including early retirement schemes and jubilee bonus payments, for which provisions have been made on the balance sheet. As at March 31, 2018, the provisions for partial retirement and anniversary bonuses amounted to €5.9 million.

Property, Plant and Equipment

Our headquarters is located in Eschborn, Germany, where we lease an office building with approximately 18,575 square meters of office space. We have branch offices in all countries in which we operate.

Legal and Administrative Proceedings

We are involved in a number of governmental, legal and arbitration proceedings that have arisen in the ordinary course of our business. We do not expect the governmental, legal and arbitration proceedings in which we are involved or with which we have been threatened to have a material adverse effect on our business or consolidated financial position. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

Federal Cartel Office Investigation in 2017

In May 2017, the German Federal Cartel Office published its final report on the sector inquiry into the cost allocation market initiated in July 2015. The report identifies certain deficits of the competitive process and proposes various measures in order to promote competition in the cost allocation market, including the improvement of interoperability of meters, the standardization of calibration periods and service life of meters, and improved transparency for tenants. It is possible that these proposals will ultimately result in regulation detrimental to our business environment. Furthermore, there is no assurance that the Federal Cartel Office will not use the findings made in the sector inquiry in order to initiate administrative actions against us and/or other cost allocation companies in the future.

Insurance Coverage

We hold a number of international insurance policies centrally managed by our risk management department and adjusted on an ongoing basis according to current circumstances. We obtain our third-party liability insurance based on internal risk management analyses in the form of a master policy and underlying local insurance policies to cover particular risks in most of the countries in which we operate. Deductibles and limits are agreed upon as appropriate. Our insurance coverage includes general liability and product liability insurance; environmental impairment liability insurance; commercial legal aid insurance; property damage insurance covering buildings, facilities and machinery; business interruption insurance covering; loss of profits, standing charges and claims surveyor-fees; fidelity insurance; directors' and officers' insurance and travel insurance.

We believe that our insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance policies, are both standard for our industry and appropriate. We cannot, however, guarantee that we will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage.

REGULATION

Overview

Our two business segments, Energy Services and Energy Contracting, are influenced by a wide range of regulatory requirements under European Union and national law dealing with the energy and water supply to buildings, in particular metering and billing. While, at least with regard to the Energy Services business segment, most of these requirements apply to our customers, our products and services need to comply with applicable rules in order to be suitable to our customers' needs. The following contains an overview of the key EU and German legislation that impacts our business.

The legal frameworks in the 21 countries in which we operate vary substantially and may differ from the key EU and German legislation described below.

Energy Services

Our Energy Services business segment offers cost allocation services, additional energy efficiency solutions and supplementary products and services to our customers, who are typically landlords and property managers. In order to be able to provide such services, we rent or sell devices to our customers, offer the maintenance services required for such devices, read the sub-meters, aggregate the consumption data and allocate costs based on the collected consumption data to each individual end user (see "*Business—Our Business Activities—Energy Services—Sub-Metering*"). In Germany, we also offer radio-enabled smoke detectors, and related services, including installation, testing, maintenance and replacement. We also offer legionella analysis of drinking water in Germany.

The primary purpose of the legislation influencing cost allocation is to create an incentive for energy and water conservation through consumption-based measuring and billing. For Techem, the laws and provisions mainly of interest are those that impose obligations on owners of buildings and residential units that favor growth in the market for cost allocation and billing services. This is the case especially with regard to the obligation to provide for consumption-based measuring and billing of heating and water, the obligation to install and maintain sub-metering and data collection equipment that meets statutory requirements, and the rules allowing our customers to allocate the costs of sub-metering to their tenants.

Consumption-Based Measuring and Billing of Heating and Water Consumption

Heating and Hot Water Consumption

Directive 2012/27/EU on energy efficiency which took effect on December 4, 2012, is part of the EU energy efficiency framework and requires all EU countries to increase energy usage efficiency at all stages of the energy chain, from production to final consumption, with the further aim to reduce dependency on energy imports from outside the EU and to achieve a "European Energy Union." The Directive requires Member States to take measures for the promotion of energy efficiency in order to ensure the achievement of the EU-wide energy savings target of 20% in 2020. Such measure may, in particular, be the set-up of an energy efficiency obligation scheme with the aim of achieving average energy savings of at least 1.5% (based on annual energy sales to final customers of all energy distributors or all retail energy sales companies by volume) annually from January 1, 2014 to December 31, 2020. Directive 2012/27/EU replaces Directive 2006/32/EC, which already established an energy savings target of 9% by 2016. The achievement of this target can and should be promoted by a range of measures, including consumption based measuring and informative billing of energy consumption. Directive 2012/27/EU reinforces that Member States must ensure, to the extent technically feasible and cost-efficient, that individual consumption meters to measure the consumption of heat or cooling or hot water for each unit are installed in multi-unit residential or commercial buildings either with a central heating or cooling source or which are supplied from a district heating network or from a central source serving multiple buildings by no later than December 31, 2016. Further, Directive 2012/27/EU requires accurate billing based on actual consumption. Final energy customers must receive detailed energy bills and information including consumption data free of charge to further ensure appropriate information of the end customer and trigger behavioral change. Directive 2012/27/EU furthermore provides that costs for third parties tasked with the measuring, allocation and accounting for actual individual consumption in such buildings may be passed on to the final customers to the extent that such costs are reasonable.

In Germany, parts of the requirements of Directive 2012/27/EU are implemented by the Heating Cost Ordinance (*Verordnung über Heizkostenabrechnung—HeizkostenV*) which has been in force since 1981. The overall implementation deadline was June 5, 2014. Pursuant to the Heating Cost Ordinance, the owner of a multi-unit residential or commercial building with a central heating or hot water system or commercially supplied with heat and/or hot water is required to measure the individual consumption of heating and hot water of the individual end-users, and to bill the costs at least in part based on the individual consumption of the end-users. The Heating Cost Ordinance overrides all contractual agreements, meaning that the parties to a commercial or residential lease agreement cannot stipulate that the heating and hot water costs will be paid for by, for example, a lump-sum payment by the individual user. The Heating Cost Ordinance also applies to condominium units (*Wohnungseigentum*), requiring the consumption of heating and hot water of each condominium unit to be accounted on the basis of individual consumption.

The Heating Cost Ordinance provides for various exceptions from the obligation to provide consumption-based measuring of heating and hot water. In particular, premises in which consumption-based measuring of heating and hot water could only be achieved through an unreasonably large expenditure are exempted. Further exceptions apply to older buildings where individual heat consumption cannot be regulated or to, for example, nursing homes and student dorms.

An exception is also made in the case of buildings that are mainly supplied with heating or hot water from heating recovery systems, heating pumps or solar heating systems. Exceptions also apply for buildings supplied with heat or hot water from cogeneration systems or facilities that utilize waste heat, if data on the heating consumption of the building is not collected.

Even though we do not expect that the Heating Cost Ordinance will change to our detriment, there is no guarantee that this ordinance, or any other future legislation, will maintain the current requirements with respect to the sub-metering of heating and hot water consumption or that the number of exceptions to these requirements will not increase. Any changes to the Heating Cost Ordinance, or any other future legislation that would eliminate or reduce sub-metering requirements or increase the number of exceptions to these requirements, could have a negative impact on our business (see "*Risk Factors—Risks Relating to Our Business—Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects*").

In November 2016, the European Commission adopted a proposal for an amendment of Directive 2012/27/EU, which indicates that the revised Directive will continue to stipulate ambitious energy-saving targets and support individual metering of energy consumption. In particular, the proposal provides for a shift towards more advanced metering and billing solutions and phasing out of old devices to remotely readable devices. In this context, installed metering and cost allocation devices for heating, cooling and domestic hot water, if not remotely readable, will have to be upgraded or replaced with remotely readable devices by January 1, 2027. Further, where remotely readable meters or cost allocators have been installed, the frequency of billing will be increased from quarterly/twice per year to a monthly basis by January 1, 2022. However, this is only a proposal and the final version of the revised Directive has yet to be agreed on.

Cold Water Consumption

The building codes (*Landesbauordnungen*) of most German federal states also provide for an obligation to install cold water sub-metering devices in residential units, at least with respect to new buildings.

Calibration Rules

As set forth above, pursuant to the Heating Cost Ordinance and most German state building codes, individual units must be furnished with equipment that allows for consumption-based measuring and billing of heating and water consumption. In practical terms, this requires the installation of heat and water meters or heat cost allocators. In Germany, if used for commercial purposes, heat and water meters are generally subject to the Measures and Weights Act (Mess- und *Eichgesetz*), as well as the Measures and Weights Ordinance (*Mess- und Eichordnung*) and have to be calibrated (*geeicht*) by the competent authority or to undergo a conformity assessment procedure. According to the Measures and Weights Act, users of heat and water meters as well as relevant service providers have to notify the use of new or refurbished meters to the competent authority within six weeks.

The validity of a heat and water meter's calibration is limited to a certain period of time. Upon the expiration of such calibration period, the relevant measuring instrument has to be replaced, if the period has not been extended after a recalibration. The calibration period for heat and warm water meters is currently five years, and for cold water meters it is six years. Generally for practical and cost reasons, the devices are replaced at the expiration of the calibration period instead of being recalibrated.

Directive 2004/22/EC on measuring instruments, recently recast as Directive 2014/32/EU (the "MID") establishes the requirements that certain measuring devices and systems, in particular water and heat meters as specified in the annexes to the MID, have to meet in order to be placed on the market or put into use, if the use is prescribed by a Member State for reasons of public interest, public health, public safety, public order, the protection of the environment, the protection of consumers, the levying of taxes and duties, and fair trading. The MID requires Member States to ensure that measuring instruments are only placed on the market or put into use if they satisfy the MID requirements, particularly after their conformity with the requirements of the MID has been assessed in accordance with the procedural requirements stipulated in the MID. Germany implemented the MID into national law by the above mentioned Measures and Weights Act and Measures and Weights Ordinance.

The heat and water meters rented or sold by us need to comply with the specifications under the applicable law of weights and measures. Moreover, we offer our customers a timely replacement of the relevant measuring instruments, thereby assisting our customers in maintaining compliance with applicable statutory provisions. For details, see "*Business—Our Business Activities—Energy Services—Sub-Metering—Rentals, Sales and Replacement*."

Rules on the Allocation of Costs Related to Sub-Metering

The rules on the allocation of costs govern whether and to what extent our customers are entitled to pass on the costs for energy and water consumption as well as for devices and services to end-users. A landlord's ability to allocate the costs of our devices and services to tenants is largely determined by German tenancy law, which, in general, distinguishes between residential and commercial rental agreements, the former being under more prescriptive regulations.

Under applicable German law, most of the costs related to sub-metering can be passed on to end-users. This particularly applies to the costs of renting devices required for the collection of consumption data, including maintenance costs as described below (see "*—Purchase of Sub-Metering and Data Collection Devices*," "*—Lease of Sub-Metering and Data Collection Devices*" and "*Maintenance Costs for Sub-Metering and Data Collection Devices*"). Generally, the landlord is free to choose between purchasing or leasing devices and is not required to select the cheaper of the two options, as long as the option chosen is not exorbitantly more expensive than the other one.

Purchase of Sub-Metering and Data Collection Devices

If the landlord of a residential unit purchases sub-metering and data collection devices for heating or water and initially installs them in a residential unit, the landlord, under the BGB, can usually increase the annual rent payable by tenants of the residential unit by up to 11% of the costs incurred for the purchase of the sub-metering and data collection devices. According to the BGB, this increase is precluded insofar as it would, in consideration of expected future operating costs, constitute an exceptional hardness for the tenant.

According to a draft law recently proposed by the Federal Ministry of Justice (*Bundesjustizministerium*, BMJ) to implement a corresponding agreement from the coalition treaty of the governing grand coalition, the permissible increase of the annual rent in this regard will generally be lowered from 11% to 8% during a period of five years after the new law has taken effect. In regard to the increase of the rent, the draft law also proposes a new capping limit of €3.00 per square meter of living area monthly. The draft law has not yet been adopted by the German parliament (*Bundestag*) and may be amended in the upcoming legislative procedure.

In commercial units, the landlord has to reach an individual agreement with the tenant in order to pass on the costs of installation, unless the rental agreement already provides for sub-meters to be installed.

Lease of Sub-Metering and Data Collection Devices

Pursuant to the Heating Cost Ordinance, if the landlord of a multi-unit residential or commercial building wishes to lease sub-metering and data collection devices for heating and hot water, the landlord needs to inform the users of the costs. If the majority of users does not object within the statutory time limit of one month, the landlord can generally allocate the charges payable under the lease to the tenants as operating costs, if the rental agreement provides that such costs are to be borne by the tenants. With respect to cold water sub-metering and data collection devices, such costs are normally contractually allocable pursuant to the Ordinance on Operating Costs (*Betriebskostenverordnung*). In choosing a provider for devices, the landlord generally has to adhere to the principle of cost effectiveness (*Gebot der Wirtschaftlichkeit*), i.e., to an adequate cost/benefit ratio.

Maintenance Costs for Sub-Metering and Data Collection Devices

Irrespective of whether a landlord purchases or leases sub-metering and data collection devices for heating and water, maintenance costs for such devices are generally contractually allocable as operating costs, for example, with respect to heating and hot water pursuant to the Heating Cost Ordinance, and with respect to cold water pursuant to the Ordinance on Operating Costs.

Even though we do not expect that the ability to allocate costs will change to the landlord's—and thus our—detriment, there is no guarantee that the current or future statutory provisions enabling such allocation of costs will remain in place. Any changes to the statutory provisions or court decisions affecting the allocation of costs could have a negative impact on our business (see "*Risk Factors—Risks Relating to Our Business—Our cost allocation business is influenced by regulation aimed at, among other things, promoting the efficient use of energy and water. Amendments to these regulations could have a negative impact on our business activities and significantly impair our prospects*").

Billing of Operating Costs

With respect to our billing services relating to operating costs (see "*Business—Our Business Activities—Energy Services—Sub-Metering*"), our customers—and therefore we—must comply with the applicable tenancy law provisions governing the billing of operating costs to tenants. These operating costs include the costs of heating and hot water. If not agreed otherwise between the parties and to the extent it is legally admissible, operating costs for residential premises are usually to be allocated in proportion to floor space. Operating costs depending on individually recorded or measured consumption or causation by tenants are to be allocated according to criteria that take into account differing consumption or causation. The Heating Cost Ordinance requires landlords and owners of buildings to generally distribute and bill 50-70% of the costs of heating and hot water based on the individual consumption of the end-user (see "*—Consumption-Based Measuring and Billing of Heating and Water Consumption—Heating and Hot Water Consumption*"). Under German law, the landlord is regularly required to provide consumption-based billing of cold water if cold water sub-meters have been installed for all tenants of a building.

If a contract for the lease of a residential unit stipulates advance payments for operating costs, these advance payments are to be invoiced once a year and offset against the operating costs incurred. The overall operating costs account must be presented to the tenant of a residential unit within twelve months after the end of the accounting period. After twelve months, any claims by the landlord against the tenant of a residential unit regarding operating costs are excluded unless the landlord is not responsible for the delay. The costs account must indicate the accounting period, the total expenditure for operating costs, information about the distribution key, the calculation of the costs referring to the individual tenant, the deduction of the advance payments made by the tenant and the (debit or credit) result. The tenant has to raise any objections within twelve months after receipt of the operating costs account.

Data Protection

By providing sub-meter reading and billing services, as well as our energy monitoring services, in relation to heating and water consumption to our customers, we act as data processors within the meaning of Section 62 of the (New) German Data Protection Act (*Bundesdatenschutzgesetz*) and the GDPR, meaning that we process personal data on behalf of the data controller, our customer. As such, we need to comply with legal data protection requirements, the instructions of the data controller and in particular implement appropriate technical and organizational security measures to secure personal data. The GDPR, which came into force on May 25, 2018, imposes stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

Smoke Detectors

With respect to our business in the smoke detector sector (for details, see "*Business—Our Business Activities—Energy Services—Supplementary Products and Services—Smoke Detectors*"), there is no uniform legal environment. Building law in Germany is partly regulated by the German federal states (*Länder*). This applies particularly to safety-related issues. All federal states in Germany have now made the installation and maintenance of smoke detectors mandatory in residential buildings. Whereas in one federal state the obligation to install smoke detectors is restricted to new buildings and reconstructions, in all other federal states the obligation also applies to existing buildings. Usually, a transition period of several years for the installation in existing buildings applies, which has, however, already expired in most federal states.

Under German law, a landlord may regularly pass on the costs incurred for the purchase of smoke detectors in a residential building to the tenant as modernization costs by increasing the annual rent payable by tenants of the residential unit by up to 11% of the costs incurred for the purchase. It is expected that this threshold will be reduced by the legislator to 8% of the costs incurred for the purchase. Costs for the rent and maintenance of smoke detectors may be contractually allocable to the tenant of a residential unit as operating costs.

Legionella Analysis

The aim of the Drinking Water Ordinance (*Trinkwasserverordnung*) is to protect human health from the possibility of drinking water contamination. Since legionella particularly constitute a health risk in misting and aerosols, the Drinking Water Ordinance provides for an obligatory legionella analysis of drinking water to be conducted by owners and operators of hot water facilities of a certain size that are connected with showers or other installations which result in a nebulization of drinking water, if drinking water is provided in the course of a public or commercial practice. The regulations therefore apply to owners or landlords and administrators of many multi-unit residential buildings with central heating systems.

According to DIN EN ISO 19458, drinking water generally has to be tested and analyzed once a year or in some cases only every three years by a laboratory that is both accredited by and listed with the competent state authority. For the analysis of water samples, we cooperate with SGS Institut Fresenius GmbH (see "*Business—Our Business Activities—Energy Services—Supplementary Products and Services—Legionella Analysis and Water Solutions*"). The time period until the next required analysis may be prolonged by the responsible authority under certain circumstances, particularly if no legionella were identified in three consecutive annual tests. The results of the analysis have to be communicated both to the health authority and to the consumers of drinking water. Costs for the legionella analysis may be contractually allocated by the landlord to tenants as operating costs.

Subsidies for Energy Efficient Heating Systems

On January 1, 2016, the German Federal Ministry for Economic Affairs and Energy launched the Energy Efficiency Incentive Program (*Anreizprogramm Energieeffizienz*, "APEE") which in the form of the "heating and ventilation package" provides support for the modernization of heating and ventilation systems. By the end of 2018, a total annual amount of €165 million may be provided in the form of grants (*Zuschüsse*) and interest subsidies. The "heating and ventilation package" makes funding available for the installation of particularly efficient heating systems, including measures to optimize the heating system as a whole. This serves to promote the transition to more efficient gas-based heating systems or heating systems based on renewable energy sources.

Energy Contracting

System Contracting

Our Energy Contracting business segment procures, converts and supplies usable energy to our customers, mostly residential real estate owners by planning, financing, constructing and operating boilers, heat stations and small CHP-units (see "*Business—Our Business Activities—Energy Contracting*"). These services are subject to a variety of regulatory requirements.

The Ordinance on the Supply Conditions for District Heating (*Fernwärme Versorgungsbedingungen Verordnung*) ("AVBFernwärmeV") mainly stipulates rules for the contractual agreement between the heating provider and the customer, in particular regarding price adjustment provisions and contract periods. According to the case law of the German Federal Supreme Court (*Bundesgerichtshof*), the ordinance applies to district heating, small heating networks and all heating installations not owned by the owner of the building if the person operating the heating installation independently and commercially produces and supplies heat to third persons, irrespective of the proximity of the heating installation to the building to which the energy is supplied and of the existence of a larger heating network. In a more recent judgment, the German Federal Supreme Court held that district heating in the sense of the AVBFernwärmeV requires that the supplier faces high investment costs in order to fulfill his or her duty to supply heating. Insofar as we act as a heating provider in the sense of the AVBFernwärmeV, our agreements with our customers have to comply with the regulation.

The Act on Combined Heating and Power Generation (*Kraft-Wärme-Kopplungsgesetz*) (the "KWKG") aims to promote the generation of electricity produced in CHP-units. The KWKG obligates network operators to connect immediately and as a priority highly efficient (within the meaning of Directive 2012/27/EU) CHP-units to their networks and to transmit and distribute the generated electricity. For CHP-units with 100 kW or more, CHP-unit operators have to market or consume the electricity themselves. Operators of CHP-units with less than 100 kW can decide whether to market or consume the electricity themselves. If the

CHP-unit operator chooses not to market or consume itself, the network operator is obligated to pay an agreed price, usually the average price of base load energy at the European Energy Exchange in the previous quarter. In any case, regardless of the CHP-unit's size and if the electricity is marketed by the CHP-unit operator or purchased by the network operator, the network operator is obliged to pay a bonus payment for the electricity produced in CHP-units. Depending on the characteristics of the specific CHP-unit (in particular its electrical output), the actual amount of the bonus payment is determined in a competitive tender process or amounts set out in the KWKG apply. The bonus payment is in both cases limited in time. The maximum amount of all bonus payments under the KWKG may not exceed €1.5 billion per calendar year. In addition, the portion of the network fee that is avoided by the decentralized electricity feed in of this CHP-unit as currently calculated according to the Ordinance on the Fee for Access to Electricity Power Networks (*Stromnetzentgeltverordnung*) is added to the bonus payment for the CHP-units not subject to tendering. Insofar as we feed the electricity generated by CHP-units into the grid systems, we are entitled to the payments under the KWKG if we fulfill the necessary requirements.

Under the Act on Renewable Energy Sources (*Erneuerbare Energien Gesetz*) (the "EEG"), the operator of an installation generating electricity exclusively utilizing certain renewable energy sources can claim remuneration under the EEG for such electricity from the network operator. We produce electricity with our CHP-units exclusively from renewable energy sources, and as a result we are entitled to such remuneration. However, we may not claim remuneration under the EEG and the KWKG simultaneously, but must opt for remuneration either under the EEG or under the KWKG for the amounts of electricity produced by the individual CHP-units. The remunerations paid under the EEG are allocated under a compensation mechanism to all electricity suppliers delivering electricity to final consumers by way of a surcharge (*Umlage*). If we as provider of contracting services act as electricity supplier, we are obligated to pay this surcharge.

The conditions under which remuneration may be claimed under the KWKG and the EEG have recently been restricted by amendments to both acts, making remuneration payments for a large number of installations subject to an award in a competitive tender process (see *"Risk Factors—Risks Relating to Our Business—Operators of combined heat and power units in Germany may benefit from price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources. Recent and future amendments to these regulations could have a negative impact on our business"*). The remuneration schemes for both CHP units and installations generating electricity by using renewable sources are likely to become even more restrictive going forward (see *"Risk Factors—Risks Relating to Our Business—Operators of combined heat and power units in Germany may benefit from price support schemes under the Act on Combined Heat and Power Generation and the Act on Renewable Energy Sources. Recent and future amendments to these regulations could have a negative impact on our business"*).

Depending on the rated thermal input and the fuel used (for example, coal, gas or oil), CHP-units may require a license under the German Emissions Control Act (*Bundes-Immissionsschutzgesetz*, "BImSchG"). The licenses are tied to the obligation to avoid harmful effects to the environment or any other hazards, significant disadvantages and significant nuisances to the general public and the neighborhood, and to take precautions to prevent any harmful effects to the environment or any other hazards, significant disadvantages and significant nuisances, particularly by such measures as are appropriate according to the best available techniques. Depending on their size, CHP-units may also be subject to environmental impact assessment requirements under the Environmental Impact Assessment Act (*Gesetz über die Umweltverträglichkeitsprüfung*) during the licensing process. Even if CHP-units do not require a license under emissions control laws, they must still comply with the substantive requirements of the German Emissions Control Act.

In 2002, the EU adopted Directive 2002/91/EC on the energy performance of buildings, which had to be implemented into national law by January 4, 2006. The Directive was recast by Directive 2010/31/EU ("EPBD") in 2010. The principal objective of the EPBD is to improve energy performance of buildings through cost-effective measurements. EU members have to implement a methodology for the calculation of the energy performance of buildings and set regulations of minimum energy requirements for new and existing buildings. Detailed calculations are determined by each EU country on its own. Additionally, EU states are obliged to ensure that energy performance certificates are issued, in particular whenever a building is constructed, sold or rented out, and that inspections of boilers and heating systems are carried out. The EPDB gives two options for the inspection of boilers and air-conditioning systems. Either the boilers have to be checked on a regular basis or the respective government has to ensure that there is advice given on boiler replacement and other modifications to heating systems to improve the overall energy efficiency. The EPBD was implemented into German law by the Act on Energy Savings in Buildings (*Energieeinsparungsgesetz in Gebäuden*), and the Energy Savings Ordinance (*Energieeinsparverordnung*).

These regulations include standards that energy installations need to comply with. Recently an amendment to the EPBD has been adopted, but not yet entered into force. The amendment provides, in particular, for stricter rules on the inspection of heating and air conditioning systems and obliges the EU Member States to establish long-term building renovation strategies.

Under the German Electricity Tax Act (*Stromsteuergesetz*), tax relief for the electricity used to produce light, heat and other forms of secondary energy are granted to manufacturing companies (*Unternehmen des Produzierenden Gewerbes*) if the secondary energy is used by a manufacturing company. Furthermore, manufacturing companies can apply for tax reliefs under the German Energy Tax Act (*Energiesteuergesetz*), especially if natural gas or heating oil is used in CHP plants. Manufacturing companies may also be granted partial tax reliefs in other cases, provided the secondary energy produced by the energy product is used by a manufacturing company.

Our Energy Contracting business is also influenced by the Renewable Energies Heating Act (*Erneuerbare Energien* Wärmegesetz) (the "EEWärmeG") and the Act on Energy Services and other Energy Efficiency Measures (*Gesetz über Energiedienstleistungen und andere Energieeffizienzmaßnahmen*) (the "EDL G"). The EEWärmeG aims to promote the sustainable development of energy supply and further the development of technologies to produce heating and cooling from renewable energy. The EEWärmeG seeks to increase the share of renewable energy in the overall final consumption of energy for heating and cooling to 14% by 2020. Owners of newly constructed buildings are generally obliged to cover part of their energy demand for heating and cooling with renewable energies. This obligation can also be fulfilled by covering at least 50% of this demand with energy produced by highly efficient CHP-units (within the meaning of Directive 2012/27/EU). The EDL G aims to increase the efficiency of the use of energy by final customers with energy services and other energy-efficiency measures in a cost-effective way. For this purpose, the federal government sets national indicative energy-savings targets as specified in Directive 2012/27/EU, which are to be achieved, among other things, by creating the preconditions for the development and promotion of a market for energy services and other energy-efficiency measures for final customers. The EDL-G further obligates energy suppliers to provide regular information and advice to their final customers, such as on the effectiveness of energy-efficiency measures and available offers from providers of energy services, energy audits and energy-efficiency measures.

Ability to Allocate Costs of System Contracting

Pursuant to Section 556c of the BGB, a landlord of residential and commercial units is expressly entitled to allocate the costs of energy contracting to tenants if (i) the tenants are contractually obligated to bear the costs of heating or hot water, (ii) heat is delivered in a more efficient way than before (either by new installation by the contractor or by a heat energy network) and (iii) the energy contracting solution is cost neutral for the tenant. If the annual efficiency rate of an existing installation is 80% or more, it is sufficient that the energy contractor improves the efficiency of the operation of the energy delivery (rather than complying with clause (ii) above). The cost neutrality is determined in a calculation formula set forth in the Heat Delivery Ordinance (*Wärmelieferverordnung*) (the "WärmeLV"). According to Section 8-10 WärmeLV, cost neutrality would be achieved if the expected annual costs of the energy contracting solution to the tenants would not have exceeded the average heating and hot water costs paid by the tenants in the last three years (calculated based on the volume utilized in those last three years and prices of the last year, taking into account price adjustments). The above rules are mandatory, i.e. agreements to the contrary are invalid. The rules apply to all cases where a lease agreement is in place and the contracting system has been, or is, implemented at any time since 2013 during the lifetime of an existing lease agreement. For those lease agreements, the former case law of the Federal Supreme Court (*Bundesgerichtshof*) that the landlord can introduce energy contracting without tenant's consent if the lease contract referred to the Ordinance on Operative Costs (*Betriebskostenverordnung*) or the predecessor ordinance (Annex 3 to the Second Calculation Ordinance—*Anlage 3 zur II. Berechnungsverordnung*) or provided otherwise for the allocability of costs of close range heating or energy contracting, has by now become obsolete.

By contrast, the requirements of Section 556c BGB do not apply to energy contracting arrangements lawfully implemented before the enactment of Section 556c of the BGB in June 2013 or to new lease agreements where energy contracting has already been implemented. This legislation, especially the requirement of cost neutrality, may negatively affect the possibility for our customers to pass on costs for system contracting (see "*Risk Factors—Risks Relating to Our Business—Restrictions on our customers' ability to allocate the costs of our services to their tenants could adversely influence our Energy Contracting business. In addition, price adjustment provisions in our customer contracts may be held invalid by courts*"). In addition, there is a risk that price adjustment provisions used in the contracts with our customers may be held invalid by courts.

MANAGEMENT

The Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany, with its registered office at c/o Partners Group (Deutschland) GmbH Erika-Mann-Straße 7, 80636 Munich, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany under registration number HRB 111521.

The following table sets forth the names, ages and positions of the directors of the Issuer.

Name	Age	Position
David Daum	36	Director
Andreas Holzmüller	35	Director

David Daum. Mr. Daum was appointed as a member of the Issuer's board of directors on April 30, 2018. Mr. Daum is also a Senior Vice President of Partners Group. Prior to joining Partners Group, he worked as an investment banker at Deutsche Bank. He holds a *Diplom-Wirtschaftsingenieur* from the Karlsruhe Institute of Technology and a PhD in physics from EPFL.

Andreas Holzmüller. Mr. Holzmüller was appointed as a member of the Issuer's board of directors on April 30, 2018. Mr. Holzmüller is also a Senior Vice President of Partners Group and a member of FONCIA Groupe S.A.S's board of directors. Mr. Holzmüller holds a M.A. HSG from the University of St. Gallen.

Techem's Executive Team

The current members of our executive team are as follows:

Name	Age	Title
Frank Hyldmar	56	Chief Executive Officer
Dr. Georg Fronja	49	Chief Financial Officer
Nicolai Kuß	44	Chief Operating Officer

The following are brief biographies of the current members of the executive team.

Frank Hyldmar. Mr. Hyldmar was appointed Chief Executive Officer in September 2015. Mr. Hyldmar joined us from metering specialist Elster Group GmbH where as Chief Executive Officer he was responsible for the company's global electricity and smart grid activities. From 2012 to 2014, Mr. Hyldmar also served as President of the European Smart Meter Industry Group, after which time he served as a member of the European Commission's Smart Grid Task Force. Prior to joining Elster, Mr. Hyldmar held several senior executive roles at Deutsche Post World Net, most recently as Executive Director of Global Marketing & Sales. Previous positions included Managing Director of Velux GmbH and Sales and Marketing Director of Maersk Lines. Mr. Hyldmar graduated from Copenhagen Business School with an MS in Economics and did a postgraduate course at Columbia Business School.

Dr. Georg Fronja. Dr. Fronja was appointed Chief Financial Officer in April 2016. In this position, Dr. Fronja is responsible for the areas of finance and administration of the company. Previously, Dr. Fronja served as Chief Financial Officer and Managing Director of the valve manufacturer VAG Holding GmbH. Prior to that he served as Chief Financial Officer and Chief Executive Officer of various units of technology company Oerlikon Textile GmbH & Co. KG. At the beginning of his professional career, Dr. Fronja gained more than 20 years of experience working for various subsidiaries of Siemens AG, including as Head of Controlling and as Chief Financial Officer of Siemens China (Mobile Networks). Most recently, Dr. Fronja has assumed overall responsibility for the strategy of the global energy sector of Siemens. Dr. Fronja graduated from Hogeschool Utrecht with a Bachelor of Business Administration and from University of Cologne with a diploma in business administration. He also holds a doctoral degree in political science (*Doktor rerum politicarum)* from the Technical University of Braunschweig.

Nicolai Kuß. Mr. Kuß was appointed Chief Operating Officer in December 2016. In this position, he is responsible for our business operations, including installation, reading and billing, but also supply chain, purchasing, IT and quality assurance. Mr. Kuß began his professional career with the consulting firm Ernst & Young in 1999 and subsequently gained extensive experience in the real estate industry. Mr. Kuß served as a member of the German management of Fortress Investment Group and was responsible for the operational business of the GAGFAH Group as Chief Operating Officer, and he served as a member of the management team for six years. Most recently, Mr. Kuß served as Chief Investment Officer and as a member of the Management Board of Deutsche Immobilien Chancen Group. Mr. Kuß graduated from EBS Universität für Wirtschaft und Recht with a Masters of Business Administration (*Diplom-Kaufmann*).

Employment Contracts

Frank Hyldmar has a fixed-term service contract ending September 30, 2019, with an option to extend the contract for three years. Georg Fronja and Nicolai Kuß have permanent services contracts that provide for a termination notice period of six or twelve months, respectively, and for an automatic expiration when the manager reaches retirement age. Remuneration includes base salary, variable cash incentives and a company car. In addition, the contracts include a standard commitment not to compete during and after their employment.

Committees

Neither the Issuer's board of directors nor Techem's management board has formal committees.

Board Practices

Techem is committed to fulfilling corporate governance requirements. We maintain internal guidelines (such as purchasing directives) and a code of conduct which is to be countersigned and adhered to by our employees. In addition, an internal audit department regularly carries out examinations on different topics.

Compensation

The members of the Management Board receive remuneration that consists of the following main components:

- a fixed annual base salary, which is paid in monthly installments; and
- a variable bonus that incentivizes the fulfillment of certain individual targets as well as one or more of EBITDA, revenue or cash flow targets.

For the year ended March 31, 2018, the remuneration of our executive team amounted to €2.4 million and solely comprised short-term employee benefits. The remuneration includes outstanding payments of €1.1 million, for which provisions were recognized as at March 31, 2018. These outstanding payments solely relate to the variable remuneration. The Group also maintains a directors' and officers' insurance policy with respect to the members of the management board and senior officers.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The Target is a private limited liability company (*société à responsabilité limitée*) incorporated under Luxembourg law. Following the completion of the Acquisition, the Target will be fully owned by BidCo.

BidCo is a limited liability company incorporated under the laws of Germany and a wholly owned subsidiary of the Issuer, a limited liability company incorporated under the laws of Germany. The Issuer is a wholly owned subsidiary of German HoldCo, a limited liability company incorporated under the laws of Germany, which in turn is a wholly owned subsidiary of German MidCo, a limited liability company incorporated under the laws of Germany. German MidCo is a wholly owned subsidiary of German TopCo, a limited liability company incorporated under the laws of Germany, which in turn is a wholly owned subsidiary of Lux TopCo, a private limited liability company (*société à responsabilité limitée*) incorporated under Luxembourg law. On the Acquisition Completion Date and after giving effect to the Transactions, the Sponsors will indirectly hold all of the share capital of Lux TopCo.

BidCo, the Issuer, German HoldCo, German MidCo, German TopCo and Lux TopCo were incorporated as holding companies for the purpose of the acquisition of the Target Group by entities controlled by the Sponsors.

On the Acquisition Completion Date and after giving effect to the Transactions, Partners Group will hold approximately 60.0% of the share capital of Lux TopCo, CDPQ will hold approximately 24.5% and OTPP will hold approximately 15.5% of the share capital of Lux TopCo, respectively. The Sponsors' shareholding percentages in Lux TopCo are indicative and may be subject to minor variations.

Related Party Transactions

In the course of our ordinary business activities, we regularly enter into agreements with companies within the Group. These agreements mainly relate to the supply of metering devices, to the granting of licenses and the rendering of intragroup services, such as the provision of software and IT, treasury, controlling and other services as well as marketing services. In addition, entities within our Group enter into financing and cash pooling agreements.

We believe that all transactions with subsidiaries are negotiated and executed on an arm's-length basis and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers and service providers.

We will also engage in various financing transactions with our shareholders in connection with the Acquisition.

Management Equity Participation Program

We intend to establish a management equity participation program on or after the Acquisition Completion Date. The subscribing managers will be expected to enter into an equity participation agreement ("Equity Participation Agreement") governing their rights and obligations in connection with their investments in German TopCo. Any such Equity Participation Agreement will be expected to contain customary provisions.

Shareholder Loan Repayment

As at March 31, 2018, the Target, as borrower, had two shareholder loans outstanding with MEIF II Finance Holdings S.à r.l. or an affiliate thereof as lender, in an aggregate principal amount of €48.6 million. On April 26, 2018, the Target repaid all amounts outstanding under such shareholder loans, including €4.9 million in accrued and unpaid interest.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Certain defined terms used in the following descriptions but not defined herein have the meanings assigned to them in the Senior Facilities Agreement.

Senior Facilities Agreement

In connection with the financing of the Acquisition, BidCo has, on the date of this Offering Memorandum, entered into a senior facilities agreement (the "Initial Senior Facilities Agreement") with, among others, Credit Suisse AG, London Branch as agent, the Security Agent, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Franzosischen Société Anonyme, Credit Suisse AG, London Branch, Deutsche Bank AG, London Branch, Natixis, NatWest Markets PLC, Sumitomo Mitsui Banking Corporation, Dusseldorf Branch, UniCredit Bank AG as mandated lead arrangers and the original lenders as set out therein. The Initial Senior Facilities Agreement provides for a revolving credit facility in a principal amount of €275.0 million (the "Revolving Credit Facility") and a senior term loan facility ("Facility B" and, together with the Revolving Credit Facility, the "Senior Credit Facilities"). On the date on which the merger control condition under the Acquisition Agreement is satisfied and all closing actions under the Acquisition Agreement are completed (such date being the "Effective Date"), the Existing Senior Facilities Agreement shall be amended, restated and merged with the Initial Senior Facilities Agreement. The resulting credit agreement will have commitments under Facility B in an aggregate principal amount equal to €2,340.0 million. Facility B shall comprise two tranches, Facility B1 and Facility B2. In this description, the "Senior Facilities Agreement" refers to that resulting credit agreement, any reference in this description to "the date of the Senior Facilities Agreement" (or any derivatives thereof) refers to the Effective Date and any reference to "the date of the first utilization of Facility B" (or any derivatives thereof) refers to the Effective Date.

Facility B1 may be utilized by BidCo and may be applied in or towards (i) financing or refinancing consideration paid or payable for the Acquisition, (ii) refinancing or otherwise discharging any of the existing debt of the Target and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge, (iii) financing or refinancing the payment of any costs incurred in connection with the Acquisition and all other fees, costs and expenses payable in connection with the Acquisition and the financing of thereof, and (iv) any other purpose contemplated by the funds flow statement and/or the tax structure memorandum relating to the Acquisition. The amount of Facility B2 is equal to certain amounts which were outstanding under the Existing Senior Facilities Agreement and is deemed to have been historically utilised by TEMS KG and Techem GbmH.

The Revolving Credit Facility may be utilized by BidCo and certain of its restricted subsidiaries who accede to the Senior Facilities Agreement as additional borrowers, in euros, sterling, U.S. dollars and certain other currencies readily available in the relevant interbank market (subject to obtaining the consent of all of the relevant Revolving Credit Facility lenders) by the drawing of cash advances, the issue of letters of credit and the making available of ancillary facilities (on a bilateral and/or fronted basis).

The Revolving Credit Facility may be used for (i) the financing or refinancing the general corporate purposes and/or working capital requirements of BidCo and its restricted subsidiaries (together the "Senior Secured Group") (including, without limitation, the financing or refinancing of capital expenditure, any permitted acquisitions, acquisition costs, investments and joint ventures, operational restructurings and reorganization requirements of the Senior Secured Group, financing or refinancing financial indebtedness of the Senior Secured Group or any acquisition target (including existing debt of the Target) and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing or discharge, any required original issue discount fees or any additional original issue discount fees or funding any market flex or any ticking fees required to be paid in connection with and any interest accruing on indebtedness) and (ii) any other purpose contemplated by the funds flow statement and/or the tax structure memorandum relating to the Acquisition.

In addition to the Revolving Credit Facility and Facility B, the Senior Facilities Agreement includes (in addition to the other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including one or more uncommitted additional facilities within the Senior Facilities Agreement and/or any additional notes and/or other facilities or notes documented outside of the Senior Facilities Agreement up to an aggregate amount of the greater of €295.6 million and 75% of LTM EBITDA (as defined in the Senior Facilities Agreement and subject to certain customary additions including the amount of prepayments and buy-backs)), plus an unlimited amount, provided that, *pro forma* for the incurrence of such additional facilities or permitted alternative debt: (i) if such indebtedness is secured on the same collateral as the liabilities under the Senior Facilities Agreement, and subject to the Intercreditor Agreement such that such liabilities rank *pari passu* with the liabilities under the Senior Facilities Agreement, the Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement) does not exceed 5.80:1, or (ii) if the indebtedness does not fall within sub-paragraph (i), the Consolidated Total Net Leverage Ratio (as defined in the Senior Facilities Agreement) does not exceed 7.20:1, and in each case, subject to certain adjustments and *pro forma* calculations and subject to certain other conditions being met.

Availability

Facility B will be available on and from the date of the Senior Facilities Agreement up to (and including) the earlier of (i) the date falling five business days after the closing of the Acquisition, (ii) December 11, 2018 and (iii) the date on which BidCo notifies the agent under the Senior Facilities Agreement that the sale and purchase agreement in relation to the Acquisition has been validly and conclusively terminated prior to completion of the Acquisition in accordance with its terms or by agreement between the parties thereto.

Conditions Precedent

Utilizations of the Senior Credit Facilities are subject to customary conditions precedent.

Interest and Fees

Loans under the Senior Credit Facilities will initially bear interest at rates per annum equal to EURIBOR or, for loans denominated in currencies other than euro, LIBOR, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (each as defined in the Senior Facilities Agreement) (the "Senior Secured Net Leverage Ratio").

From the first day following two complete financial quarters following the date of first utilization of Facility B, the margin applicable to the Revolving Credit Facility will be subject to adjustment by reference to the Senior Secured Net Leverage Ratio as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

	Revolving Credit Facility Margin
	(% p.a.)
Senior Secured Net Leverage Ratio:	
Greater than 5.55x	2.75
Greater than 5.30x but equal to or less than 5.55x	2.50
Greater than 5.05x but equal to or less than 5.30x	2.25
Greater than 4.80x but equal to or less than 5.05x	2.00
Equal to or less than 4.80x	1.75

From the first day following two complete financial quarters following the date of first utilization of Facility B, the margin applicable to Facility B will be subject to adjustment by reference to the Senior Secured Net Leverage Ratio as shown in the then most recent compliance certificate, to equal the rate per annum set out in the following table:

	Facility B Margin
	(% p.a.)
Senior Secured Net Leverage Ratio:	
Greater than 5.30x	3.75
Greater than 4.80x but equal to or less than 5.30x	3.50
Equal to or less than 4.80x	3.25

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under Facility B or the Revolving Credit Facility (as applicable). If LIBOR is less than zero, LIBOR shall be deemed to be zero in respect of loans made under the Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the date of first utilization of Facility B to the end of the availability period applicable to the Revolving Credit Facility at a rate of 30% of the applicable margin for the Revolving Credit Facility. Commitment fees will be payable quarterly in arrears and on the date of the Revolving Credit Facility is cancelled in full or on the date on which the relevant lender(s) cancels its commitment.

Default interest will be calculated as an additional 1% on the defaulted amount.

Repayments

The loan(s) made under Facility B will be repaid in full on the date which is seven years from the date of first utilization of Facility B. In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll-over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the date falling 78 months from the date of first utilization of Facility B. Amounts repaid by the borrowers in respect of loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

Mandatory Prepayment

The Senior Facilities Agreement will permit voluntary prepayments to be made (subject to certain *de minimis* amounts) and will require mandatory prepayment in full or in part in certain circumstances:

- on an initial public offering which does not constitute a change of control (with the percentage of proceeds to be prepaid being determined on the basis of Senior Secured Net Leverage Ratio) (a "Listing Prepayment");
- from certain net cash proceeds received by the Senior Secured Group from certain asset disposals, to the extent not otherwise applied for a permitted purpose and required to be applied in prepayment of the Senior Credit Facilities and subject to a *de minimis* amount; and
- unless otherwise agreed by the majority lenders under the Senior Facilities Agreement, for each financial year (commencing with the first full financial year following the date on which Facility B is first utilized), a percentage of excess cash flow in the event that excess cash flow exceeds a minimum threshold amount (subject to certain adjustments based on a variety of factors including anticipated debt service, distributions to be paid to minority shareholders and certain other expenses), which percentage decreases as the Senior Secured Net Leverage Ratio decreases (an "Excess Cash Flow Prepayment").

Upon the occurrence of a change of control (as defined in the Senior Facilities Agreement), each lender under the Senior Facilities Agreement shall be entitled to require prepayment of its commitments within a prescribed time period. A change of control includes, without limitation:

- any person becoming the beneficial owner of more than 50% of the voting power of BidCo, other than in connection with any transaction or series of transactions in which BidCo shall become the wholly owned subsidiary of a parent entity (as defined in the Senior Facilities Agreement) subject to certain conditions;
- the Issuer (together with any designee holding shares as a result of certain regulatory requirements binding on Canadian pension schemes (a "30% Rule Designee")) ceasing to own 100% of the share capital of BidCo (or any successor or merger entity thereof); and
- the sale (or certain similar transactions) of substantially all of the assets of the Senior Secured Group (taken as a whole) to any person (subject to certain exceptions).

At the election of BidCo, amounts required to be prepaid pursuant to a Listing Prepayment or an Excess Cash Flow Prepayment may instead be applied in repayment of any other indebtedness of the Senior Secured Group ranking *pari passu* with Facility B.

Guarantees and Security

The Senior Credit Facilities will be, as from the date of the Senior Facilities Agreement, guaranteed by BidCo, and are secured by (i) a first ranking pledge over the shares in BidCo held by the Issuer, (ii) the material bank accounts of BidCo and (iii) the structural intercompany receivables owed by BidCo to the Issuer.

Subject to certain adjustments and agreed security principles in the Senior Facilities Agreement (elements of which are described below), BidCo is required to ensure that members of the Senior Secured Group that generate at least 80% of the consolidated EBITDA of the Senior Secured Group (subject to certain adjustments as set out in the Senior Facilities Agreement) are guarantors under the Senior Facilities Agreement (i) on the date which is 90 days after the date on which Facility B is first utilized and (ii) thereafter on the date on which the annual financial statements of BidCo are required to be delivered to the agent under the Senior Facilities Agreement (provided that, if such guarantor coverage test is not met at the relevant date in (ii), no default will arise provided that the test is met within 90 days of such date). BidCo is also required to ensure that, subject to certain adjustments and agreed security principles, certain material subsidiaries are guarantors under the Senior Facilities Agreement.

The provisions and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations (including certain agreed security principles and an ability for BidCo to request that documents are amended so as to reflect those agreed security principles).

Agreed Security Principles

The Senior Facilities Agreement contains certain "Agreed Security Principles" which regulate the terms of security granted in connection with the Transactions. The effect of these is that certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or liens not perfected), in accordance with the Agreed Security Principles (as defined and as set out in full in the Senior Facilities Agreement). The following is a non-exhaustive summary of certain terms of the Agreed Security Principles:

(a) general legal and statutory limitations, regulatory restrictions, financial assistance, anti-trust and other competition authority restrictions, corporate benefit, fraudulent preference, equitable subordination, "*transfer pricing*," "*thin capitalisation*," "*earnings stripping*," "*controlled foreign corporation"* and other tax restrictions, "*exchange control restrictions*," "*capital maintenance"* rules and "*liquidity impairment"* rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of an entity to provide a guarantee or security or may require that the guarantee or security be limited as to amount or otherwise and, if so, the guarantee or security will be limited accordingly, provided that, to the extent requested by the Security Agent before signing any applicable security or accession document, the relevant member of the Group shall use reasonable endeavours (for a period of not more than ten business days but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

(b) a key factor in determining whether or not a guarantee or security will be taken (and in respect of the security, the extent of its perfection and/or registration) is the applicable time and cost (including adverse effects on taxes, interest deductibility, stamp duty, registration taxes, notarial costs guarantee fees payable to any person that is not a member of the Group and all applicable legal fees) which will not be disproportionate to the benefit accruing to the Secured Parties of obtaining such guarantee or security;

(c) members of the Group will not be required to give guarantees or enter into security documents if they are not wholly owned by another member of the Group or if it is not within the legal capacity of the relevant members of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in a material risk of personal or criminal liability for any director or officer of or for any member of the Group, provided that, to the extent requested by the Security Agent before signing any applicable security document or accession document, the relevant member of the Group shall, in relation to a contractual prohibition or restriction only, use reasonable endeavours (for a period of not more than ten business days but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

(d) guarantees and security will be limited so that the aggregate of notarial costs and all registration and like taxes and duties relating to the provision of security will not exceed an amount to be agreed between BidCo and the Security Agent;

(e) where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;

(f) it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;

(g) any asset subject to a legal requirement, contract, lease, licence, instrument, regulatory constraint (including any agreement with any government or regulatory body) or other third party arrangement, which may prevent or condition the asset from being charged, secured or being subject to the applicable security document (including requiring a consent of any third party, supervisory board or works council (or equivalent)) and any asset which, if subject to the applicable security document, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any member of the group in respect of the asset or require the relevant chargor to take any action materially adverse to the interests of the group or any member thereof, in each case will be excluded from a guarantee or security document, provided that reasonable endeavours (for a period of not more than ten (10) business days but without incurring material cost) to obtain consent to charging any asset (where otherwise prohibited) shall be used by the group if the Security Agent specifies prior to the date of the security or accession document that the asset is material and BidCo is satisfied that such endeavours will not involve placing relationships with third parties in jeopardy;

(h) the giving of a guarantee, the granting of security and the registration and/or the perfection of the security granted will not be required if it would have a material adverse effect on the ability of the relevant entity to conduct its operations and business in the ordinary course as otherwise permitted (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to an acceleration event occurring under any relevant finance document which is continuing), and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this provision;

(i) any security document will only be required to be notarised if required by law in order for the relevant security to become effective or admissible in evidence;

(j) in each case if requested by the BidCo, no guarantee or security will be required to be given by or over any Acquired Person or Asset (and no consent shall be required to be sought with respect thereto) which are required to guarantee, secure or otherwise credit support certain indebtedness (including acquired indebtedness) (or in each case (any refinancing indebtedness in respect of such indebtedness) to the extent such indebtedness is permitted by the relevant finance documents to remain outstanding after an acquisition. No member of a target group or other entity acquired pursuant to an acquisition not prohibited by the relevant finance documents (or member of the group making such acquisition) shall be required to become a guarantor or grant security with respect to any relevant finance document if prevented by the terms of the documentation governing the applicable debt or if becoming a guarantor or the granting of any security would give rise to an obligation (including any payment obligation) under or in relation thereto. No security or lien in favour of the other secured parties will be granted or continue to subsist over any asset of the Group secured for the benefit of any permitted indebtedness (including applicable debt) and to the extent constituting a Permitted Lien (as defined in the relevant finance document including any similar or equivalent definition);

(k) no title investigations or other diligence on assets will be required and no title insurance will be required;

(l) security will not be required over any assets subject to security in favour of a third party (other than in relation to security under general business conditions of account banks which do not prohibit or prevent the creation of such security over such accounts) or any cash constituting regulatory capital or customer cash (and such assets or cash shall be excluded from any relevant security document);

(m) to the extent legally effective, all security will be given in favour of the Security Agent and not the secured creditors individually (with the Security Agent to hold one set of security documents for all the relevant secured creditors); "*parallel debt*" provisions will be used where necessary (and included in the Intercreditor Agreement and not the individual security documents);

(n) no member of the Group will be required to take any action in relation to any guarantees or security as a result of any assignment, sub-participation or transfer by a secured creditor (and unless explicitly agreed to the contrary in the relevant finance documents no member of the Group shall bear or otherwise be liable for any taxes, any notarial registration or perfection fees or any other costs, fees or expenses that result from any assignment, sub-participation or transfer by a relevant secured creditor);

(o) each security document shall be deemed not to restrict or condition any transaction not prohibited under the relevant finance documents or the Intercreditor Agreement and the security granted under each security document entered into after the date on which the first utilisation occurs under the Senior

Facilities Agreement shall be deemed to be subject to these Agreed Security Principles, before and after the execution of the relevant security document and creation of the relevant security;

(p) no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement;

(q) the secured creditors (or any agent or similar representative appointed by them at the relevant time) will not be able to exercise any power of attorney or set-off granted to them under the terms of the relevant finance documents prior to the occurrence of a relevant acceleration event which is continuing;

(r) no guarantee or security shall guarantee or secure any "*Excluded Swap Obligations*" defined in accordance with the LSTA Market Advisory Update dated February 15, 2013 entitled "*Swap Regulations' Implications for Loan Documentation*," and any update thereto by the LSTA;

(s) other than a general security agreement and related filing, no perfection, filing or other action will be required with respect to assets of a type not owned by members of the group;

(t) no security will be required to be granted over real estate, intellectual property, letter of credit rights, tort claims (or the equivalent in any jurisdiction), insurance policies, aircraft, ships and vessels, motor vehicles, governmental contracts or governmental or regulatory licences; and

(u) no translation of any document relating to any security or any asset subject to any security will be required to be prepared or provided to the Secured Parties (or any agent or similar representative appointed by them at the relevant time) unless (i) required for such documents to become effective or admissible in evidence, and (ii) a relevant acceleration event is continuing.

Representations and Warranties

The Senior Facilities Agreement contains certain representations and warranties (subject to certain agreed qualifications and with only certain representations being repeated) including (i) status, (ii) binding obligations, (iii) non-conflict with other obligations, (iv) power and authority, (v) validity and admissibility in evidence, (vi) governing law and enforcement, (vii) filing and stamp taxes, (viii) no default, (ix), information memorandum, base case model and reports, (x) financial statements, (xi) no litigation, (xii) consents, filings and laws applicable to operations, (xiii) environmental laws, (xiv) taxation, (xv) no liens/guarantees/indebtedness, (xvi) *pari passu* ranking, (xvii) ownership, (xviii) acquisition documents, (xix) intellectual property, (xx) group structure, (xxi) pension schemes, (xxii) anti-corruption law/sanctions; (xxiii) insolvency and (xxiv) investment companies.

Certain representations are made on the date on which the Senior Facilities Agreement is signed, the date on which Facility B is first utilized, on the first day of an interest period and at certain other times.

Covenants

The Senior Facilities Agreement contains certain incurrence covenants information undertakings and related definitions including (i) limitation on indebtedness, (ii) limitation on restriction payments, (iii) limitations on liens, (iv) limitation on restrictions on distributions from restricted subsidiaries, (v) limitations on sale of assets and subsidiary stock, (vi) limitations on affiliate transactions, (vii) merger and consolidation, (viii) additional guarantees and intercreditor agreements, (ix) no impairment of security interests and (x) designation of restricted and unrestricted subsidiaries. It also contains provisions for suspension of covenants on investment grade status.

In addition, the Senior Facilities Agreement also requires BidCo and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to (i) authorizations and consents, (ii) compliance with laws, (iii) *pari passu* ranking, (iv) insurances, (v) taxes, (vi) pension schemes, (vii) environmental undertakings, (viii) acquisition agreement, (ix) centre of main interests, (x) guarantees and security, (xi) further assurance, (xii) intercreditor agreement and (xiii) intercreditor agreement. It also contains provisions for modifications and suspensions in relation to those covenants upon qualifying listings and the meeting of certain ratings.

Solely for the benefit of the lenders participating in the Revolving Credit Facility, the Senior Facilities Agreement requires that, in the event that the aggregate amount of all cash loans drawn under the Revolving Credit Facility (excluding any utilizations by way of letters of credit (or bank guarantees) or ancillary facilities or any amounts utilized to fund any agreed fees in connection with the syndication of the Senior Facilities) exceeds 40% of the total commitments under the Revolving Credit Facility on the relevant testing date or, if higher, the total commitments under the Revolving Credit Facility on the date of the

Senior Facilities Agreement (the "Revolving Test Condition"), the Senior Secured Net Leverage Ratio does not exceed 10:1. The Senior Secured Net Leverage Ratio is based on the definitions and adjustments set out in the Senior Facilities Agreement which may differ from similar definitions in the Indenture and the equivalent definitions described in this Offering Memorandum. The Senior Facilities Agreement contains an equity cure provision enabling the shareholders of the Senior Secured Group to make shareholder injections by way of debt and/or equity to BidCo to (i) increase the consolidated EBITDA under the Senior Facilities Agreement, (ii) decrease consolidated senior secured net debt as defined in the Senior Facilities Agreement, or (iii) prepay the Revolving Credit Facility so that the Revolving Test Condition is no longer satisfied, subject to certain limitations on use.

Events of Default

The Senior Facilities Agreement provides for substantially the same class of events of default under the Notes (adjusted for the Senior Facilities' place in the capital structure of the Group). In addition, the Senior Facilities Agreement provides for certain additional events of default (subject to certain materiality qualifications, grace periods and other exceptions (including in relation to the effect of the so called 30% rule)) including (i) breach of the financial covenant, provided that, in the event of such breach, only a majority of the lenders under the Revolving Credit Facility shall initially be entitled to take enforcement action, (ii) inaccuracy of a representation or statement when made, (iii) invalidity and unlawfulness of the Senior Facilities Agreement and the other finance documents (as defined therein) and (iv) material failure to comply with the Intercreditor Agreement.

Governing Law

The Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although certain of the information undertakings, incurrence covenants, events of default and related definitions scheduled to the Senior Facilities Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer has, on the date of this Offering Memorandum, entered into an intercreditor agreement (the "Initial Intercreditor Agreement") between, among others, the agent, arrangers and lenders under the Initial Senior Facilities Agreement, and the Security Agent. The Trustee shall accede to the Initial Intercreditor Agreement as a Topco Notes Trustee (as defined in the Initial Intercreditor Agreement) on or around the Issue Date. By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. On the Effective Date, the intercreditor agreement dated September 20, 2017, by and among, *inter alios*, Target, Target GmbH, Target KG and the agent and security agent named therein, shall be amended and restated and the Issuer, BidCo, the Topco Notes Trustee (as defined therein) and the Security Agent, among others, shall accede to such amended and restated intercreditor agreement in such respective capacities. In this description, the "Intercreditor Agreement" refers to that amended and restated intercreditor agreement and any reference in this description to "the date of the Intercreditor Agreement" (or any derivatives thereof) refers to the Effective Date.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Issuer, the Guarantors and any other person that becomes party to the Intercreditor Agreement as a Debtor or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"Senior Secured Group" shall mean BidCo and its subsidiaries which are not designated as "Unrestricted Subsidiaries" under the terms of the Senior Facilities Agreement.

References to the "Topco Notes" shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by the Issuer or any member of the Senior Secured Group which are designated by BidCo as Topco Notes under the Intercreditor Agreement.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by BidCo and each other debtor under the Intercreditor Agreement (together, the "Debtors") (other than the Issuer and any member of the Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "Topco Borrower")) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(i) first, liabilities owed to (i) the lenders, issuing banks and ancillary lenders in relation to the Senior Facilities Agreement or future senior secured facilities agreements (a "Permitted Senior Secured Facilities Agreement") (the "Senior Lender Liabilities"), (ii) the lenders, issuing banks, and ancillary lenders in relation to any future super senior facilities agreement (a "Permitted Super Senior Secured Facilities Agreement") and any hedge counterparty under a hedging agreement that is designated by the Issuer as super senior (together the "Super Senior Liabilities" and creditors thereof being the "Super Senior Creditors"), (iii) the Trustee and any trustee in relation to future senior secured notes (each a "Senior Secured Notes Trustee") (other than certain amounts paid to it in its capacity as trustee), any future senior secured notes (the "Senior Secured Notes") and the Security Agent in relation to the Senior Secured Notes (the "Senior Secured Notes Liabilities"), (iv) the lender under any future loan made by the issuer of any Senior Secured Notes (if so designated by BidCo in its discretion and not including, for the avoidance of doubt, BidCo) to a member of the Senior Secured Group for the purposes of on lending the proceeds of any Senior Secured Notes together with any additional or replacement loan made on substantially the same terms (the "Senior Secured Notes Proceeds Loan Liabilities"), (v) the arrangers, agents, issuing banks and lenders under any cash management facility (a "Cash Management Facility" and the liabilities under a Cash Management Facility being the "Cash Management Facility Liabilities"), (vi) the hedge counterparties in relation to any hedging agreements that are not Super Senior Liabilities (the "*Pari Passu* Hedging Liabilities") (together with the hedging designated by BidCo as being Super Senior Liabilities, the "Hedging Liabilities"), (vii) the lenders in relation to any future second lien facility agreement (a "Second Lien Facility Agreement" and the liabilities to the lenders under a Second Lien Facility Agreement being the "Second Lien Lender Liabilities"), (viii) any second lien notes trustee (other than certain amounts paid to it in its capacity as trustee), the holders of any future second lien notes and the Security Agent in relation to any second lien notes (such second lien notes being "Second Lien Notes" and the liabilities in respect of such Second Lien Notes being the "Second Lien Notes Liabilities" and together with the Second Lien Lender Liabilities, the "Second Lien Liabilities"), (ix) any agent or trustee under any finance documents relating to any of the aforementioned liabilities, any agent or trustee under the Topco Liabilities (as defined below) and to any agent or trustee in relation to certain other unsecured liabilities (together the "Agent Liabilities"), (x) any arranger under any finance documents (the "Arranger Liabilities") relating to any of the aforementioned liabilities, and (xi) the Security Agent, *pari passu* and without any preference between them; and

(ii) second, all liabilities owed (i) to the Trustee (other than certain amounts paid to it in its capacity as trustee), and the holders of the Notes and any future notes issued by or in relation to which a New Debt Financing (as defined below) has been made available to or by a Topco Borrower and designated by BidCo as Topco Notes and the Security Agent in relation to such Topco Notes (the "Topco Notes Liabilities"), (ii) under any future loan facility made available to any Topco Borrower (a "Topco Facility") (the "Topco Facility Liabilities" and together with the Topco Notes Liabilities, the "Topco Liabilities"), (iii) any Arranger Liabilities relating to any of the aforementioned liabilities, and (iv) the liabilities owed under any future loan (a "Topco Proceeds Loan") made by (x) any Topco Borrower which is not a member of the Senior Secured Group or its affiliate which is not a member of the Group, in each case, to BidCo and (y) a Topco Borrower which is a member of the Group to another member of the Group, in each case for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "Topco Proceeds Loan Liabilities"), *pari passu* and without any preference between them.

The Intercreditor Agreement provides that the liabilities owed by any Topco Borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the

Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities and (x) the Agent Liabilities and Arranger Liabilities in respect of any of the aforementioned liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Subordinated Liabilities (as defined below), Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "Intra-Group Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities, Second Lien Notes Liabilities, Topco Liabilities and Agent Liabilities and Arranger Liabilities relating to any of the aforementioned (such creditors, together with the Security Agent, any receiver or delegate, any creditor in respect of the Agent Liabilities or the Arranger Liabilities, the "Secured Parties").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Group to any person who becomes a subordinated creditor (a "Subordinated Creditor") under the Intercreditor Agreement (other than any Topco Proceeds Loan Liabilities or any Topco Liabilities or any amounts owed to an affiliate of a Subordinated Creditor which is not itself a Subordinated Creditor or a member of the Topco Group (as defined below)) (the "Subordinated Liabilities") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement (the "Unsecured Creditors") and to the Intra-Group Liabilities.

Priority of Security

For the purposes of this description only:

"Debt Documents" means the Intercreditor Agreement and the documents evidencing the terms of the Senior Lender Liabilities, the Cash Management Facility Liabilities and the *Pari Passu* Hedging Liabilities (together, the "Senior Liabilities"), the Senior Secured Notes Proceeds Loans Liabilities, the Super Senior Liabilities, the Senior Secured Notes Liabilities, the Second Lien Liabilities, the Topco Liabilities, the Topco Proceeds Loan Liabilities, the Subordinated Liabilities, the Intra-Group Liabilities and any liabilities owed to the Unsecured Creditors and any other document designated as such by the Security Agent and the Issuer.
"Designation Date" means the first date that BidCo designates any Liabilities as Super Senior Liabilities in accordance with the terms of the Intercreditor Agreement.

"Finance Documents" means the Senior Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, any Permitted Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility Liabilities, the indenture in respect of any Topco Notes and any document designated by BidCo as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"Secured Creditors" means the Super Senior Creditors, the creditors in respect of the Senior Lender Liabilities, Cash Management Facility Liabilities and *Pari Passu* Hedging Liabilities (together the "Senior Creditors"), the creditors in respect of any Senior Secured Notes Liabilities, the creditors in respect of the Second Lien Liabilities (the "Second Lien Creditors") and the creditors in respect of the Topco Liabilities (the "Topco Creditors").

"Secured Debt Documents" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"Third Party Security Provider" means the Issuer and any person that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates (other than Topco Liabilities) and which is designated as such by BidCo (in its discretion).

"Transaction Security" means any security from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (but excluding, for the avoidance of doubt, Topco Independent Transaction Security), each as defined below, which is created, or expressed to be created, in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure).

Transaction Security which is not Topco Shared Security shall secure all liabilities and present and future obligations of the Debtors and Third Party Security Providers to the Secured Parties (other than the creditors under the Topco Liabilities (the "Topco Secured Parties")) under the Debt Documents (other than the finance documents relating to the Topco Liabilities (the "Topco Finance Documents")).

"Topco Shared Security" means security which is created, or expressed to be created, over any of (i) the shares in BidCo held by any direct shareholder of BidCo, (ii) all receivables owed by BidCo to a Topco Investor (as defined below), Subordinated Creditor or other holding company or shareholder of BidCo (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities as applicable), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Senior Secured Notes Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within (i), (ii), (iii), (iv) and (v) of a Topco Borrower, and (to the extent that the Issuer has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations is expressly permitted by any applicable prior ranking financing agreements) any other assets of any member of the Senior Secured Group, in each case to the extent designated as Topco Shared Security by the Issuer (in its discretion) in favor of the Security Agent as agent or trustee for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or in favor of the Security Agent under a parallel debt or similar structure). Topco Shared Security shall secure all liabilities and present and future obligations of each Topco Borrower each Topco Borrower that is not a member of the Senior Secured Group and each of its subsidiaries other than Unrestricted Subsidiaries from time to time (the "Topco Group") and by each Debtor and any Third Party Security Provider to any Secured Party under the Secured Debt Documents.

"Topco Independent Transaction Security" means security (other than Transaction Security) which is created, or expressed to be created, by a Topco Borrower or any member of the Senior Secured Group that directly holds shares in a Topco Borrower or any such person that is not a member of the Senior Secured Group who is designated as such by the Issuer (in its discretion) (together, the "Topco Independent Obligors") in favor of the Security Agent as agent or trustee for the other Topco Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Topco Secured Parties or in favor of the Security Agent under a parallel debt or similar structure) and which is not (unless otherwise designated by BidCo (in its discretion)) in favor of the other Secured Parties and which ranks in the order of priority contemplated below. In the case of a Topco Independent Obligor which is a member of the Senior Secured Group, such security shall be limited to shares in and receivables owed to it by the relevant Topco Borrower which are not to be subject to the Transaction Security pursuant to the provisions of any Finance Documents and provided further that any recourse to such member of the Senior Secured Group under such Topco Independent Transaction Security shall be limited only to the assets that are the subject to the Topco Independent Transaction Security. Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

The Transaction Security shall rank and secure the following liabilities in the following order:

(i) first, the Super Senior Liabilities, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Cash Management Facility Liabilities and the Hedging Liabilities (together, the "Senior Secured Creditor Liabilities") and any Agent Liabilities and Arranger Liabilities in respect thereof *pari passu* and without any preference between them;

(ii) second, the Second Lien Liabilities *pari passu* and without any preference between them; and

(iii) third, (to the extent of the Topco Shared Security), the Topco Liabilities *pari passu* and without any preference between them.

The Topco Independent Transaction Security shall rank and secure the Topco Liabilities *pari passu* and without any preference between them (but only to the extent that such security is expressed to secure the relevant liabilities).

The Notes and the Guarantees will be Topco Notes Liabilities for the purposes of the Intercreditor Agreement. The liabilities under the Senior Facility Agreement will be Senior Lender Liabilities. On the Issue Date, no Second Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Liabilities will be outstanding and no liabilities will have been designated Super Senior Liabilities. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Notes described under "*Description of the Notes—Certain Covenants*."

Guarantees and Security: Topco Creditors

The Topco Creditors have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles set out in the Senior Facilities Agreement or a Permitted Senior Secured Facility Agreement, Permitted Super Senior Secured Facilities Agreement or Second Lien Facility Agreement ("Agreed Security Principles"), at the same time it is also offered either to the Security Agent as agent or trustee for the other Secured Parties (or applicable class thereof) (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties (or applicable class thereof) or in favor of the Security Agent under a parallel debt or similar structure) and ranks in the same order of priority as described under "*—Priority of Security*" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are immediately paid to the Security Agent for application as set out under "*—Application of Proceeds*" below;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to those in the original form of any facility agreement in respect of any Topco Facility Liabilities, in the indenture in respect of any Topco Notes, in the Intercreditor Agreement or which is given to all the Secured Parties as security for the liabilities owed by any member of the Topco Group and by each Debtor and any Third Party Security Provider to the Secured Parties under the Secured Debt Documents if, subject to any Agreed Security Principles:

(A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "Priority Secured Parties") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "*—Priority of Debts*" above, as applicable; and

(B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are paid to the Security Agent for application as set out under "*—Application of Proceeds*" below; and

(iii) any security, guarantee indemnity or other assurance from (i) any person that is not a member of the Senior Secured Group, and (ii) from any member of the Senior Secured Group:

(A) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group;

(B) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities not prohibited by the Intercreditor Agreement; or

(C) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the security documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing guarantee, debt arrangement or the assumption of any liabilities (or any designated loan, commitment, tranche or facility thereof) and related security arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities, Hedging Liabilities or Unsecured Liabilities (each a "New Debt Financing"). The conditions include certification by BidCo that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental financing, guarantee or debt arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Secured Liabilities and the Security Agent (and each other creditor party to a Transaction Security Document or a Topco Independent Transaction Security Document) is authorized and instructed to enter promptly into any new security document, promptly amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) in order to effect the ranking, priority guarantees and security of the New Debt Financing subject to certain conditions, including as regards the terms of such new security (which shall be, unless otherwise required by BidCo and subject to the Agreed Security Principles) substantially the same as the terms of the existing Transaction Security or Topco Independent Transaction Security (as the case may be). Any release and re-grant of Transaction Security or Topco Independent Transaction Security may only be undertaken if (i) (1) required under the terms of the New Debt Financing; (2) necessary under applicable law to give effect to the ranking as described under "*—Priority of Security*" above; or (3) BidCo has determined in good faith that it is either not possible or not desirable to implement the New Debt Financing on terms satisfactory to BidCo by instead granting additional Transaction Security or amending the terms of the existing Transaction Security; (ii) if any asset is to be released from Transaction Security or Topco Independent Transaction Security (as the case may be), promptly upon giving effect to that release, replacement Transaction Security or Topco Independent Transaction Security (as the case may be) is regranted, subject to applicable law, the Debt Documents, the Agreed Security Principles, guarantee limitation and the terms of the Intercreditor Agreement. Each Secured Party agrees (i) not to take any action to challenge the validity or enforceability of additional Transaction Security by reason of it being expressed to be second ranking (or any other lower ranking); and (ii) that additional Transaction Security may be granted by any Debtor to secure all or any part of any Hedging Liabilities and/or New Debt Financing.

Any security, guarantee, indemnity or other assurance against loss in respect of a New Debt Financing or in respect of any indebtedness ("Permitted Acquired Indebtedness") which is not prohibited by the terms of the Finance Documents and which is incurred in connection with the acquisition of (i) a person or any of its subsidiaries who becomes a Restricted Subsidiary after the Closing Date (as defined in the Intercreditor Agreement, the "Closing Date"), or (ii) a person that merges, consolidates or is otherwise combined with a Restricted Subsidiary after the Closing Date, or (iii) the assets of or shares in any person listed in paragraphs (i) or (ii) above or otherwise acquired after the Closing Date (together an "Acquired Person or Asset"), shall be permitted to subsist (or to be granted in accordance with the applicable terms) and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document.

No security, guarantee, indemnity or other assurance against loss is required to be given by any member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles, (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness), or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation in relation to or constituting such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including an obligation to extend any Transaction Security rateably for the benefit of such Permitted Acquired Indebtedness) under or in relation thereto.

Permitted Payments

Permitted Payments in Respect of the Senior and Super Senior Debt

The Debtors and Third Party Security Providers may make payment in respect of the Senior Secured Creditor Liabilities, (the creditors in respect thereof being the "Senior Secured Creditors") at any time, provided that following certain acceleration events under the Senior Facilities Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following certain insolvency events in relation to a member of the Senior Secured Group, payments may only be made by Debtors or Third Party Security Providers and received by creditors in accordance with the provisions described below under "*—Application of Proceeds*" provided that there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Any failure to make a payment in accordance with the Senior Secured Finance Documents following an acceleration event as required by the ICA shall not prevent the occurrence of an event of default under the applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Liabilities, the Super Senior Liabilities and the Senior Secured Notes Liabilities (together, the "Senior Secured Liabilities" and together with the Second Lien Liabilities and Topco Liabilities being the "Secured Liabilities") have been discharged (the "Senior Secured Discharge Date"), the Debtors may only make certain specified payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including the Senior Facilities Agreement or any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) is continuing under the Senior Facilities Agreement or any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility Document or Senior Secured Notes Document.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in paragraph (ii) of "*—Permitted Payments in Respect of Topco Liabilities*" below.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date on which all Second Lien Liabilities have been discharged (the "Second Lien Discharge Date") (the "Priority Discharge Date"), the Issuer, Topco Borrowers, Third Party Security Providers and other members of the Senior Secured Group may only make payments (including any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities otherwise prohibited under the Intercreditor Agreement) under the Topco Liabilities or under any Topco Proceeds Loan (together the "Topco Group Liabilities") to the Topco Creditors or any holding company of the Issuer or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments, collectively, "Permitted Topco Payments"):

(i) if:

(A) no Topco Payment Stop Notice (as defined below) is outstanding;

(B) no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) has occurred and is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document (a "Senior Secured Payment Default"), or under the Second Lien Facilities or Second Lien Notes (a "Second Lien Payment Default"); and

(C) the payment is of (1) any amount of principal or capitalized interest in respect of the Topco Liabilities which is not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained, (2) any other amount which is not an amount of principal or capitalized interest, such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages), cash interest accrued during a period when a Topco Payment Stop Notice (as defined below) is outstanding and default interest) accrued and payable in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to the Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program in relation to Topco Liabilities approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (N) below) a Senior Secured Payment Default and/or a Second Lien Payment

Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (L) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under the original form of any fee letter(s) relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) fees, costs and expenses of a Topco Agent (as defined below) not included in (A) above not exceeding €1,500,000, but excluding the costs of any current, threatened or pending litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates), (C) of any amounts owed to a Topco Agent (as defined below), (D) of costs necessary to protect, preserve or enforce security, (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents), (F) of any other amount not exceeding €5,000,000 in aggregate in any financial year of BidCo provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year, (G) of any amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred in relation to the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) for as long as an event of default in relation to the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issue of shares in any holding company of the Issuer (a "Debt for Equity Swap") provided that (x) no cash or cash equivalent payment is made in respect of the Topco Liabilities, (y) that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and (z) that any liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to any other holding company of the Issuer that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non-cash-pay instrument which is subordinated to the liabilities owed to the Priority Secured Parties (the "Priority Secured Liabilities") on the same terms as the Topco Liabilities, (J) audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence or any other reasonable and ordinary course administrative and maintenance costs and expenses of a Topco Borrower or a direct or indirect holding company thereof, the only material assets which are (directly or indirectly) shares in or receivables from a Topco Borrower, (K) funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (L) made by the Topco Borrower in respect of its obligations under the Topco Finance Documents, and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents, (M) a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or in relation to any other provisions that permits the prepayment of a single lender without a related requirement to repay all other Topco Creditors, and (N) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing and the payment is of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities); or

(iii) if the Majority Senior Secured Creditors, the Majority Super Senior Creditors and the Majority Second Lien Creditors (each as defined below) give prior consent to that payment being made.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date falling one business day after the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a "Senior Secured Event of Default") or an event of default under the Second Lien Liabilities (a "Second Lien Event of Default"), the Security Agent (acting on the instructions of the Majority Super Senior Creditors, the Majority Senior Secured Creditors or the Majority Second Lien Creditors (each as defined below)) issues a notice (a "Topco Payment Stop Notice") to the agent under any Topco Facility (the "Topco Agent") and the trustee under any Topco Notes (the "Topco Notes Trustee") advising that the Senior Secured Event of Default or Second Lien Event of Default has occurred and is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors (each as defined below) gave the instructions to deliver the relevant stop notice) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the payment stop notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see "—*Permitted Topco Enforcement*" below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a particular Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances, or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "Topco Enforcement Notice") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the provisions summarized above in "Topco Liabilities Payment Block Provisions" and the equivalent provisions in respect of any Second Lien Liabilities will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or (in respect of the Topco Proceeds Loan Liabilities only) to Topco or any party that has acceded to the Intercreditor Agreement as a Topco Investor (as defined in the Intercreditor Agreement, the "Topco Investors") an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be), then any event of default which may have occurred under a Topco Finance Document or Topco Proceeds Loan Agreement and any Topco Enforcement Notice which may have been issued as a result of that suspension of payments shall be waived without any further action being required.

Turnover

Subject to certain exceptions, the Intercreditor Agreement will provide that if, at any time prior to the latest to occur of the Super Senior Discharge Date (as defined below), the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date (the "Topco Discharge Date") on which all of the Topco Liabilities have been fully discharged (the "Final Discharge Date") any creditor (other than a Senior Secured Creditor on or after the Designation Date) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "*—Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

> (A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents;
>
> (B) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event;
>
> (C) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event (as defined below)); or
>
> (D) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, other than amounts received or recovered in accordance with the provisions set out below under "Application of Proceeds" and in respect of Intra-Group Liabilities and amount permitted by the Intercreditor Agreement notwithstanding that an acceleration event is continuing.

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Application of Proceeds*"; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event (as defined below) in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider,

that creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) 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.

A turnover mechanism on substantially the same terms applies in the event that, at any time on or after the Designation Date but prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent for application in accordance with the provisions set out below under "—*Application of Proceeds*" except in accordance with such provisions.

Effect of Insolvency Event

"Insolvency Event" is defined as, in relation to any Obligor, Material Subsidiary (each as defined in the Senior Facilities Agreement) or Third Party Security Provider, (a) the passing of any resolution or making of an order for its insolvency, bankruptcy, winding up, dissolution, administration or reorganization (excluding solvent reorganizations), (b) a moratorium is declared in relation to any of its indebtedness, (c) the appointment of any liquidator, receiver, examiner, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (d) any analogous procedure or step is taken in any jurisdiction, other than (in each case), (i) frivolous or vexatious proceedings which, if capable of remedy, are discharged, stayed or dismissed within 20 business days of commencement or advertisement, (ii) in the case of an application to appoint an administrator or (commence proceedings) any proceedings or appointments which the Security Agent is satisfied will be withdrawn before it is heard or will be unsuccessful or as permitted under any Senior Facilities Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary (each as defined in the Senior Facilities Agreement) or Third Party Security Provider (in the case of a Senior Secured Creditor on or after the Designation Date, only to the extent such amounts constitute proceeds of enforcement) shall direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "—*Application of Proceeds*" below.

Subject to certain netting and set-off rights under ancillary or cash management facilities and set-offs which would give effect to a payment or distribution not prohibited by the terms of the Intercreditor Agreement the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall (in the case of a Senior Secured Creditor on or after the Designation Date, only to the extent that such amounts constitute proceeds of enforcement) pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery after the occurrence of an Insolvency Event in relation to an Obligor (as defined in the Senior Facilities Agreement), member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group or otherwise as specified in the provisions described below.

An "Instructing Group" means:

(a) If the Designation Date has not occurred:

(i) prior to the Senior Secured Discharge Date, Senior Secured Creditors (other than Super Senior Creditors) representing more than 50% of the Senior Secured Liabilities (other than Super Senior Liabilities) (the "Majority Senior Secured Creditors");

(ii) on or after the Senior Secured Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the Second Lien Liabilities (the "Majority Second Lien Creditors"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors"); and

(b) at any time on or after the Designation Date:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "Super Senior Discharge Date"), Majority Senior Secured Creditors, and Super Senior Creditors representing more than 50% of the Super Senior Liabilities (the "Majority Super Senior Creditors") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "*—Enforcement of Transaction Security Prior to the Designation Date*" and "*—Enforcement of Security after the Designation Date*" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Majority Second Lien Creditors; and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the Topco Liabilities (the "Majority Topco Creditors").

Enforcement of Transaction Security Prior to the Designation Date

Prior to the Designation Date, the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by (i) the Instructing Group, (ii) if, prior to the Senior Secured Discharge Date, the Instructing Group has (A) given no instructions or has instructed the Security Agent neither to enforce or cease enforcing and (B) not required any Debtor or Third Party Security Provider to make a Distressed Disposal (as defined below), an agent or trustee under the Second Lien Liabilities (acting on the instructions of the Majority Second Lien Creditors) where the rights of the Second Lien Creditors to enforce have arisen under the Intercreditor Agreement, or (iii) if, prior to the Priority Discharge Date, the Instructing Group (or Majority Second Lien Creditors as applicable) have (A) given no instructions or have instructed the Security Agent neither to enforce or cease enforcing and (B) not required any Debtor or Third Party Security Provider to make a Distressed Disposal, a Topco Agent or the Topco Notes Trustee (acting on the instructions of the Majority Topco Creditors).

Subject to the Transaction Security having become enforceable in accordance with its terms, the Instructing Group or any other persons entitled to give instructions in accordance with the preceding paragraph may give or refrain from giving instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as they see fit. Notwithstanding the above paragraphs, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions to enforce the Transaction Security either gives such instruction or indicates any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the Transaction Security as the Instructing Group sees fit and the Security Agent shall act on such instructions received from the Instructing Group.

Unless (i) the Transaction Security has become enforceable as a result of an Insolvency Event or (ii) the Instructing Group or any agent of the creditors represented in the Instructing Group determines in good faith that to do so could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or the realization proceeds of any such enforcement, before giving any such instructions to enforce the Transaction Security or take any other enforcement action the creditors represented by an Instructing Group will be required to consult with each other agent (provided that any agent in respect of Topco Liabilities need only be consulted if such enforcement relates to Topco Shared Security) for a period of up to ten business days or take any Enforcement Action (the "Consultation Period") and the Instructing Group will only be entitled to give the enforcement instructions described above or take any Enforcement Action after the expiry of such Consultation Period.

Enforcement of Transaction Security on or after the Designation Date

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this section. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions they shall deliver a copy of those instructions (an "Initial Enforcement Notice") to the Security Agent and to the other agents, trustees and hedge counterparties and those instructions shall be consistent with the Enforcement Principles (as defined below).

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below) and the Security Agent shall be entitled to assume that such instructions are consistent with the Enforcement Principles) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or if the Super Senior Discharge Date has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the expected realization proceeds and the Majority Super Senior Creditors deliver instructions before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Second Lien Creditors (where the rights of the Majority Second Lien Creditors to enforce have arisen under the Intercreditor Agreement), or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they (A) have instructed the Security Agent not to enforce (or to cease enforcing) the Transaction Security, or (B) have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Topco Creditors (where the rights of the Majority Topco Creditors to enforce have arisen under the Intercreditor Agreement).

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions do not give such instructions and do not indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"Enforcement Principles" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is request to do so by the Majority Super Senior Creditors or Majority Senior Secured Creditors) benefit from a fairness opinion from an investment bank, firm of accountants or third party professional firm.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco

Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

No Secured Party shall have any independent power to enforce, or to have recourse to enforce, any Transaction Security or Topco Independent Transaction Security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for their relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, no Topco Creditor or other finance party (under and as defined in any Topco Finance Document) or Topco Investor (and in the case of (iii) below, no Topco Borrower) shall (i) direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security), (ii) take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities, or (iii) take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except as set out under "*—Permitted Topco Enforcement*" below.

Other than as restricted pursuant to the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any person which is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"Enforcement Action" shall constitute:

(i) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or suing or commencing proceedings against any member of the Topco Group or a Third Party Security Provider to recover such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction (including any other analogous proceeding under the German Insolvency Code (*Insolvenzordnung*)), except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (v) above to the extent necessary to preserve a claim, (B) discussions between or proposals made by the Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance (other than specific performance for an obligation to make a payment) with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by Intra-Group Creditors (as defined in the Intercreditor Agreement) or Subordinated Creditors to the extent they relate to payments permitted under the Intercreditor Agreement or the release of the liabilities owed to such creditors in return for the issue of shares in the relevant member of the Senior Secured Group provided that the ownership interest of the member of the Senior Secured Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a "Cash Management Facility Lender"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance (other than specific performance for an obligation to make a payment) with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud; and (G) the taking of any action by a member of the Topco Group not prohibited by the Finance Documents.

Permitted Topco Enforcement

The restrictions set out above under "*—Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities or the Transaction Security Documents (if any) securing the Topco Group Liabilities, if:

(i) an event of default under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "Relevant Topco Default") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of the relevant Topco Standstill Period.

Promptly upon becoming aware of an event of default under a Topco Finance Document, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "Senior Agent"), senior secured notes trustee and any agent or trustee in respect of any Second Lien Liabilities of the existence of such event of default.

"Topco Standstill Period" means the period beginning on the date (the "Topco Standstill Start Date") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date (the "Topco Standstill Period");

(ii) the date the Priority Secured Parties take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider, provided that:

(A) if a Topco Standstill Period ends pursuant to this paragraph (ii), the Topco Creditors or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to a Topco Guarantor as the Enforcement Action taken by the Priority Secured Parties against such Topco Guarantor and not against any other member of the Senior Secured Group or Third Party Security Provider; and

(B) Enforcement Action for the purpose of this paragraph (ii) shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and

(v) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (as applicable) have given their consent to the relevant Enforcement Action.

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (*Permitted Topco Enforcement*) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

Option to Purchase: Topco Creditors

Following acceleration, or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect to purchase the Senior Lender Liabilities, Super Senior Lender Liabilities (as defined in the Intercreditor Agreement), Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to any creating Transaction Security Document or Topco Independent Transaction Security Document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement, instruction, direction confirmation payment, certification or other document, request or information from any creditor Secured Party or Debtor from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from BidCo:

(i) release (or procure that any other relevant person releases) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

(A) any security (and/or other claim relating to a Debt Document) over any asset which BidCo has confirmed is the subject of (1) a disposal not prohibited under any Finance Document (or where any applicable release and/or consent has been obtained) including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security, and (2) any other transaction not prohibited by any Finance Document (or where any applicable release and/or consent has been obtained) pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group and, in each case, where such disposal is not a Distressed Disposal (as defined below) (in each case, a "Non-Distressed Disposal");

(B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement, in each case to the extent BidCo has confirmed that such action is not prohibited by any Finance Document;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased to be a Debtor or guarantor (or will cease to be simultaneously with such release) to the extent that the Issuer has confirmed that such cessation is otherwise in accordance with the terms of each Finance Document or the Agreed Security Principles; and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that BidCo has confirmed that such security is not required to be given or such release is otherwise in accordance with the terms of any Finance Document or the Agreed Security Principles;

(ii) in the case of a disposal of shares or ownership interests in a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or other member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of the Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary), release (or procure that any other relevant person releases) that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries (and the shares in any such Debtor and/or subsidiary) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document); and

(iii) to effect a transfer of the rights and obligations of the borrower or issuer of Super Senior Liabilities, Senior Liabilities or Second Lien Liabilities under certain circumstances regulated by the Intercreditor Agreement.

When making any request for a release pursuant to paragraphs (i)(A) or (i)(B) above, BidCo must confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of BidCo, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, BidCo shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles.

In the case of a disposal of shares or other ownership interests in a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) or any other transaction pursuant to which a Debtor or member of the Senior Secured Group (or a holding company of any Debtor) will cease to be a member of Topco Group or a Debtor (including by way of resignation or being designated an Unrestricted Subsidiary), to the extent the Issuer has confirmed to the Security Agent that such disposal, transaction or designation is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all liabilities outstanding under any Debt Document and any right to decline, delay or prevent any such prepayment in any Debt Document shall be disapplied (but without prejudice to any prepayment fees, make-whole payment, break costs or other payment required by the relevant Finance Documents).

Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any assets or shares or financial securities which are subject to the Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Senior Secured Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (subject to acting in accordance with certain conditions set out below and at the cost of the relevant Debtor, Third Party Security Provider and BidCo and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets and (C) any other claim of an intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or other liabilities, (B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets and (C) any other claim of an intra- group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors under the Debt Documents or to any Debtors:

(A) if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

(B) if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities, on behalf of, in each case, the relevant creditors, Third Party Security Providers and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) transfer all or part of the obligations in respect of those intra-group liabilities or liabilities to any Debtor on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of the Senior Secured Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described in paragraph (iv) above) shall be paid to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities as described in paragraph (iv) above has occurred, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in paragraphs (iv) or (v) above) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities or Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

Where borrowing, guarantee or other liabilities in respect of any Senior Secured Liabilities, Second Lien Liabilities, Senior Secured Notes Proceeds Loan Liabilities, Topco Liabilities or unsecured liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing, guarantee or other liabilities transferred to a holding company of the Issuer, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Issuer and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing, guarantee or other liabilities.

Subject to the provisions described below, if a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected by or at the request of the Security Agent, unless the consent of each Senior Agent and each Senior Secured Notes Trustee (as applicable) has been obtained, it is a further condition to any release, transfer or disposal that:

(i) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(ii) such sale or disposal is made (A) pursuant to a public auction or other competitive sale process conducted with the advice of a reputable, independent or financially recognized investment bank or firm of accountants (or (if all such banks or firms are conflicted), a reputable, independent and internationally recognized third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those subject to the relevant Transaction Security) and, in each, case not being an auditor or administrator of the applicable company (a "Financial Adviser") as selected by the Security Agent, in respect of which the Secured Creditors are entitled to participate (a "Competitive Sales Process"); or (B) where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Second Lien Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Second Lien Liabilities or Transaction Security securing Second Lien Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Second Lien Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Second Lien Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the secured obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that the Senior Secured Creditors will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Senior Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of Senior Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

(C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Topco Discharge Date, a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Topco Liabilities or Transaction Security securing Topco Liabilities will be released, transferred or disposed of pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal that either:

(i) each agent and trustee in respect of any Topco Liabilities has approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor in respect of Topco Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(B) at completion of the sale or disposal the borrowing, guarantee and (to the extent permitted by the Intercreditor Agreement) other liabilities owing to each of the Secured Creditors and Unsecured Creditors by the Debtors being sold and disposed of and their subsidiaries (a "Relevant Claim") are (to the same extent) unconditionally released and discharged or sold or disposed of (and not assumed by the purchaser or its affiliates), and all security under documents creating security in respect of the Secured Obligations in respect of the assets of such members of the Senior Secured Group is unconditionally released and discharged, provided that, if each Senior Agent and Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that the Priority Secured Parties will recover a greater amount if the Relevant Claim is sold or otherwise transferred to the purchaser or its affiliates and provided such amount is nevertheless less than the aggregate amount of outstanding Priority Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent, Senior Secured Notes Trustee and each agent and trustee in respect of any Second Lien Liabilities (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the Priority Secured Liabilities), then the Security Agent shall be entitled immediately to sell and transfer such Relevant Claim to the purchaser or its affiliate; and

(C) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a Competitive Sales Process or where a Financial Adviser selected by the Security Agent has delivered an opinion to the Security Agent (including an enterprise valuation of the Group) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent has no obligation to select or engage any Financial Adviser unless it has been indemnified and/or secured and/or prefunded to its satisfaction).

When acting for the purposes of the above paragraphs, the Security Agent shall always act (i) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security in accordance with the provisions set out under "*—Manner of Enforcement*" above, and (ii) in any other case on the instructions of the Instructing Group or, in the absence of such instructions, as the Security Agent sees fit (which may include taking no action).

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of Topco or any subsidiary of any holding company of the Issuer (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Designation Date has occurred, for application towards the discharge of:

(A) the Super Senior Lender Liabilities and any Arranger Liabilities in connection therewith; and

(B) Hedging Liabilities that have been designated by the Issuer as ranking alongside the Super Senior Lender Liabilities (the "Super Senior Hedging Liabilities") (on a *pro rata* basis between the Super Senior Hedging Liabilities of each hedge counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above, or, if or after the Super Senior Discharge Date has occurred, then for application towards the discharge of:

(A) the Senior Lender Liabilities and any Arranger Liabilities in connection therewith;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the *Pari Passu* Hedging Liabilities, on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(iv) if the Designation Date has not occurred, for application towards the discharge of:

(A) the Senior Lender Liabilities and any Arranger Liabilities in connection therewith;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Hedging Liabilities, on a *pro rata* basis and *pari passu* between paragraph (A), (B), (C) and (D) above;

(v) for application towards the discharge of (x) the Second Lien Lender Liabilities and any Arranger Liabilities in connection therewith, and (y) the Second Lien Notes Liabilities, on a pro rata basis and ranking *pari passu* between themselves;

(vi) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and any Arranger Liabilities in connection therewith, and (B) the Topco Notes Liabilities, on a pro rata basis and ranking *pari passu* between themselves;

(vii) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(viii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above;

(B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii) (or as the case may be (iv)), (v), and (vi) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "Topco Recoveries") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) for application towards the discharge of:

(A) the Topco Facility Liabilities; and

(B) the Topco Notes Liabilities, on a pro rata basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors, Third Party Security Providers or Topco Independent Obligors are under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor, Third Party Security Provider or Topco Independent Obligor; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "Enforcement Date") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement will provide that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Issuer, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under *"—Application of Proceeds"* above, the order of priority or subordination under the Intercreditor Agreement or the provisions set out under *"—Turnover"* above (other than an amendment or waiver which is consequential to or required to implement a Permitted Structural Adjustment (as defined in the Revolving Credit Facility Agreement)) shall not be made without the consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Issuer.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below), the Security Agent may, if the Issuer consents, amend the terms of, release or waive any of the requirements of or grant consents under, any Transaction Security Document or Topco Independent Transaction Security Document which shall be binding on each party. The Security Agent may also and is deemed to be irrevocably authorized and instructed by the Secured Creditors to (with the consent of BidCo or at BidCo's request) amend, release and/or retake any Transaction Security Document or Topco Independent Transaction Security Document where such amendment, release and/or retake is required in order to ensure the validity, protection or priority of the Transaction Security or Topco Independent Transaction Security purported to be created under such Transaction Security Document or Topco Independent Transaction Security Document, together with any related or consequential waiver, as certified to the Security Agent (including by reason of a failure to register such Transaction Security Document or Topco Independent Transaction Security Document with Companies House within the prescribed time limit set out in section 859 of the Companies Act 2006, in which case the Security Agent shall also irrevocably waive any payment or other obligation or default arising out of such failure to register) and any such amendment, release, waiver and retake shall be binding on each party. Where any such amendment, release or waiver of, or consent under any Transaction Security Document or Topco Independent Transaction Security Document would adversely affect the nature or scope of the assets subject to Transaction Security or, as the case may be, Topco Independent Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed, the prior consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (as defined in the Intercreditor Agreement) (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Issuer will be required.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such (including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the paragraphs above under "*—Required Consents*" and under "*—Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security or Topco Independent Transaction Security claims or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "*—New Debt Financing,*" "*—Non-Distressed Disposals*" and "*—Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Issuer and the Security Agent.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "IPO"), the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Issuer who will issue shares or whose shares are to be sold pursuant to such IPO (the "IPO Pushdown Entity," and if any Topco Notes are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be any holding company of BidCo which is the issuer or borrower of any Topco Liabilities) and its Restricted Subsidiaries (as defined in the Senior Facilities Agreement), (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity, (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity.

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security or Topco Independent Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor (excluding a Topco Independent Obligor that is a member of the Senior Secured Group) will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (in each case following the relevant IPO), the Issuer and each subsidiary of the Issuer shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security (other than, in each case, borrowing liabilities).

Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate the matters described in each of the above paragraphs under the heading "*—Provisions Following an IPO*."

Agreement to Override

Unless expressly stated otherwise therein, the Intercreditor Agreement overrides anything in any other Debt Documents to the contrary (other than any Transaction Security Documents or, as the case may be, Topco Independent Transaction Security Documents, which are governed by German Law and need to be notarized (*beurkundet*)).

Leases

Certain of our subsidiaries are party to leases totaling €66.7 million as at March 31, 2018. The leases are not subject to the terms of the Intercreditor Agreement.

Hedging Obligations

We enter into interest rate swaps from time to time in order to hedge against interest rate risk associated with our borrowings that are subject to floating rates of interest, including the Senior Facility. As the Notes have a fixed rate of interest, we do not anticipate entering into any interest rate hedges in connection therewith.

DESCRIPTION OF THE NOTES

The following is a description of the €465.0 million in aggregate principal amount of 6.000% senior notes due 2026 (the "*Notes*"). The Notes will be issued by Blitz F18-674 GmbH, a limited liability company incorporated under the laws of Germany (the "*Company*"). You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*Certain Definitions*" below. For purposes of this "*Description of the Notes*," references to the "*Company,*" "*we*," "*our*," and "*us*" refer only to Blitz F18-674 GmbH and not to any of its Subsidiaries.

The Company will issue the Notes under an indenture to be dated on or about July 30, 2018 (the "*Indenture*"), between, *inter alios*, the Company, as issuer, Blitz F18-675 GmbH, as guarantor ("*BidCo*"), U.S. Bank Trustees Limited, as trustee (in such capacity, the "*Trustee*") and as security agent (in such capacity, the "*Security Agent*"), and Elavon Financial Services DAC, UK Branch, as paying agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include, or be subject to, any of the provisions of the Trust Indenture Act, including Section 316(b) thereof. Consequently, the Holders will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under a qualified indenture, including among other things, those requiring the Trustee to resign in the event of certain conflicts of interest and to inform Holders of certain relationships between it and us.

Upon satisfaction of the conditions set forth in the Escrow Agreement and release of the Escrowed Property from the Escrow Account (each as defined below), the proceeds from the offering of the Notes sold on the Issue Date will be onlent by the Company to BidCo and be used by BidCo, together with the Shareholder Contribution and drawings under the Senior Term Loan, to fund the consideration payable for the Acquisition, repay certain existing indebtedness of the Target Group and pay the fees and expenses incurred in connection with the Transactions, including estimated fees and expenses incurred in connection with the offering of the Notes, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

Pending the satisfaction of certain other conditions as described under the caption "*Escrow of Proceeds; Special Mandatory Redemption*," the Initial Purchasers (as defined in this Offering Memorandum) will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of the Notes sold on the Issue Date into a euro-denominated escrow account (the "*Escrow Account*") pursuant to the terms of an escrow agreement (the "*Escrow Agreement*") dated as of the Issue Date, among the Company, the Trustee and JPMorgan Chase Bank, N.A., as the escrow agent (the "*Escrow Agent*"). If the conditions to the release of the Escrowed Property (as defined below), as more fully described below under the caption "*Escrow of Proceeds; Special Mandatory Redemption*," have not been satisfied on the Business Day following December 11, 2018 (the "*Escrow Longstop Date*"), or upon the occurrence of certain other events, the Notes will be redeemed at a price equal to 100% of the issue price of the Notes plus accrued and unpaid interest from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below) and Additional Amounts, if any. See "*Escrow of Proceeds; Special Mandatory Redemption*."

Upon the initial issuance of the Notes on the Issue Date, the Notes will only be obligations of the Company and BidCo and will not be guaranteed by the Target or any of its Subsidiaries. Subject to the Agreed Security Principles and the occurrence of the Completion Date, Techem Energy Services GmbH and Techem Energy Contracting GmbH (the "*Post-Completion Date Guarantors*") will enter into one or more supplemental indentures to become a party to the Indenture and guarantee the Notes on a senior subordinated basis within 90 days from the Completion Date (such date, the "*Post-Completion Date*").

Prior to the Completion Date, the Company will not be able to cause the Target Group to comply with the covenants described in this "*Description of the Notes*" or other agreements under the Indenture. As such, we cannot assure you that prior to the Completion Date, the Target and its Subsidiaries will not engage in activities that would otherwise have been prohibited by the Indenture had those covenants or other agreements been applicable to such entities as of the Issue Date, and any such non-compliance will not constitute a default or Event of Default under the Indenture. See "*Risk Factors—Risks Related to the Acquisition—The Issuer does not currently control the Target and its subsidiaries and will not control the Target and its subsidiaries until completion of the Acquisition*."

The Indenture will be unlimited in aggregate principal amount, of which €465.0 million in aggregate principal amount of Notes will be issued in this offering. We may, subject to applicable law and the terms of the Indenture, issue an unlimited principal amount of additional Notes having identical terms and conditions (other than price) as the Notes (any such additional Notes actually issued, the "*Additional Notes*"); *provided* that if any series of Additional Notes is not fungible for U.S. federal income tax purposes with the Notes, such Additional Notes will be issued with a separate ISIN code or common code from the Notes originally issued. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens. See "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*." Except as otherwise provided for in the Indenture, the Notes, and if issued, 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 under the Indenture.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below) and in the case of certain conflicts between the terms of the Indenture and the Intercreditor Agreement, the terms of the Intercreditor Agreement will prevail. The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, the procedures for undertaking enforcement action, the subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes and the Indenture and refers to the Intercreditor Agreement, the Escrow Agreement, the Escrow Charge and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture, the Intercreditor Agreement, the Escrow Agreement, the Escrow Charge and the Security Documents for complete descriptions of the obligations of the Company and your rights. Copies of such documents will be available from us upon request on and after the Issue Date.

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, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions.

General

The Notes

The Notes will:

- be general senior obligations of the Company, secured as set forth under "*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Company that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Company and its Subsidiaries that is secured by property or assets that do not secure the Notes (including obligations under the Senior Facilities Agreement and certain Hedging Obligations), to the extent of the value of the property and assets securing such obligation or indebtedness;
- be structurally subordinated to any existing or future indebtedness of the Subsidiaries of the Company that are not Guarantors, including obligations to their trade creditors;
- be (i) guaranteed by BidCo on a senior subordinated basis on the Issue Date and (ii) subject to the Agreed Security Principles and the occurrence of the Completion Date, within 90 days from the Completion Date, be guaranteed by the Post-Completion Date Guarantors, in each case, on a senior subordinated basis;
- mature on July 30, 2026; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (as defined below). See "*Book-Entry; Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders will receive proceeds from the enforcement of the First-Priority Collateral (as defined below) on a *pari passu* basis with all indebtedness of the Company that is not subordinated in right of payment to the Notes and the Holders will receive proceeds from the enforcement of Collateral that is not First-Priority Collateral only after any indebtedness with a prior-ranking Lien on such Collateral is repaid in full, including the Senior Facilities.

The Company is a holding company incorporated for the purposes of the Transactions, and the Company's only material assets will be, as of the Completion Date, its indirect interests in the Target Group. All of the operations of the Company will be conducted through its Subsidiaries. Therefore, after the Issue Date, the Company will depend on the receipt of funds from its Subsidiaries (whether in the form of dividends, other distributions, return on capital or payments with respect to intercompany obligations) to meet its obligations, including its obligations under the Notes. The Notes will be structurally subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries that are not Guarantors.

As of the Issue Date, BidCo will be a "*Restricted Subsidiary*" for the purposes of the Indenture, and as of the Completion Date, we expect that all subsidiaries of the Company will be Restricted Subsidiaries for the purposes of the Indenture. However, under the circumstances described below under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Notes.

As of March 31, 2018, on an unaudited *pro forma* basis to give effect to the Transactions, we would have had €2,871.7 million of outstanding total indebtedness, including the €465.0 million in aggregate principal amount of Notes offered hereby and €2,340.0 million in aggregate principal amount under the Senior Facilities.

The Notes Guarantees

On the Issue Date, the Notes will be guaranteed by BidCo on a senior subordinated basis. Subject to the Agreed Security Principles and the occurrence of the Completion Date, within 90 days from the Completion Date, the Notes will be guaranteed on a senior subordinated basis by the Post-Completion Date Guarantors. In addition, if required by the covenant described under "*Certain Covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee (as defined below) in the future.

Once granted, the Notes Guarantee of each of the Guarantors will:

- be a general senior subordinated obligation of that Guarantor, secured as set forth under "*Security*";
- be subordinated in right of payment to any existing and future senior indebtedness of that Guarantor, including the Senior Facilities and certain Hedging Obligations;
- rank *pari passu* in right of payment with any existing and future subordinated indebtedness of that Guarantor that is not subordinated in right of payment to such Notes Guarantee of that Guarantor;
- rank senior in right of payment to all existing and future indebtedness of that Guarantor that is subordinated in right of payment to its Notes Guarantee;
- be effectively subordinated to any existing or future indebtedness or obligation of that Guarantor and its subsidiaries that is secured by property or assets that do not secure the Notes or the Notes Guarantees (including obligations under the Senior Facilities Agreement and certain Hedging Obligations), to the extent of the value of the property and assets securing such indebtedness; and
- be structurally subordinated to any existing or future indebtedness of the Subsidiaries of that Guarantor that do not guarantee the Notes, including their obligations to trade creditors.

The obligations of a Guarantor under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise to reflect limitations under applicable law. In addition, the Notes Guarantees will be further limited as required under the Agreed Security Principles as described below under "*Notes Guarantees—General*." By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Notes—The insolvency laws of Germany may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Consideration*."

Principal, Maturity and Interest

On the Issue Date, the Company will issue €465.0 million in aggregate principal amount of Notes. The Notes will mature on July 30, 2026. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Notes (together with any Additional Notes) will be treated as a single class for all purposes under the Indenture, including in respect of any amendment, waiver or other modification of the Indenture or any other action by the Holders hereunder, except as otherwise provided in the Indenture.

Interest on overdue principal and interest on the Notes will accrue at a rate that is 1% higher than the interest rate on the overdue principal or interest.

Interest on the Notes

Interest on the Notes will accrue at the rate of 6.000% per annum. Interest on the Notes will be payable semi-annually in arrears on January 30 and July 30, commencing on January 30, 2019. Interest on the Notes will be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of Holders to receive the payments of interest on the Notes are subject to applicable procedures of Euroclear and 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.

If the Issuer redeems any Global Notes on a date that is on or after the record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

The right of holders of beneficial interests in the Notes to receive the payment on such Notes will be subject to the applicable procedures of Euroclear and Clearstream, as applicable.

Methods of Receiving Payments on the Notes

Principal, interest and premium and Additional Amounts, if any, on the Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (initially being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest and premium, and Additional Amounts, 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 London, United Kingdom. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Company, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders for the Definitive Registered Notes. See *"Paying Agent and Registrar for the Notes*" below.

Paying Agent and Registrar for the Notes

The Company will maintain one or more Paying Agents for the Notes in London, United Kingdom (including the initial Paying Agent). The initial Paying Agent will be Elavon Financial Services DAC, UK Branch (the "*Paying Agent*").

The Company will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC, UK Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Notes on behalf of the Company. A register of the Holders shall be left at the registered office of the Company. In case of inconsistency between the register of Notes kept by the Registrar and the one kept by the Company at its registered office, the register kept by the Company shall prevail.

Upon written notice to the Trustee, the Company may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Notes Guarantees

General

Upon the initial issuance of the Notes on the Issue Date, the Notes will be guaranteed on a senior subordinated basis by BidCo. Subject to the Agreed Security Principles and the occurrence of the Completion Date, the Post-Completion Date Guarantors will guarantee, jointly and severally, on a senior subordinated basis (each (including the Guarantee of the Notes by BidCo), a "*Notes Guarantee*" and together (including the Guarantee of the Notes by BidCo), the "*Notes Guarantees*") the obligations of the Company pursuant to the Notes, including any payment obligation resulting from a Change of Control Triggering Event, within 90 days from the Completion Date.

Subject to the Agreed Security Principles and the occurrence of the Completion Date, the Post-Completion Guarantors will be Techem Energy Services GmbH and Techem Energy Contracting GmbH. The Post-Completion Date Guarantors accounted for 83.6% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 72.2% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 83.4% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. Our subsidiaries that will not guarantee the Notes accounted for 16.4% of our EBITDA (excluding intercompany transactions) for the year ended March 31, 2018, accounted for 27.8% of our total revenue (excluding intercompany revenue) for the year ended March 31, 2018 and held 16.6% of our total assets (excluding goodwill, equity investments in subsidiaries and intercompany transactions) as at March 31, 2018. As at March 31, 2018, on a *pro forma* basis to give effect to the Transactions, our subsidiaries not guaranteeing the Notes had no outstanding debt, when excluding the Existing Senior Facilities (which we expect to repay as part of the Refinancing) and intercompany loans. Although the Indenture will limit the Incurrence of Indebtedness and the issuance of Disqualified Stock of the Company and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Definitions—Indebtedness*."

In addition, as described under "*Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Subsidiaries of the Company that guarantee the Senior Facilities in the future or any Credit Facility or Public Debt, in each case, of the Company or a Guarantor, shall also enter into a supplemental senior notes indenture as a Guarantor and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Senior Facilities and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the U.S. Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles, to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*—The insolvency laws of Germany may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*."

A portion of the operations of the Company will be conducted through Subsidiaries that are not expected to become Guarantors. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Company and the Guarantors, including Holders. The Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of the Company's Restricted Subsidiaries (other than the Guarantors) and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any).

No assurances may be given that the Completion Date will occur, and if the Completion Date does not occur, the Post-Completion Date Guarantors may not Guarantee the Notes or provide any Security Interests in respect of their property. See "*Risk Factors—Risks Relating to the Acquisition—The Issuer does not currently control the Target and its subsidiaries and will not control the Target and its subsidiaries until completion of the Acquisition*." As of March 31, 2018, prior to giving effect to the Transactions, the Target and its Subsidiaries had €1,666.7 million of third-party Indebtedness outstanding.

Notes Guarantee Release

The Notes Guarantee of a Guarantor will terminate and be released:

(1) upon a sale, exchange, transfer or other disposition (including by way of consolidation, merger, or amalgamation) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) as a result of which such Guarantor would no longer be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case if such sale, exchange, transfer or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*Defeasance*" and "*Satisfaction and Discharge*," respectively;

(4) upon the release of the Guarantor's Guarantee of any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*Certain Covenants—Additional Guarantees*"; provided that no other Indebtedness is at that time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Notes Guarantee pursuant to the covenant described under the caption "*Certain Covenants—Additional Guarantees*";

(5) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) as described under "*Amendments and Waivers*";

(7) as described in the second paragraph of the covenant described below under "*Certain Covenants—Additional Guarantees*";

(8) in connection with a Permitted Reorganization; *provided* that the resulting, surviving or transferee Person is or becomes a Guarantor substantially concurrently with such Permitted Reorganization;

(9) upon payment in full of principal and interest and all other obligations on the Notes; or

(10) as a result of a transaction permitted by "*Merger and Consolidation*."

The Trustee shall, subject to receipt of certain documentation requested pursuant to the Indenture, take all necessary actions at the reasonable request and cost of the Company, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders and will not require any other action or consent on the part of the Trustee. Neither the Trustee nor the Company will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Security

General

On the Issue Date, the Notes and the Notes Guarantee of BidCo will be secured on a first-priority basis by Security Interests over the Escrowed Property deposited in the Escrow Account (the "*Escrow Collateral*"). The

Escrowed Property that is deposited in the Escrow Account will not be charged to secure any obligations other than the Company's obligations under the Notes and the Indenture. Upon the definitive release of the Escrowed Property, the first-priority Security Interests over the Escrowed Property will be released. On the Completion Date, the Notes and the Notes Guarantee of BidCo will be secured (a) on a first-priority basis by Security Interests over the shares in the Company (the "*First-Priority Completion Date Collateral*") and (b) on a second-priority basis by Security Interests over the shares in BidCo (the "*Shared Completion Date Collateral*").

The Security Interests in the Collateral will be granted to the Security Agent on behalf of and for the benefit of the Holders pursuant to the Security Documents. The Shared Completion Date Collateral will also secure on a first-priority basis the liabilities under the Senior Facilities and certain Hedging Obligations, and may also secure certain future Indebtedness. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders.

Subject to certain conditions, including compliance with the covenants described under "*Certain Covenants—Impairment of Security Interest*" and "*Certain Covenants—Limitation on Liens*," the Company and the Restricted Subsidiaries will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including, subject to certain requirements described herein, Additional Notes, as permitted under the Indenture and the Intercreditor Agreement.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders and holders of the other secured obligations that are secured by the Collateral. Any other assets subject to Security Interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." All Collateral will be subject to the limitations that are applicable to Notes Guarantees granted by the same entity, the operation of the Agreed Security Principles and any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Consideration*."

Notwithstanding the foregoing and the provisions of the covenant described below under "*Certain Covenants—Limitation on Liens*," the Indenture will provide that certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. For a non-exhaustive summary of certain terms of the Agreed Security Principles as they apply to the Senior Facilities, and which will apply to the Notes, *mutatis mutandis*, see "*Description of Other Indebtedness—Senior Facilities Agreement.*"

No appraisals of the Collateral have been made in connection with the 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 Relating to the Notes—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted or difficult to enforce under certain circumstances*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (such security interests, and, as applicable, the security interests in the Escrow Collateral, the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Senior Facilities, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent and the Holders under the Indenture and (d) the creditors of certain other Indebtedness (including Indebtedness that may be Incurred in the future) permitted to be secured by such Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which will provide, among other things, that the obligations under the Senior Facilities and certain Hedging Obligations are secured equally and ratably by first-priority Security Interests in the Shared Collateral, and the Notes and the guarantees thereof are secured by second-priority Security Interests in the Shared Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents and the Escrow Charge, the Company and BidCo will grant security over the Collateral and the Escrow Collateral to secure the payment when due of the Company's and the Guarantors' payment obligations under the Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into such Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including itself, the Trustee and the Holders from time to time). Under the Intercreditor Agreement, the Security Agent also acts as an agent of the lenders under the Senior Facilities and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

In Germany, due to the laws and the jurisprudence governing the creation and perfection of Security Interests, the Security Documents governed by German law will secure "*parallel debt*" obligations created under the Intercreditor Agreement in favor of the Security Agent (and not the obligations under the Notes and the Notes Guarantees). The parallel debt construct has not been fully tested under German law. See "*Risk Factors—Risks Relating to the Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law*."

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent (or, if the collateral represented by the Security Documents is held by a creditor other than the Security Agent, that creditor) will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent (or such creditor) for the Collateral (as applicable). In addition, prior to the discharge of obligations under the Senior Facilities, certain Hedging Obligations and other obligations constituting priority indebtedness under the Intercreditor Agreement, the representatives of the Holders, including the Trustee, will be subject to a 179-day standstill on the taking of any enforcement action over the Shared Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement*."

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 Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*Security—Release of Liens*."

In the event that the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests 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 Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Relating to the Notes—The granting of the Guarantees and security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions.*"

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement will restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the Security Agent in accordance with the terms of the Intercreditor Agreement. These limitations are described under "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Consideration*." 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.

In addition, in case the 30% Rule is triggered and certain shares of the Company and/or BidCo are transferred or issued to, and pledged by, a 30% Rule Designee, the Security Agent will be required, in the case of an enforcement of the Collateral in respect of the Notes, to enforce such pledges separately from the pledges provided by German Holdco over the shares of the Issuer and by the Issuer over the shares of BidCo, in order to obtain control of 100% of the share capital of the Issuer or BidCo, as applicable. See "*Risk Factors—Risks*

Relating to the Notes—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted or difficult to enforce under certain circumstances."

The creditors under the Senior Facilities, 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 securing such Indebtedness.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that each Holder, by accepting such Note, will be deemed (without any further consent of the Holders) to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents and perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents (including the execution of, and compliance with, any waiver, modification, amendment, renewal or replacement expressed to be executed by the Trustee or the Security Agent on its behalf).

See the section entitled "*Risk Factors—Risks Relating to the Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law*."

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*."

Release of Liens

Release of the Security Interests in respect of the Collateral will be permitted 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 the Company or a Restricted Subsidiary (but excluding any transaction subject to "*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*" and is otherwise not prohibited by 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 (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except to a Securitization 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 Notes 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 legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Defeasance*" and "*Satisfaction and Discharge*," respectively;

(5) automatically without any action by the Trustee, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(6) in a transaction that complies with the provisions described in "*Merger and Consolidation*"; provided that in such a transaction where the Company or any Guarantor ceases to exist, the Lien on the Capital Stock

of the Company or such Guarantor will be released and, subject to the Agreed Security Principles, will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the existing Lien on the Capital Stock of the Company or such Guarantor, as applicable) granted by the holder of such Capital Stock;

(7) in connection with a Permitted Reorganization;

(8) if the Company 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

(9) as otherwise permitted in accordance with the Indenture.

The Escrow Collateral shall only be released upon the release of the Escrowed Property from the Escrow Account in connection with the Escrow Release or the Special Mandatory Redemption, in each case in accordance with the terms of the Escrow Agreement.

In addition, the Security Interests 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 (but only if required) will take all necessary action reasonably requested by, and at the cost of, the Company to effectuate any release of Collateral securing the Notes and the Notes 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 (unless action is required by it to effect such release). Except for the release of the Escrowed Property from the Escrow Charge as described under "*Escrow of Proceeds; Special Mandatory Redemption*," the Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons attached, as follows:

- each series of 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, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and
- each series of 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 Notes will, on the Issue Date, be deposited with and registered in the name of the nominee 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.

Book-Entry Interests in the 144A Global Notes may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes 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.

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, 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 Company 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 "*Transfer Restrictions*."

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 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 Registrar and the Transfer Agent are not required to register the transfer or exchange of any definitive registered 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 of an Asset Disposition Offer.

The Company, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the offering of the Notes on the Issue Date, the Company will enter into the Escrow Agreement with, *inter alios*, the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of the Notes sold on the Issue Date into the Escrow Account. The Escrow Account will be pledged on a first-priority basis in favor of the Trustee for the benefit of the Holders of the Notes pursuant to an escrow charge dated the Issue Date between the Company and the Trustee (the "*Escrow Charge*"). The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "*Escrowed Property*."

In order to cause the Escrow Agent to release the Escrowed Property to the Company (the "*Escrow Release*"), the Escrow Agent and the Trustee shall have received from the Company on or prior to the Escrow Longstop Date, an Officer's Certificate, upon which both the Escrow Agent and the Trustee shall be able to rely conclusively without further investigation, to the effect that all of the following conditions have been met or will be satisfied on or prior to the Business Day immediately following the Escrow Longstop Date:

- the Escrowed Property will be applied in substantially the same manner as described in the Offering Memorandum;
- the Acquisition will be consummated, or has already been consummated, on the terms set forth in the Acquisition Agreement (and on substantially the same terms as described in the Offering Memorandum) promptly (and, in any event, no later than within three Business Days) following the Escrow Release, except for any changes, waivers or other modifications that will not, individually or when taken as whole, have a material adverse effect on the Holders of the Notes;

- immediately after consummation of the Acquisition, BidCo will own, directly or indirectly, all of the issued and outstanding share capital of the Target; and
- as of the delivery date of such Officer's Certificate, there is no Default or Event of Default with respect to the Company under clauses (5) or (9) of the first paragraph under the caption titled "*Events of Default*" below.

The Escrow Release shall occur promptly following receipt of such Officer's Certificate. Upon the Escrow Release, the Escrow Account shall be reduced to zero, and the Escrowed Property shall be paid out in accordance with the Escrow Agreement.

In the event that (a) the Completion Date does not take place on or prior to the Business Day immediately following the Escrow Longstop Date, (b) the Company notifies the Trustee and the Escrow Agent that in its reasonable judgment the Acquisition will not be completed by the Business Day immediately following the Escrow Longstop Date, (c) the Initial Investors cease to beneficially own and control a majority of the issued and outstanding Capital Stock of the Company, (d) the Acquisition Agreement terminates at any time prior to the Escrow Longstop Date or (e) a Default or Event of Default arises with respect to the Company under clause (5) of the first paragraph under the caption titled "Events of Default" on or prior to the Escrow Longstop Date (the date of any such event being the "*Special Termination Date*"), the Company will redeem all of the Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to 100% of the aggregate issue price of the Notes, plus accrued but unpaid interest and Additional Amounts, if any, from the Issue Date to the Special Mandatory Redemption Date (as defined below) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Written notice of the Special Mandatory Redemption will be delivered by the Company, no later than one Business Day following the Special Termination Date, to the Trustee, the Paying Agent and the Escrow Agent, and the Escrow Agreement and the Indenture will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Company in accordance with the terms of the Escrow Agreement (the "*Special Mandatory Redemption Date*"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay, on behalf of the Company, to the Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property (if any) to the Company.

In the event that the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, the Caisse de dépôt et placement du Québec (directly or indirectly through a wholly owned subsidiary thereof), Ontario Teachers' Pension Plan Board (directly or indirectly through a wholly owned subsidiary thereof) and one or more investment funds advised or managed by Partners Group AG will be required, on a several, pro rata basis in relation to their respective total equity commitments in Lux TopCo, to fund the Company with an amount sufficient to cover the difference between the Special Mandatory Redemption Price and the amount of the Escrowed Property, including accrued interest and Additional Amounts (if any) due with respect to the Notes from the Issue Date to the Special Mandatory Redemption Date and any negative interest on the Escrow Account, pursuant to an Equity Commitment Letter delivered to the Company by such funds (the "*Equity Commitment Letter*"). The sum of the amounts payable by the Initial Investors under the Equity Commitment Letter and the equity commitment letter dated May 24, 2018 among the Initial Investors, the Seller and BidCo, entered into in connection with the Acquisition Agreement (the "*SPA Equity Commitment Letter*") shall not exceed the amount payable by such Initial Investor under the SPA Equity Commitment Letter.

The Holders will not have any direct right to enforce the Equity Commitment Letter, and must rely on the Company's sole right to enforcement under the Equity Commitment Letter.

Receipt by the Trustee from the Company of either an Officer's Certificate for the Escrow Release or a notice of Special Mandatory Redemption shall constitute deemed consent by the Trustee for the release of the Escrowed Property from the Escrow Charge.

If at the time of such Special Mandatory Redemption, the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, the Company will notify the Authority that the Special Mandatory Redemption has occurred and any relevant details relating to such Special Mandatory Redemption.

Restricted Subsidiaries and Unrestricted Subsidiaries

On the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company 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.

Optional Redemption

Except as set forth below, and except as described under "*Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Company.

At any time prior to July 30, 2021, the Company may redeem the Notes, in whole or in part, at its option, upon notice as described under "*Selection and Notice*," at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date.

At any time and from time to time prior to July 30, 2021, the Company may, at its option, redeem Notes, upon notice as described under "*Selection and Notice*," with the Net Cash Proceeds received by the Company from any Equity Offering at a redemption price equal to 106.000% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including any Additional Notes); *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Notes (including Additional Notes) issued under the Indenture remains outstanding immediately thereafter.

At any time and from time to time on or after July 30, 2021, the Company may redeem the Notes, in whole or in part, upon notice as described under "*Selection and Notice*," at a redemption price equal to the percentage of principal amount of the Notes so redeemed set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the twelve-month period beginning on July 30, of the year indicated below:

Year	Redemption Price
2021	103.000%
2022	101.500%
2023, and thereafter	100.000%

Other Redemption Terms

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Company, or any third party making such a tender offer in lieu of the Company, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date.

Subject to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, 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.

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption or Sinking Fund

Other than in the event of a Special Mandatory Redemption, the Company is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase Notes as described under "*Change of Control*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

Selection and Notice

If fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including the pool factor); *provided*, *however*, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part. If the Notes are not held through Euroclear and Clearstream or Euroclear and Clearstream prescribe no method of selection the Notes will be selected, on a *pro rata* basis, subject to adjustments so that no Note in an unauthorized denomination remains outstanding after such redemption; *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 shall be redeemed. The Trustee, the Paying Agent and the Registrar shall not be liable for selections made under this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least 10 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

Notice of any redemption of the Notes may, at the Company's discretion, be given prior to the completion of a transaction (including, but not limited to, an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other transaction) and any redemption may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice of redemption shall describe each such condition, and if applicable, shall state that, in the Company's discretion, the redemption date may be delayed until such time (but not more than 60 days after the date the notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date as so delayed. In addition, the Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

If and for so long as any Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Authority so require, the Company will notify the Authority of any such notice to the Holders of the Notes and, in connection with any redemption, the Company will notify the Authority of any change in the principal amount of Notes outstanding.

If any Definitive Registered Note is to be redeemed in part only, the notice of redemption that relates to that Definitive Registered Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Definitive Registered Note 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 (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Company defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (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 but excluding 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 the Company 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 amendment to, or change in an official application, administration or written interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Company or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obliged to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

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 earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Company 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 to so redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the relevant Payor taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing qualified under the laws of the relevant taxing jurisdiction and satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Company or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Notes or with respect to any Notes 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 relevant taxing authority`s 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 Notes Guarantee is made or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of the Paying Agent); or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, 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 by law to be made from any payments made by or on behalf of the Payor with respect to any Note or any Notes 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 by each Holder in respect of such payments, after such withholding or deduction (including any such withholding or deduction from such Additional Amounts), will not be less than the amounts which would have been received by each Holder in respect of such payments on any such Note or Notes 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, to the extent such Taxes 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, partner 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 resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in or place of management present 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, the Indenture or a Notes Guarantee;

(2) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 30 days before any such withholding or deduction would 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 law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax, but, in each case, only to the extent the Holder or beneficial owner is legally entitled to do so;

(3) any Taxes, to the extent such Taxes are imposed as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the later of the applicable payment date or the date the relevant payment is first made available for payment to the Holder;

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes imposed, deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable), any regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto;

(7) any U.S. federal back-up withholding tax under section 3406 of the Code; or

(8) any combination of the items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any Person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee (with a copy to the Paying Agent). Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be 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 thereafter). The Trustee and the Paying Agent 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) redemption prices or purchase prices in connection with a redemption or purchase of the Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Notes 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 and reimburse each applicable Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration, enforcement of, or receipt of payments with respect to any Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this offering).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Company has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "*Optional Redemption*," the Company will make an offer to purchase all of the Notes (equal to €100,000 in principal amount or in integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less in principal amount may only be redeemed in whole and not in part) pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of repurchase. Within 60 days following any Change of Control Triggering Event, the Company will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear and Clearstream or by first-class mail, with a copy to the Trustee, to each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Company may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of events which would constitute a Change of Control or a Change of Control Triggering Event may constitute a default under the Senior Facilities Agreement that permits the Senior Facilities lenders to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Company or the Restricted Subsidiaries may contain prohibitions on certain events which would constitute a Change of Control or a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control or a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control or the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Company.

The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control Triggering Event purchase feature is a result of negotiations between the initial purchasers of the Notes and us.

Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) 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 Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder may require the Company to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

If and for so long as the Notes are listed on the Official List of the Exchange and if and to the extent that the rules of the Authority so require, the Company will notify the Exchange of any Change of Control Offer.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the consummation of the Transactions shall not be prohibited by the covenants below.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day that:

(a) the Notes have achieved Investment Grade Status; and

(b) no Default or Event of Default has occurred and is continuing under the Indenture,

then, beginning on that day and continuing until the Reversion Date (as defined below), the Company and the Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the "*Suspended Covenants*"):

- "*—Limitation on Indebtedness*";
- "*—Limitation on Restricted Payments*";
- "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";
- "*—Limitation on Affiliate Transactions*";
- "*—Limitation on Sales of Assets and Subsidiary Stock*";
- "*—Additional Guarantees*"; and
- the provisions of clause (3)(a) of the first paragraph of "*Merger and Consolidation—The Company*."

If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "*Reversion Date*") and will be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain Investment Grade Status (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Notes Documents with respect to the Suspended Covenants based on, and none of the Company or any of the Restricted Subsidiaries shall bear any liability with respect to such Suspended Covenants for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reversion Date is referred to as the "*Suspension Period*."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period (other than any Indebtedness Incurred under the Senior Term Loan or the Revolving Credit Facility) will be deemed to have been outstanding on the Issue Date so that it is classified as permitted under clause (4)(a) of the second paragraph of "*—Limitation on Indebtedness*." On and after the Reversion Date, all Liens created during the Suspension Period will be considered Permitted Liens pursuant to clause (11) of such definition. Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments*" will be made as though the covenants described under "*—Limitation on Restricted Payments*" had been in effect since the Issue Date and prior to, but not during, the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments*." On the Reversion Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (6) of the second paragraph under "*—Limitation on Affiliate Transactions*." Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in the first paragraph of "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during the Suspension Period will be deemed to have existed on the Issue Date, so that it is classified as permitted under clause (1) of the second paragraph under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*." On and after each Reversion Date, the Company and the Restricted Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

In addition, any future obligation to grant further Notes Guarantees shall be released. All such further obligation to grant Notes Guarantees shall be reinstated upon the Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of the Reversion Date. The Company shall notify the Trustee that the conditions under this covenant have been satisfied, although such notification shall not be a condition for suspension of the applicable covenants to be effective.

Limitation on Indebtedness

The Company will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not issue Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue Preferred Stock; *provided*, *however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) and the Company may issue Disqualified Stock and any of the Restricted Subsidiaries may issue Preferred Stock, if on the date of such determination and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries is at least 2.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (collectively, "*Permitted Debt*"):

(1) the Incurrence by the Company or any of the Restricted Subsidiaries of Indebtedness under any Credit Facility (and the issuance and creation of letters of credit, guarantees and bankers' acceptances thereunder) in an aggregate principal amount at any time outstanding not to exceed the sum of:

(a) the aggregate of (i) €2,340.0 million; *plus* (ii) the greater of (x) 275.0 million and (y) 70.0% of LTM EBITDA; *plus*

(b) an amount equal to the greater of (i) €295.6 million and (ii) 75.0% of LTM EBITDA; *plus*

(c) the maximum amount of Indebtedness such that, on the date of determination, after giving *pro forma* effect to such Incurrence, the Consolidated Total Net Leverage Ratio of the Company and the Restricted Subsidiaries does not exceed 7.20 to 1.00 (with any Indebtedness Incurred under clause (b) above on the date of determination of the Consolidated Total Net Leverage Ratio not being included in the calculation of Consolidated Total Net Leverage Ratio under this clause (c) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any such subsequent date),

provided that (i) any Indebtedness Incurred pursuant to this clause (1) may be refinanced at any time if such refinancing does not exceed the greater of (I) the aggregate principal amount of Indebtedness permitted to be Incurred pursuant to this clause (1) on the date of determination for such refinancing and (II) the aggregate principal amount of the Indebtedness being refinanced at such time (together with an amount necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing);

(2) Guarantees by the Company or any Restricted Subsidiary of Indebtedness or other obligations of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness or other obligations is not prohibited by the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary;

(4) Indebtedness represented by (a) Indebtedness, and any Guarantees thereof, in each case of the Target Group, outstanding on the Completion Date (or Incurred under a facility committed and as in effect as of the Completion Date), after giving *pro forma* effect to the Transactions and the application of the proceeds therefrom (as described under "*Use of Proceeds*" in this Offering Memorandum), (b)(i) the Notes (other than any Additional Notes), including any Notes Guarantee, and (ii) any loans pursuant to which proceeds of any Indebtedness of a Parent Entity that are lent to the Company, to the extent that such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary, and such Guarantees or the Incurrence of such Indebtedness, as the case may be, as are not prohibited by the Indenture, (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause (4)

and clause (5)(b) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (d) other Indebtedness Incurred to finance Management Advances;

(5) Indebtedness (x) of the Company or any Restricted Subsidiary Incurred or issued to finance an acquisition (including an acquisition of any assets) or other transaction or (y) of Persons that are, or secured by any assets that are, acquired by the Company or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Company or a Restricted Subsidiary in accordance with the terms of the Indenture; *provided* that Indebtedness Incurred pursuant to this paragraph (5) is in an aggregate amount not to exceed (a) the greater of (i) €40.0 million and (ii) 10.0% of LTM EBITDA at the time of Incurrence, *plus* (b) unlimited additional Indebtedness to the extent that after giving effect to such acquisition, transaction, merger, amalgamation or consolidation and without giving effect to any Indebtedness Incurred or issued pursuant to subclause (5)(a) above on the date of determination, either: (i) the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph or clause 1(c) of the second paragraph of this covenant, or (ii) either the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would not be lower, or the Consolidated Total Net Leverage Ratio of the Company and the Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to such acquisition, merger, amalgamation or consolidation;

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes as determined in good faith by the Company);

(7) Indebtedness (a) represented by 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 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)(a) and then outstanding, does not exceed the greater of (i) €160.0 million and (ii) 40.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof (provided that, in each case, the Indebtedness exists on the date of such purchase, lease, rental, construction, design, installation or improvement or is created within 180 days thereafter) or (b) arising out of Sale and Leaseback Transactions;

(8) Indebtedness in respect of (a) workers' compensation claims, old-age-part-time arrangements, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, customer guarantees performance, indemnity, surety, judgment, appeal, advance payment (including progress premiums), customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice; (b) 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 or consistent with past practice; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits and advance payments (including progress premiums) received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, warehouse receipts, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practice; (e) the financing of insurance premiums, take-or-pay obligations contained in supply arrangements, any customary treasury, depositary, cash management, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, cash pooling or netting or setting off arrangements or similar arrangements in the ordinary course of business or consistent with past practice; (f) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Company or any of its Subsidiaries in the ordinary course of business or consistent with past practice or (ii) deferred compensation or other similar arrangements in connection with any Investment or acquisition permitted hereby; and (g) Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs 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 Company and the Restricted Subsidiaries in respect of all such Indebtedness in connection with a disposition 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 Company and the Restricted Subsidiaries in connection with such disposition;

(10) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (10) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock or otherwise contributed to the equity (in each case, other than through the issuance of Disqualified Stock, Designated Preferred Stock, the Shareholder Contribution or an Excluded Contribution or Excluded Amounts (as defined below)) of the Company, in each case, subsequent to the Issue Date, and any Refinancing Indebtedness in respect thereof; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall not increase the amount available for making Restricted Payments to the extent the Company and the 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 to the extent such Net Cash Proceeds or cash have been applied to make Restricted Payments;

(11) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees by the Company or any Restricted Subsidiary of Indebtedness of joint ventures, in each case, which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this paragraph (11) and then outstanding, will not exceed the greater of (a) €80.0 million and (b) 20.0% of LTM EBITDA at any time outstanding, and any Refinancing Indebtedness in respect thereof;

(12) Indebtedness consisting of promissory notes issued by the Company or any of the Restricted Subsidiaries to any future, present or former employee, director, contractor or consultant of the Company, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, or heirs of such employee, director, contractor or consultant), to finance the purchase or redemption of Capital Stock of the Company or any Parent Entity that is permitted by the covenant described below under "*—Limitation on Restricted Payments*";

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (a) €160.0 million and (b) 40.0% of LTM EBITDA;

(14) Indebtedness Incurred pursuant to factoring financings, securitizations, receivables financings or similar arrangements, in each case, that are either: (a) not recourse to the Company and the Restricted Subsidiaries other than a Securitization Subsidiary (except to the extent customary in the good faith determination of the Company for such type of arrangement and except for Standard Securitization Undertakings); or (b) not in excess of the greater of (x) €120.0 million and (y) 30.0% of LTM EBITDA at any time outstanding;

(15) any obligation, or guaranty of any obligation, of the Company or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Company or a Restricted Subsidiary Incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(16) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided* that the terms of such Indebtedness are consistent with those entered into with respect to similar Indebtedness prior to the Issue Date, including that (a) the repayment of such Indebtedness is conditional upon such customer ordering a specific volume of goods and (b) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;

(17) obligations in respect of Disqualified Stock of the Company in an amount not to exceed the greater of (x) €80.0 million and (y) 20.0% of LTM EBITDA outstanding at the time of Incurrence;

(18) Indebtedness of the Company or any of the Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring;

(19) Indebtedness consisting of local lines of credit, overdraft facilities or local working capital facilities 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 (19) and then outstanding, will not exceed the greater of (a) €100.0 million and (b) 25.0% of LTM EBITDA; and

(20) Subordinated Liabilities (as defined in the Intercreditor Agreement) in respect of amounts under intercompany loans arising pursuant to clause (b) to the proviso to clause (23) under the second paragraph of the covenant described under "*—Limitation on Restricted Payments*."

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) subject to clause (3) below, in the event that all or any portion of any item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Permitted Debt or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include, in any manner that complies with this covenant, the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in the first paragraph above or one of the clauses of the second paragraph of this covenant, and Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(2) with respect to clauses (5)(a), (7), (11), (13) or (19) of the second paragraph of this covenant, if at any time that the Company would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph of this covenant or pursuant to clause (1)(c) of the second paragraph of this covenant, such item of Indebtedness shall (unless otherwise elected by the Company) be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant or pursuant to clause (1)(c) of the second paragraph of this covenant, as applicable;

(3) all Indebtedness under the Senior Term Loan Incurred as of the Completion Date shall be deemed to have been Incurred pursuant to clause (1)(a)(i) of the second paragraph of this covenant, and the Company shall not be permitted to reclassify all or any portion of such Indebtedness;

(4) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, re-borrowings of amounts previously repaid pursuant to "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to be repaid periodically shall only be deemed for the purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent re-borrowing thereof;

(5) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(6) 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;

(7) 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 any clause 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;

(8) the principal amount of any Disqualified Stock of the Company 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;

(9) in the event that the Company or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (29) of the definition of "*Permitted Liens*," the Incurrence or issuance thereof for all purposes under the Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, or usage of clauses (1) through (20) of the preceding

paragraph (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Company's option, either (a) be determined (i) on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof (or, at the option of the Company, a portion thereof) has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock (in each case, pursuant to any letter, agreement or instrument, which may be conditional, including as to documentation) and/or (ii) on the date on which such facility or commitments become available, and, if such Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant irrespective of the Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "*Reserved Indebtedness Amount*" as of such date for purposes of the Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, and, to the extent of the usage of clauses (1) through (20) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Company may revoke such determination at any time and from time to time;

(10) in the event that the Company or a Restricted Subsidiary (w) Incurs Indebtedness to finance an acquisition (including an acquisition of assets) or other transaction or (x) assumes Indebtedness of Persons that are, or secured by assets that are, acquired by the Company or any Restricted Subsidiary or merged into, amalgamated or consolidated with, the Company or a Restricted Subsidiary in accordance with the terms of the Indenture or (y) commits to an acquisition or transaction pursuant to which it may Incur Acquired Indebtedness or (z) is subject to a Change of Control, the date of determination of LTM EBITDA, the Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, shall, at the option of the Company, be (a) the date that a definitive agreement, put option or similar arrangement for such acquisition, transaction, merger, amalgamation, consolidation or Change of Control is entered into and the LTM EBITDA, Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, shall be calculated giving *pro forma* effect to such acquisition, Change of Control and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) consistent with the definition of the LTM EBITDA, the Fixed Charge Coverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, and, for the avoidance of doubt, (A) if any such ratios are exceeded as a result of fluctuations in such ratio (including due to fluctuations in the Consolidated EBITDA of the Company or the target company) at or prior to the consummation of the relevant acquisition or Change of Control, such ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether such acquisition and any related transactions are permitted hereunder and (B) such ratios shall not be tested at the time of consummation of such acquisition, transaction, merger, amalgamation or consolidation; *provided* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, put option or similar arrangement, (i) any such transaction shall be deemed to have occurred on the date the definitive agreement, put option or similar arrangement is entered into and to be outstanding thereafter for purposes of calculating any ratios under the Indenture after the date of such agreement and before the earlier of the date of consummation of such acquisition or the date such agreement is terminated or expires without consummation of such acquisition and (ii) to the extent any covenant baskets were utilized in satisfying any covenants, such baskets shall be deemed utilized until the earlier of the date of consummation of such acquisition or the date such agreement is terminated or expires without consummation of such acquisition, but any calculation of LTM EBITDA or Consolidated EBITDA for purposes of other Incurrences of Indebtedness or Liens or making of Restricted Payments (not related to such acquisition) shall not reflect such acquisition until it has been consummated unless such other Incurrence of Indebtedness or Liens is conditional or contingent on the occurrence of such acquisition or Change of Control or (b) the date such Indebtedness is borrowed or assumed or such Change of Control occurs;

(11) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of LTM EBITDA at the time of Incurrence, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed

the principal amount of such Indebtedness being refinanced, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing; and

(12) 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 and/or capitalization 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*"; *provided* that the amount of any Refinancing Indebtedness in respect of any outstanding Indebtedness may (in the Company's sole discretion) be increased by the amount of all such accrued and/or capitalized interest, accreted value, original issue discount and/or additional Indebtedness in respect of such Indebtedness and such increased amount will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such Refinancing Indebtedness is permitted to be Incurred.

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 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 Company 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 principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was first committed or first Incurred (whichever yields the lower Euro equivalent); *provided* that for the purpose of the Incurrence of any other Indebtedness, the Company may elect to account for any such Indebtedness denominated in a foreign currency at the relevant currency exchange rate in effect on the determination date for the Incurrence of such other Indebtedness; *further provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, 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 (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company 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.

Limitation on Restricted Payments

The Company will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Company or any of the Restricted Subsidiaries) except:

> (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding;
>
> (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of the Company or any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis); and

(c) dividends or distributions payable to any Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity which is Guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary (*provided* that (x) any net proceeds from such Indebtedness are contributed to the equity of the Company or any Restricted Subsidiary in any form or otherwise received by the Company or any Restricted Subsidiary; (y) any net proceeds described in subclause (x) above shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) of this paragraph and shall not be Excluded Contributions or Excluded Amounts); and (z) in the case that any net proceeds described in subclause (x) above are contributed to or received by the Company or the Restricted Subsidiaries in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity;

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Company or any Parent Entity held by Persons other than the Company or a Restricted Subsidiary;

(3) 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 purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of 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*");

(4) make any payment (whether of principal, interest or other amounts) on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment,

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would immediately thereafter result therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "*—Limitation on Indebtedness*" covenant immediately 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 Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) made pursuant to clauses (1) and (10) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next 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 occurs, 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 Company are available (if positive); *plus*

(ii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Subordinated Shareholder Funding or Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Completion Date or otherwise contributed to the equity (in each case other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Company subsequent to the Completion Date (other than (u) the Shareholder Contribution, (v) Subordinated Shareholder Funding or Capital Stock sold to a Subsidiary of the Company, (w) 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 Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary, (x) cash 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 next succeeding paragraph, (y) Excluded Contributions and (z) Excluded Amounts); *plus*

(iii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than (x) the Shareholder Contribution, (y) Subordinated Shareholder Funding or (z) Capital Stock sold to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Completion Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preferred Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange; *plus*

(iv) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Company, of marketable securities or other property received by the Company or any Restricted Subsidiary by means of: (i) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of Restricted Investments made by the Company or the Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or the Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Company or the Restricted Subsidiaries, in each case after the Completion Date; or (ii) the sale (other than to the Company or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from a Person that is not a Restricted Subsidiary after the Completion Date (in each case, other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17) of the next succeeding paragraph, as the case may be); *plus*

(v) in the case of the re-designation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Completion Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Company at the time of the re-designation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of "Permitted Investment" or clause (17) of the next succeeding paragraph, as the case may be; *plus*

(vi) the greater of (x) €40.0 million and (y) 10.0% of LTM EBITDA,

provided that notwithstanding the foregoing, any amounts (such amounts, "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent the purpose of the receipt of such cash, property or assets or marketable securities was used to reduce the Consolidated Total Net Leverage Ratio of the Company and as a result thereof a Change of Control Triggering Event that would otherwise have occurred without the receipt of such cash, property or assets or marketable securities did not occur.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Indenture, or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) (a) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock ("*Treasury Capital Stock*") or Subordinated Indebtedness 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, Subordinated Shareholder Funding or Capital Stock of the Company (other than Disqualified Stock or Designated Preferred Stock or Excluded Amounts) ("*Refunding Capital Stock*") or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock, the Shareholder Contribution or through an Excluded Contribution or Excluded Amounts) of the Company; *provided* that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Subordinated Shareholder Funding or Capital Stock or such contribution will be excluded from clause (c) of the preceding paragraph and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (13) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of a Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) 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;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company 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;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (other than Subordinated Shareholder Funding) or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

(a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if (and to the extent required) the Company 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, Disqualified Stock or Preferred Stock;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of (i) a Change of Control (or other similar event described therein as a "change of control") or (ii) an Asset Disposition (or other similar event described therein as an "asset disposition" or "asset sale"), but only if (and to the extent required) the Company shall have first complied with the terms described under "*Change of Control*" or "*—Limitation on Sales of Assets and Subsidiary Stock*," as applicable, 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, Disqualified Stock or Preferred Stock; or

(c) 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 Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Capital Stock (including any options, warrants or other rights in respect thereof) (other than Disqualified Stock) of the Company or any Parent Entity held by any future, present or former employee, director or consultant of the Company, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, trusts or heirs of such employee, director, contractor or consultant) either pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or upon the termination of such employee, director, contractor or consultant's employment or

directorship; *provided*, *however*, that the aggregate Restricted Payments made under this clause (6) do not exceed (x) the greater of (i) €30.0 million and (ii) 7.5% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year) or (y) subsequent to the consummation of an underwritten public Equity Offering of common stock of the Company or any Parent Entity, the greater of (i) €60.0 million and (ii) 15.0% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year); *provided further* that such amount in any fiscal year may be increased by an amount not to exceed:

(a) the cash proceeds from the issuance or sale of Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preferred Stock, the Shareholder Contribution or Excluded Contributions or Excluded Amounts) of the Company and, to the extent contributed to the capital of the Company (other than through the issuance of Disqualified Stock or Designated Preferred Stock, the Shareholder Contribution or an Excluded Contribution or Excluded Amounts), Subordinated Shareholder Funding or Capital Stock of any Parent Entity, in each case to members of management, directors or consultants of the Company, any of its Subsidiaries or any Parent Entity that occurred after the Completion Date, to the extent the cash proceeds from the sale of such Capital Stock or Subordinated Shareholder Funding have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Company and the Restricted Subsidiaries after the Completion Date,

and *provided yet further* that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from any future, present or former members of management, directors, employees, contractors or consultants of the Company or Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Company or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends on Disqualified Stock or 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, conversion or exchange of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof or withholding or similar taxes in respect thereof and payments in respect of withholding or similar taxes payable upon exercise or vesting thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Related Taxes;

(b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (11), (12) and (17)(a) (but only in respect of the parenthetical thereto) of the second paragraph under "*—Limitation on Affiliate Transactions*," provided that any such dividends, loans, advances or distributions to make payments in respect of annual management fees specified in paragraph (11)(a) of the second paragraph under "*—Limitation on Affiliate Transactions*" below and made pursuant to this clause (9)(b) shall not exceed an aggregate amount equal to the greater of (x) €25.0 million and (y) 6.0% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year) and shall not be made as long as any Default has occurred and is continuing unless it is funded with the proceeds of an Equity Contribution; and

(c) up to the greater of (x) €8.0 million and (y) 2.0% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(10) so long as no Default has occurred and is continuing the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Company, any Parent Entity or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Company or contributed to the capital of the Company by any Parent Entity in any form other than Indebtedness or Excluded Contributions or Excluded Amounts; and (b) following an Initial Public Offering, an amount equal to (i) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Total Net Leverage Ratio shall be equal to or less than 7.00 to 1.00, the greater of (x) 7.0% of the Market Capitalization and (y) 7.0% of the IPO Market Capitalization; and (ii) where, after giving *pro forma* effect to such dividends, distributions, cash payments, loans or expense reimbursements, the Consolidated Total Net Leverage Ratio shall be greater than 7.00 to 1.00, but equal to or less than 7.20:1.00, the greater of (x) 5.0% of the Market Capitalization and (y) 5.0% of the IPO Market Capitalization;

(11) payments by the Company, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Company or any Parent Entity 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 Company);

(12) Restricted Payments that are made with Excluded Contributions;

(13) the declaration and payment of dividends (i) on Designated Preferred Stock of the Company issued after the Completion Date; (ii) to a Parent Entity in an amount sufficient to allow the Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Completion Date; and (iii) on Refunding Capital Stock that is Preferred Stock; *provided, however*, that, in the case of clauses (i) and (ii) of this clause (13), the amount of all dividends declared or paid to a Person pursuant to such clauses shall not exceed the cash proceeds received by the Company or the aggregate amount contributed as Subordinated Shareholder Funding or in cash to the equity of the Company (other than through the issuance of Disqualified Stock, the Shareholder Contribution or an Excluded Contribution or Excluded Amounts), from the issuance or sale of such Designated Preferred Stock; *provided further*, in the case of clauses (i), (ii) and (iii) of this clause (13), that for the Relevant Testing Period immediately preceding the date of issuance of such Designated Preferred Stock or declaration of such dividends on such Refunding Capital Stock, after giving effect to such payment on a *pro forma* basis the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the test set forth in the first paragraph of the covenant described under "*—Limitation on Indebtedness*";

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock, of equity interests in, or Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents) or proceeds thereof;

(15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility;

(16) any Restricted Payment made in connection with the Transactions, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) so long as no Default has occurred and is continuing (i) any Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (a) €120.0 million and (b) 30.0% of LTM EBITDA at such time, or (ii) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of any such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 6.20 to 1.00;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) [*Reserved*];

(20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with the covenants described under "*Merger and Consolidation*";

(21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Company; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (b) such Parent Entity shall, promptly following the closing thereof, cause (i) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Company or one of the Restricted Subsidiaries or (ii) the merger or amalgamation of the Person formed or acquired into the Company or one of the Restricted Subsidiaries (to the extent not prohibited by the covenant described under "*Merger and Consolidation*") to consummate such Investment, (c) such Parent Entity and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (d) any property received by the Company shall not increase amounts available for Restricted Payments pursuant to clause (c) of the preceding paragraph, clauses (2) or (6) above or be deemed to be an Excluded Contribution or an Excluded Amount and (e) such Investment shall be deemed to be made by the Company or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (12) hereof) or pursuant to the definition of "Permitted Investments" (other than pursuant to clause (12) thereof);

(22) any Restricted Payment made with Net Available Cash from any Asset Disposition and permitted pursuant to clause (3) of the first paragraph under "*—Limitation on Sales of Assets and Subsidiary Stock*"; and

(23) any dividends, repayments of equity, reductions of capital, loans or any other distribution (a "*tax distribution*") by the Company or any Restricted Subsidiary to any Parent Entity that is a member of the same fiscal unity for corporate income tax, trade tax, value added tax or similar purposes; *provided* that (a) where payments under a fiscal unity are required to be made by any Parent Entity to cover Taxes on a consolidated basis on behalf of the Company and the Restricted Subsidiaries, a tax distribution shall be made in cash to such Parent Entity in accordance with the definition of Permitted Tax Distribution; and (b) the remainder of such tax distribution in excess of the amount permitted pursuant to clause (a) above shall not be paid to such Parent Entity in cash, but instead will be converted into an intercompany loan made by such Parent Entity to the Company which constitutes Subordinated Liabilities (as defined in the Intercreditor Agreement).

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (23) above, and/or is permitted pursuant to the first paragraph of this covenant and/or constitutes a Permitted Investment, the Company will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as a Permitted Investment.

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 Company 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, property or assets other than cash shall be determined conclusively by the Company acting in good faith.

Limitation on Liens

The Company will not, and the Company will not permit any Restricted Subsidiary or German HoldCo to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary and, in the case of German HoldCo, only to the extent that such property or assets constitute Collateral), whether owned on the 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, the Notes Guarantees and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, or equal with, or prior to, in the case of Liens with respect to Pari Passu 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, the Notes Guarantees and the Indenture under (a)(2) in the preceding paragraph 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 the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or under the relevant Security Document.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Layered Debt

The Company will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is or purports by its terms (or by the terms of any agreement governing such Indebtedness) to be contractually subordinated in right of payment to any other Indebtedness of the Company unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms.

The Company will not permit any Guarantor to, and no Guarantor will, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is or purports by its terms (or by the terms of any agreement governing such Indebtedness) to be contractually subordinated in right of payment to Senior Indebtedness of such Guarantor and senior in right of payment to such Guarantor's Note Guarantee. No such Indebtedness will be considered to be contractually subordinated in right of payment to any Senior Indebtedness of any Guarantor by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company 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:

(1) 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 Company or any Restricted Subsidiary;

(2) make any loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Company 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 Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company 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 Senior Facilities), (b) the Intercreditor Agreement and any Additional Intercreditor Agreement and (c) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to the Indenture, the Notes, the Notes Guarantees or the Security Documents;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) 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 Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company 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 Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the Successor Company (as defined below), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(5) any encumbrance, restriction or condition:

(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 agreement, or the assignment or transfer of any lease, license or other contract or agreement;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;

(c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Company or any of the Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Company or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or

(d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(6) 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;

(7) any encumbrance or restriction 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 the Company or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(10) 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 or consistent with past practice;

(11) any encumbrance or restriction pursuant to Hedging Obligations;

(12) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Company, are necessary or advisable to effect such Securitization Facility or Receivables Facility;

(13) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the 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 (taken as a whole) than (i) the encumbrances and restrictions contained in (A) the Senior Facilities Agreement, together with the security documents associated therewith, and (B) the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Company) and where, in the case of this sub-clause (ii), either (x) the Company determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument, or (b) constituting an Additional Intercreditor Agreement;

(14) any encumbrance or restriction existing by reason of any lien permitted under "—*Limitation on Liens*"; or

(15) 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 clauses (1) to (14) of this paragraph or this clause (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) to (14) of this paragraph or this clause (15); *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 Company).

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap or relates to Non-Core Assets), with a purchase price in excess of the greater of (a) €40.0 million and (b) 10.0% of LTM EBITDA, at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; *provided* that this clause (2) shall not apply to the first amount of consideration from such Asset Dispositions per fiscal year not to exceed the greater of (x) €60.0 million and (y) 15.0% of LTM EBITDA; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied:

(a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of the Company or a Restricted Subsidiary), within 450 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash, (A) to prepay, repay or purchase any Indebtedness of the Company or a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or any Senior Indebtedness; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased, (B) to repay, prepay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment or purchase so long as the Company or such Restricted Subsidiary also makes an offer to the Holders to redeem or purchase any Notes held by such Holder at a price not less than par, in each case, on a *pro rata* basis with any such other Pari Passu Indebtedness that is repaid, prepaid or purchased or (C) to redeem or purchase Notes; or

(b) to the extent the Company or any Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary equal to the amount of Net Available Cash received by the Company or another Restricted Subsidiary) within 450 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that a binding agreement shall be treated as a permitted application of Net Available Cash from the date of such commitment with the good faith expectation that an amount equal to Net Available Cash will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before such amount is applied, then such Net Available Cash shall constitute Excess Proceeds,

provided further that, pending the final application of the amount of any such Net Available Cash in accordance with clause (a) or (b) above, the Company and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture.

Notwithstanding the foregoing, to the extent that (x) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) is prohibited or delayed by applicable local law (including financial assistance and corporate benefit restrictions and fiduciary and statutory duties of the relevant directors) or (y) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) could result in material adverse Tax consequences, as determined by the Company in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant.

The amount of any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the first paragraph of this covenant will be deemed to constitute "*Excess Proceeds*" under the Indenture; *provided* that, if at the time of any definitive agreement, put option or similar arrangement in respect of any Asset Disposition or (at the option of the Company) the date on which Net Available Cash from an Asset Disposition is received, the Consolidated Total Net Leverage Ratio of the Company and the Restricted Subsidiaries is no greater than 5.55 to 1.00, 50% of the Net Available Cash from such Asset Disposition shall be deemed not to constitute Excess Proceeds and may be used by the Company or any of its Restricted Subsidiaries for any purpose not prohibited by the Indenture. On the 451st day (or such longer period permitted by clause (3)(b) of the first paragraph of this covenant) after the later of an Asset Disposition or the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of €100.0 million and 25% of LTM EBITDA, the Company will within 10 Business Days be required to make an offer ("*Asset Disposition Offer*") to all Holders issued under the Indenture and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to repay, prepay or purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be repaid, prepaid or purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes (and, in the case of any Pari Passu Indebtedness, an offer price of no more than 100% of the principal amount of such Pari Passu Indebtedness), in each case, plus accrued and unpaid interest, if any, to, but not including, the date of repayment, prepayment or purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and with respect to the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof; *provided* that if such Excess Proceeds are required to be offered first to the lenders of the Senior Term Loan or the holders of any other Senior Indebtedness under the terms thereof, the Company shall only be required to make an Asset Disposition Offer following the closing of the offer period in relation to the Senior Term Loan or such other Senior Indebtedness. The Company will deliver notice of such Asset Disposition Offer electronically or by first-class mail, with a copy to the Trustee, the Paying Agent and each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Asset Disposition and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice. The Company may satisfy the foregoing obligations with respect to any Net Available Cash from an Asset Disposition by making an Asset Disposition Offer with respect to all Net Available Cash prior to the expiration of the relevant 450 days (or such longer period as provided above) or with respect to any unapplied Excess Proceeds.

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 Company and the Restricted Subsidiaries may use any remaining Excess Proceeds for any purpose not prohibited by 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 Company shall allocate the Excess Proceeds among the Notes and Pari Passu Indebtedness to be repaid, prepaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness provided that the Company shall not be required to select and purchase Notes or other Pari Passu Indebtedness in an unauthorized denomination. 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 Euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Euro that is actually received by the Company upon converting such portion into Euros.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness or other liabilities, contingent or otherwise, of the Company or a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant during the same fiscal year, not to exceed the greater of (a) €100.0 million and (b) 25.0% of LTM EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws, rules and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

Notwithstanding any other provision in the Indenture to the contrary, the provisions of the Indenture relative to the Company's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

The Senior Facilities may prohibit or limit, and future credit agreements or other agreements to which the Company becomes a party may prohibit or limit, the Company from purchasing any Notes pursuant to this covenant. In the event the Company is prohibited from purchasing the Notes, the Company could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes under such instruments.

Limitation on Affiliate Transactions

The Company will not, and will not permit any Restricted Subsidiary to 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 Company (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of the greater of (i) €40.0 million and (ii) 10.0% of LTM EBITDA unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company 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; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (a) €60.0 million and (b) 15.0% of LTM EBITDA, the terms of such Affiliate Transaction have been approved by a majority of the members of the Board of Directors of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) above if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Company, if any.

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*," or any Permitted Investment;

(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 Company, any Restricted Subsidiary or any Parent Entity, 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 Company, in each case in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any (a) transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) merger, amalgamation or consolidation with any Parent Entity, *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Company and such merger, amalgamation or consolidation is otherwise permitted under the Indenture;

(5) the payment of compensation, fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, contractors, consultants, distributors or employees of the Company, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through any Controlled Investment Affiliate of such directors, officers, contractors, consultants, distributors or employees);

(6) the entry into and performance of obligations of the Company or any of the 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 Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed 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 (taken as a whole) in any material respect;

(7) any transaction with a Securitization Subsidiary effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or repurchase of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;

(8) transactions with customers, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors of the Company or the senior management of the Company 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 Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity which would constitute an Affiliate Transaction solely (i) because the Company or a Restricted Subsidiary or any Affiliate of the Company 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 or (ii) due to the fact that a director of such Person is also a director of the Company or any direct or indirect Parent Entity of the Company (*provided*, *however*, that such director abstains from voting as a director of the Company or such direct or indirect Parent Entity of the Company, as the case may be, on any matter involving such other Person);

(10) any (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Company or any Restricted Subsidiary and (b) 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; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition of "*Subordinated Shareholder Funding*";

(11) (a) any payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of annual management, consulting, monitoring, refinancing, transaction, subsequent transaction exit fees, advisory fees and related costs and reasonable expenses and indemnities in connection therewith and any termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an Initial Public Offering) and (b) any customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which are in the case of each of clauses (a) and (b) approved by a majority of the Board of Directors of the Company in good faith;

(12) payment to any Permitted Holder of all out of pocket expenses incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) the Transactions and the payment of all costs and expenses (including all legal, accounting and other professional fees and expenses) related to the Transactions;

(14) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;

(15) the existence of, or the performance by the Company or any Restricted Subsidiary of its obligations under the terms of, any equityholders agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date, and any similar agreement that it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Company or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this clause to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders (taken as a whole) in any material respect as determined in good faith by the Company;

(16) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Company's Affiliates; *provided* that such purchases by the Company's Affiliates are on the same terms as such purchases by such Persons who are not the Company's Affiliates;

(17) any (a) Investments by Affiliates in securities of the Company or any of the Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses Incurred by such Affiliates in connection therewith) so long

as the Investment is being offered by the Company or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms; (b) payments to Affiliates in respect of securities of the Company or any of the Restricted Subsidiaries contemplated in the foregoing clause (17)(a) or that were acquired from Persons other than the Company and the Restricted Subsidiaries, in each case, in accordance with the terms of such securities; and (c) payments by any Parent Entity, the Company and/or the Restricted Subsidiaries pursuant to any tax sharing agreements or other equity agreements in respect of Related Taxes among any such Parent Entity, the Company and/or the Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Company and its Subsidiaries;

(18) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Company and the Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Company in good faith;

(19) employment and severance arrangements between the Company or the Restricted Subsidiaries and their respective officers, directors, contractors, consultants, distributors and employees in the ordinary course of business or entered into in connection with or as a result of the Transactions;

(20) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" or entered into with any Business Successor, in each case, that the Company determines in good faith is either fair to the Company or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(21) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*—Designation of Restricted and Unrestricted Subsidiaries*" and pledges of Capital Stock of Unrestricted Subsidiaries;

(22) any lease entered into between the Company or any Restricted Subsidiary, as lessee, and any Affiliate of the Company that is not a Restricted Subsidiary, as lessor, which is approved by a majority of the members of the Board of Directors of the Company;

(23) intellectual property licenses in the ordinary course of business or consistent with past practice;

(24) payments to or from, and transactions with, any joint venture in the ordinary course of business or consistent with past practice (including any cash management activities related thereto);

(25) the payment of costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement; and

(26) any Permitted Tax Restructuring.

Designation of Restricted and Unrestricted Subsidiaries

The Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary and any Unrestricted Subsidiary to be a Restricted Subsidiary, in each case, if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments pursuant to the covenant described under "*—Limitation on Restricted Payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any

Indebtedness of such Subsidiary will be deemed to be Incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under "*—Limitation on Indebtedness*," the Company will be in default of such covenant.

If an Unrestricted Subsidiary is designated as a Restricted Subsidiary, that designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under "*—Limitation on Indebtedness*" (including pursuant to clause (5) of the second paragraph thereof, treating such designation as an acquisition for the purpose of such clause), calculated on a *pro forma* basis as if such designation had occurred at the beginning of the Relevant Testing Period; and (2) no Default or Event of Default would be in existence immediately following such designation. Any such designation by the Company or the re-designation of an Unrestricted Subsidiary to a Restricted Subsidiary as contemplated hereby shall be evidenced to the Trustee on the date of such designation or re-designation by filing with the Trustee an Officer's Certificate certifying that such designation or re-designation complies with the preceding conditions.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports following the Issue Date:

(1) within 150 days after the end of the Company's fiscal year ending March 31, 2019, and within 120 days after the end of each subsequent fiscal year of the Company, beginning with the fiscal year ending March 31, 2019, annual reports (the "*Annual Financial Statements*") containing: (i) the audited consolidated balance sheet of the Company as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company 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; (ii) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Company; (iii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations (other than the Acquisition) 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 or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (iv) a brief description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material debt instruments; *provided* that the information described in clause (iv) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarter ending June 30, 2018, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Company, beginning with the first such fiscal quarter ending June 30, 2018, quarterly year-to-date financial statements (the "*Quarterly Financial Statements*") containing the following information: (i) the Company'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 (other than any comparable period falling prior to the consolidation of the Target Group or that would require the creation of new consolidated financial statements), together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations (other than the Acquisition) 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 or burden, in which case the Company will provide, in the case of a material acquisition, acquired company financials; and (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Company; and

(3) promptly after the occurrence of a material event that the Company announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Company and the Restricted Subsidiaries, taken as a whole, or a change in a senior executive officer of the Company or a change in auditors of the Company, a report containing a description of such event.

In addition, the Company 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.

All financial statement information (excluding, for the avoidance of doubt, the calculations made under any incurrence covenant, which shall be prepared in accordance with the terms of the Indenture) shall be prepared in accordance with IFRS as in effect, including, to the extent adopted at such time, the application of IFRS 15 (*Revenue from Contracts with Customers*) and IFRS 16 (*Leases*) and any successor standard thereto (or any equivalent measure under GAAP), 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 Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to GAAP.

For purposes of 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 Company's LTM EBITDA (calculated (i) in the case of an acquisition, including any *pro forma* adjustments in respect of such acquisition and (ii) in the case of a disposal, excluding any *pro forma* adjustments in respect of such disposal) for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Company, then the Annual Financial Statements and Quarterly Financial Statements 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 Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In the event that (i) the Company 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 Company elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Company) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

All reports provided pursuant to this "*Reports*" covenant shall be in English, or with a certified English translation.

Subject to compliance with the next succeeding paragraph, in the event that, and for so long as, the equity securities of the Company, the Target or any Parent Entity or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of Euronext, the Frankfurt Stock Exchange, the Stockholm Stock Exchange, the Irish Stock Exchange, the Luxembourg Stock Exchange, the Swiss Stock Exchange or the New York Stock Exchange) (each a "*Regulated Market*") and the Company, the Target or such Parent Entity or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on a Regulated Market, for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Company, the Target, such Parent Entity or such IPO Entity is, or would be, required to file with the applicable Regulated Market pursuant to such admission and disclosure standards. Upon complying with the foregoing requirements, and *provided* that such requirements require the Company, the Target, any Parent Entity or IPO Entity to prepare and file annual reports, information, documents and other reports with the applicable Regulated Market, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

The Company may comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent Entity of the Company so long as such reports (if an annual, half yearly or quarterly report) (a) meet the requirements (including as to content and time of delivery) of this covenant as if references to the Company therein were references to such Parent Entity and (b) are accompanied by condensed consolidated financial information together with separate columns for: (i) such Parent Entity; (ii) the Company and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of any applicable Parent Entity that are not the Company or Subsidiaries of the Company on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts, none of which shall be required to be audited. Upon complying with the foregoing requirement, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs. For the avoidance of doubt, only Indebtedness of the Company and the Restricted Subsidiaries shall be taken into account when making any calculations required under the Indenture.

Notwithstanding the foregoing, for purposes of this covenant, the Company shall be permitted to use financial statements of the Target Group with respect to periods commencing prior to the Completion Date and shall be permitted to provide Annual Financial Statements and Quarterly Financial Statements in the same format as the financial statements of the Target Group; *provided* that the Company also provides separate information (to the extent applicable) relating to the Company as described in clause (b) of the immediately preceding paragraph, and, when making any calculation required under the Indenture, includes the Indebtedness of the Company, as applicable.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary or German HoldCo 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 or the Escrow 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, the Security Agent and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary or German HoldCo to, grant to any Person other than the Security Agent, for the benefit of the Trustee, the Security Agent and the Holders and the other beneficiaries described in the Security Documents, the Escrow Charge and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral or the Escrow Collateral, *except* that (i) the Company, German HoldCo and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) the Company, German HoldCo and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization, (iii) 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, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) the Company, German HoldCo and the Restricted Subsidiaries may amend the Security Interests in any manner that does not adversely affect Holders in any material respect; *provided*, *however*, that in the case of clause (i), (ii) and (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in a form reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole (or, in the case of any relevant action with respect to Security Documents to which German HoldCo is party as a security grantor, confirming the solvency of German HoldCo), 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, release, modification or replacement, or (3) an Opinion of Counsel, in a form reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, 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, release, modification or replacement. In the event that the Company, German HoldCo or an applicable Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to any amendment, extension, renewal, restatement, supplement, release or other modification or replacement requested in accordance with this covenant without the need for instructions from any Holder.

Additional Guarantees

No Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Senior Facilities, any Credit Facility or any Public Debt, in each case of the Company or a Guarantor, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee of such other Indebtedness is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture substantially in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be subordinated to (in the case such Guarantee of such other Indebtedness constitutes Senior Indebtedness), *pari passu* with (in the case such Guarantee of such other Indebtedness constitutes Pari Passu Indebtedness) or senior to (in the case such Guarantee of such other Indebtedness constitutes Subordinated Indebtedness), as applicable, such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee is contrary to the Agreed Security Principles or 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. At the option of the Company, any Notes Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*Notes Guarantees—Notes Guarantee Release*." 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, reasonably requested by, and at the cost of, the Company to effectuate any release of a Notes 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 "*Risk Factors—Risks Relating to the Notes—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*Limitations on Validity and Enforceability of the Security Interests and Guarantees and Certain Insolvency Law Consideration*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Company, in connection with the Incurrence by the Company, German HoldCo or any Restricted Subsidiary of (x) any Indebtedness secured on Collateral or as otherwise required herein and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Company, 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 (taken as a whole)), including substantially the same terms with respect to release of Notes Guarantees and priority and release of the Security Interests; *provided* that (1) 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, indemnities or immunities of the Trustee or Security Agent under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement and (2) if more than one such intercreditor agreement is outstanding at any time, the correlative terms of such intercreditor agreements must not conflict.

The Indenture also will provide that, at the direction of the Company and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error 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 Company or any Restricted Subsidiary 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, (8) make any other change to any such agreement that does not adversely affect the Holders (taken as a whole) in any material respect or (9) make all necessary provisions to ensure that the Notes are secured by the relevant Liens over the Collateral. The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional 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 Company 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, indemnities 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 will also provide that on the Completion Date, the Initial Intercreditor Agreement shall automatically terminate and the Company, BidCo, the Trustee and the Security Agent shall accede to the Amended and Restated Intercreditor Agreement. By accepting a Note, each Holder will be deemed to have authorized and instructed the Trustee and the Security Agent to accept the automatic termination of the Initial Intercreditor Agreement and to accede to the Amended and Restated Intercreditor Agreement, the terms of which each Holder, by accepting a Note, shall be deemed to have accepted. Following the termination of the Initial Intercreditor Agreement and the accession of the Company, BidCo, the Trustee and the Security Agent to the Amended and Restated Intercreditor Agreement on the Completion Date, the term "*Intercreditor Agreement*" will thereafter refer to the Amended and Restated Intercreditor Agreement.

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 and 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 and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement and any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

Merger and Consolidation

The Company

The Company will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets, 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 England and Wales. Germany, 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 Company) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of the Company under the Notes and the Indenture and all obligations of the Company under the Intercreditor Agreement, any Additional 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 applicable Successor Company or any Subsidiary of the applicable Successor Company as a result of such transaction as having been Incurred by the applicable Successor Company or such Subsidiary at the time of such transaction), no Default has occurred and is continuing;

(3) immediately after giving effect to such transaction, either (a) the Company or the applicable 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 "*Certain Covenants—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction;

(4) the Company or the Successor Company, as the case may be, 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 (in the case of a Successor Company) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (in the case of a Successor Company) is a legal and binding agreement enforceable against the Successor Company, *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1), (2) and (3) above; and

(5) the Holders (or the Security Agent on their behalf) will continue to have the same or substantially equivalent (ignoring for the purposes of assessing such equivalency any limitations required in accordance with the Agreed Security Principles or hardening periods) guarantees and security over the same or substantially equivalent assets and over the shares (or other interests) in the Company or the Successor Company, save to the extent such assets or shares (or other interests) cease to exist (provided that if the shares (or other interests) in the Company cease to exist, security will be granted (subject to the Agreed Security Principles) over the shares (or other interests) in the Successor Company).

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Notes and the Indenture.

Guarantors

No Guarantor may:

(1) consolidate with or merge with or into any Person; or

(2) sell, assign, convey, transfer, lease or dispose of, all or substantially all its assets, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless:

(a) the other Person is the Company or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such transaction;

(b) (1) either (x) the Company or 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 Notes Guarantee and the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and (2) immediately after giving effect to such transaction, no Default has occurred and is continuing; or

(c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise not prohibited by the Indenture.

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 Company, 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 Company or another Guarantor; (iii) any consolidation or merger of the Company into any Guarantor; *provided* that (A) if the Company is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Company under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1), (4) and (5) under the heading "*—The Company*" shall apply to such transaction; or (iv) the Company 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), (4) and (5) under the heading "*—The Company*" or clause (3) under this heading "*Guarantors*," as the case may be, shall apply to any such transaction.

The foregoing provisions shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary. Notwithstanding the foregoing, the Transactions will be permitted without compliance with this section.

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.

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 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 when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in the Indenture, other than those set out in clauses (1) or (2) above;

(4) the occurrence of any 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 which is Incurred or Guaranteed by the Company or any Significant Subsidiary, other than Indebtedness owed to the Company or a Restricted Subsidiary, which:

> (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (a "*payment default*"); or
>
> (b) results in the acceleration of such Indebtedness prior to its stated final maturity (the "*cross acceleration provision*"),

and, in each case, the aggregate principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been accelerated, is in excess of the greater of (x) €120.0 million and (y) 30.0% of LTM EBITDA;

(5) certain events of bankruptcy, insolvency or court protection of the Company or a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company or a Significant Subsidiary to pay final judgments aggregating in excess of the greater of (x) €120.0 million and (y) 30.0% of LTM EBITDA, other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days (after receipt of notice as described in the next succeeding paragraph) after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "*judgment default provision*");

(7) any Security Interest under the Security Documents or the Escrow Charge having a fair market value in excess of the greater of (x) €60.0 million and (y) 15.0% of LTM EBITDA 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 Escrow Agreement, the Escrow Charge, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) 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 the Escrow Charge or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 30 days;

(8) except as permitted under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement (including with respect to any limitations), any Notes Guarantee of one or more Guarantors that together constitute a Significant Subsidiary (a "*Significant Guarantor*") is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or is denied or disaffirmed by such Significant Guarantor or any Person acting on behalf of it; and

(9) failure by the Company to consummate a Special Mandatory Redemption on the Special Mandatory Redemption Date as described above under "*Escrow of Proceeds; Special Mandatory Redemption*."

However, a Default under clauses (4) or (6) of the above paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Company of the Default and, with respect to clauses (4) and (6), the Company does not cure such Default within 60 days 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 written notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest, if any, 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, in each case, within 30 days after the declaration of acceleration with respect thereto and the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

If an Event of Default described in clause (5) above with respect to the Company occurs and is continuing, the principal of and accrued and unpaid interest, if any, 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 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, on any Note held by a non-consenting Holder, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences (including the payment default that resulted from such acceleration) if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "*Initial Default*") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that 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 "*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

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 and/or security satisfactory to the Trustee in its sole discretion 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 written notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security and/or indemnity satisfactory to the Trustee in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written 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, of which a responsible officer of the Trustee has received written notice, 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 and/or security satisfactory to the Trustee in its sole discretion against all fees, losses, liabilities 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 in writing of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. 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 the Trustee in good faith determines that withholding notice is in the interests of the Holders.

The Company 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 Company 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 Company is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified and amendments to the Equity Commitment Letter that would be adverse to the Holders of the Notes in material respects may be approved with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (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 Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 90% (or, in the case of clause (9) below, 75%) of the then outstanding principal amount of the Notes, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(2) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(3) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*Optional Redemption*" or "*Redemption for Taxation Reasons*";

(4) make any such Note payable in currency other than that stated in such Note;

(5) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor;

(6) 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 applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(7) release all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) or the Escrow Collateral other than in accordance with the terms of the Security Documents, the Escrow Agreement, the Escrow Charge, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; *provided* that, for the avoidance of doubt and without prejudice to the covenant described under the heading "*Certain Covenants—Impairment of Security Interest*," the release of less than all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require the consent of Holders of at least a majority in principal amount of the Notes then outstanding (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 Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes);

(8) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(9) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(10) reduce the principal amount of Notes whose holders must consent to any amendment, waiver or modification or make any other change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under "*Certain Covenants*" shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Notes Documents and the Equity Commitment Letter to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Company or a Guarantor under any 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 Company or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of the Trustee or any Holder in any material respect;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of senior management of the Company) for the issuance of Additional Notes that may be issued in compliance with the Indenture;

(6) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Guarantees*," to add Notes 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 Notes Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking 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 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, the Security Documents or the Notes;

(8) evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any 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 Senior Facilities, in any property which is required by the Security Documents or the Senior Facilities (as in effect on the 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;

(10) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of Notes; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect;

(11) facilitate any transaction that complies with (a) the definition of "*Permitted Reorganization*" or (b) the covenants described under the headings "*Merger and Consolidation*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets;

(12) as provided in "*Certain Covenants—Additional Intercreditor Agreements*"; or

(13) to amend, supplement or otherwise modify the Escrow Agreement, the Escrow Charge or the Equity Commitment Letter in ways that would not be adverse to the Holders of Notes in any material respect.

In formulating its decisions on such matters, the Trustee (and the Security Agent, as applicable) shall be entitled to require and rely absolutely on such evidence as it deems appropriate, 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 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 given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Defeasance

The Company at any time may terminate all obligations of the Company and the Guarantors under the Notes Documents ("*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 Company in connection therewith and obligations concerning issuing temporary Notes, registrations 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 Company 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 Company at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*Certain Covenants*" (other than clauses (1), (2) and (4) of "*Merger and Consolidation—The Company*") 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 (other than with respect to the Company), the judgment default provision, the guarantee provision and the security default provisions described under "*Events of Default*" above ("*covenant defeasance*").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Company 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 clauses (1), (2) and (4) of "*Merger and Consolidation—The Company*"), (4), (5) (with respect only to the Company and Significant Subsidiaries (or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries) would constitute a Significant Subsidiary) of the Company), (6), (7) or (8) under "*Events of Default*" above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee cash in Euros or 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, subject to customary assumptions and exclusions, to the effect that Holders, in their capacity as Holders, 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 amounts 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 must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company; and

(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 all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

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 transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all 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 Company) 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 satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; (2) the Company has deposited or caused to be deposited with the Trustee, money in Euros or 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 Company has paid or caused to be paid all other sums payable under the Indenture; (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating 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)). If requested in writing by the Company, the Trustee may distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall have received at least three Business Days' notice from the Company of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes Documents, the Equity Commitment Letter 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

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, 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. 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 Company, 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 Company and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company 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 and expenses Incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

If and for so long as the Notes are listed on the Official List of the Exchange and if and to the extent that the rules of the Authority so require, notices of the Company with respect to the Notes will be sent to the Authority.

All notices to Holders will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, which will give such notices to the Holders of Book-Entry Interests in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph.

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. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Company or any Guarantor for the payment of principal, premium, if any, or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

Euro is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Notes and the Notes Guarantees, 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 Company, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Company or a Guarantor will only constitute a discharge to the Company 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 Company and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Company and the Guarantors will indemnify the recipient or the Trustee on a joint and 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 Company (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 Company's and the Guarantors' 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 or any Notes 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.

Listing

Application will be made to list the Notes on the Official List of the Exchange and for permission to be granted to deal in the Notes on the Exchange. There can be no assurance that the application to list the Notes on the Official List of the Exchange will be approved or that permission to deal in the Notes thereon will be granted, and settlement of the Notes is not conditioned on obtaining this listing or permission.

Enforceability of Judgments

Since substantially all the assets of the Company and the Guarantors are located outside the United States, any judgment obtained in the United States against the Company or the Guarantors, 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, 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 and the Notes, the Company and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City, County and State of New York, in the United States of America. The Indenture will provide that the Company and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, and the Notes Guarantees thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, the governing law of the Indenture and the Notes may be amended with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Intercreditor Agreement, the Escrow Agreement and the Escrow Charge and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the laws of Germany.

Certain Definitions

"*30% Rul*e" means:

(a) in the case of Ontario Teachers' Pension Plan Board, Section 79 of regulation 909 under Section 62 of the Pension Benefits Act (Ontario) which prohibits Ontario Teachers' Plan Investment Board and its Affiliates from, directly or indirectly, investing the moneys of the plan in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect or remove the directors of a corporation; and

(b) in the case of Caisse de dépôt et placement du Québec, Section 32 of an Act respecting the Caisse de dépôt et placement du Québec, which restricts, *inter alia*, Caisse de dépôt et placement du Québec and its Affiliates from, directly or indirectly, owning more than 30% of any class of ordinary securities in the Company.

"*30% Rule Designee*" means any person or entity which holds share capital in the Company, any of its Parent Entities and/or any of its Subsidiaries for the purposes of compliance with the 30% Rule and over which (i) Ontario Teachers' Pension Plan Board or an Affiliate thereof or (ii) Caisse de dépôt et placement du Québec or an Affiliate thereof, as applicable, has a contractual right to direct the voting or transfer or such share capital.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary; (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 or such acquisition; or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company 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, 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, directly or indirectly, from the Seller of all of the issued and outstanding share capital of the Target by BidCo pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" refers to the share purchase agreement dated May 24, 2018, between the Seller and BidCo relating to the sale by the Seller and the purchase by BidCo of all of the issued and outstanding share capital of the Target.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Senior Facilities Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Company.

"*Amended and Restated Intercreditor* Agreement" means the intercreditor agreement dated August 3, 2017, as amended from time to time, by and among, *inter alios*, the Target and certain of its Subsidiaries, to which the Company, BidCo, the Trustee and the Security Agent, *inter alios*, shall accede on the Completion Date.

"*Applicable Premium*" means, with respect to any Note the greater of:

(1) 1% of the principal amount of such Note; and

(2) the excess (to the extent positive) of:

> (a) the present value at such redemption date of (A) the redemption price of such Note at July 30, 2021 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Note to and including July 30, 2021 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at the date of such notice date plus 50 basis points; over
>
> (b) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation of the Trustee or Paying Agent.

"*Asset Disposition*" means:

(1) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Company or any of the Restricted Subsidiaries (in each case other than Capital Stock of the Company) (each referred to in this definition as a "*disposition*"); or

(2) the issuance, sale, transfer or other disposition of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions,

in each case, other than:

(a) a disposition by the Company or a Restricted Subsidiary to the Company or a Restricted Subsidiary;

(b) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(c) a disposition of inventory or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

(d) a disposition of obsolete, worn-out, uneconomic, damaged or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Company and the Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Company and the Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Company or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Company or any Restricted Subsidiary determines in its reasonable judgment that such action or inaction is desirable);

(e) transactions permitted under "*Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(g) 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 Company) of less than the greater of (a) €40.0 million and (b) 10.0% of LTM EBITDA;

(h) any Restricted Payment that is permitted to be made, and is made, under the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the third paragraph under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used within 450 days of receipt of such proceeds to make such Restricted Payments, Permitted Payments or Permitted Investments;

(i) dispositions in connection with Permitted Liens;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(k) conveyances, sales, transfers, licenses or sublicenses or other dispositions of intellectual property, software or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that result from such agreement;

(l) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business;

(m) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(n) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(o) any issuance or sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;

(p) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company 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;

(q) dispositions of property to the extent (i) that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased; (ii) that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased); or (iii) allowable under Section 1031 of the Code (or any similar provision under applicable tax law) and constituting any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(r) any disposition of Securitization Assets or Receivables Assets, or participations therein, in connection with any Qualified Securitization Financing or Receivables Facility, or the disposition of an account receivable in connection with the collection or compromise thereof in the ordinary course of business or consistent with past practice;

(s) any disposition pursuant to a financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(t) dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties to such joint venture set forth in joint venture arrangements and similar binding arrangements;

(u) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind; and

(v) the unwinding of any Cash Management Services or Hedging Obligations.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under *"Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or the 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 Company or any Restricted Subsidiary.

"*Authority*" means The International Stock Exchange Authority Limited.

"*BidCo*" means Blitz F18-675 GmbH, a limited liability company incorporated under the laws of Germany.

"*Board of Directors*" means (i) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the 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). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Company.

"*Bund Rate*" as selected by the Company, means the greater of (x) 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 have become publicly available at least two Business Days (but not more than five Business Days) prior to the date of such redemption notice (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Company) most nearly equal to the period from the date of such redemption notice to July 30, 2021; *provided*, *however*, that if the period from the date of such redemption notice to July 30, 2021 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 the date of such redemption notice to July 30, 2021 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 and (y) zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in (i) Frankfurt, Germany, (ii) London, United Kingdom or (iii) New York, New York, United States; are authorized or required by law to close.

"*Business Successor*" means (i) any former Subsidiary of the Company and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Company (that results in such Subsidiary ceasing to be a Subsidiary of the Company), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Company.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts 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, or exchangeable for, such equity.

"*Capitalized Lease Obligations*" means, as the case may be and subject to (as applicable) the Election Option, in relation to any determination, an obligation that is required to be classified and accounted for as either (i) a finance lease or a capital lease for financial reporting purposes on the basis of IAS 17 (*Leases*) (or any equivalent measure under GAAP), or (ii) lease liabilities on the balance sheet in accordance with IFRS 16 (*Leases*) (or any equivalent measure under GAAP). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of either IAS 17 (*Leases*) (or any equivalent measure under GAAP) or IFRS 16 (*Leases*) (or any equivalent measure under GAAP) as the case may be and always subject (as applicable) to the Election Option; 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) (a) Euros, Canadian dollars, Swiss Francs, United Kingdom pounds, Japanese Yen, Dollars, Australian dollars or any national currency of any member state of the European Union; or (b) any other foreign currency held by the Company and the Restricted Subsidiaries in the ordinary course of business;

(2) securities or other direct obligations, issued or directly and fully Guaranteed or insured by the government of Australia, Canada, Japan, Norway, Switzerland, the United Kingdom or the United States of America, the European Union or any member state of the European Union on the Issue Date or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), with maturities of 24 months or less from the date of acquisition;

(3) 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 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 €250.0 million;

(4) repurchase obligations for underlying securities of the types described in clauses (2), (3) and (7) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in clause (3) above;

(6) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in clause (3) above (or by the Parent Entity thereof) maturing within one year after the date of creation thereof or any commercial paper and variable or fixed rate note issued by, or guaranteed by a corporation rated at least "A-1" or higher by S&P or "P-1" or higher by Moody's (or, if at the time, neither is issuing

comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Company) maturing within one year after the date of creation thereof;

(7) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in instruments of the types specified in clauses (1) through (6) above; and

(8) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Company and its Subsidiaries on the Issue Date.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means:

(1) the Company 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 Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Company other than in connection with any transaction or series of transactions in which the Company shall become the wholly owned subsidiary of a Parent Entity so long as no Person or group, as noted above, other than a Permitted Holder, holds more than 50% of the total voting power of the Voting Stock of such Parent Entity; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and the Restricted Subsidiaries taken as a whole to a Person, other than the Company or any of the Restricted Subsidiaries or one or more Permitted Holders.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Company becoming a direct or indirect wholly owned subsidiary of a holding company if (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence (together with any 30% Rule Designee)) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company and (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control, unless *pro forma* for the Change of Control, the Consolidated Total Net Leverage Ratio is less than 7.20 to 1.00; *provided* that following the occurrence of any Change of Control that is deemed not to be a Change of Control Triggering Event by reference to any such Consolidated Total Net Leverage Ratio calculation, the occurrence of any subsequent Change of Control shall be deemed to be a Change of Control Triggering Event without regard to any Consolidated Total Net Leverage Ratio calculation.

"*Clearstream*" means Clearstream Banking, S.A., or any successor thereof.

"*Collateral*" means the First-Priority Collateral and the Shared Collateral and any and all other assets from time to time in which a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee (other than the Escrow Collateral).

"*Completion Date*" means the date on which the Acquisition is consummated.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and the Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"*Consolidated EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (r) through (z) in clause (1) thereof), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred by the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Senior Facilities, any other Credit Facility, any Receivables Facility, any Securitization Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering and any amendment, waiver or other modification of any of the foregoing, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Company 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 in any future period); *plus*

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Company, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) the "run rate" cost savings, operating expense reductions, restructuring charges and expenses and synergies that are expected (in good faith) to be realized as a result of actions taken or expected to be taken after the date of any acquisition, disposition, divestiture, restructuring or the implementation of a cost savings or other similar initiative, as applicable (calculated on a *pro forma* basis as though such cost savings, operating expense reductions, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (i) such actions are expected to be taken after the consummation of the acquisition, disposition, restructuring or the implementation of an initiative, as applicable, which is expected to result in cost savings, operating expense reductions, restructuring charges and expenses or synergies, and (ii) no cost savings, operating expense reductions, restructuring charges and expenses or synergies shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *plus*

(i) the "run rate" expected cost savings, operating expense reductions including costs and expenses related to information and technology systems establishment, modernization or modification, restructuring charges and expenses and synergies related to the Transactions projected by the Company in good faith to result from actions with respect to which substantial steps have been, will be, or are expected to be, taken (in the good faith determination of the Company), calculated on a *pro forma* basis as though such cost savings, operating expense reductions, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period, net of the amount of actual benefits realized during such period from such actions, and which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"; *plus*

(j) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets to the Securitization Subsidiary in connection with a Qualified Securitization Financing or Receivables Facility; *plus*

(k) any costs or expense Incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Company solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the first paragraph under *"Certain Covenants—Limitation on Restricted Payments*"; *plus*

(l) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(m) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(n) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and the Restricted Subsidiaries; *plus*

(o) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(p) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; *plus*

(q) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Company's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; *plus*

(r) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(s) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; *plus*

(t) the amount of expenses relating to payments made to option holders of the Company or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entities, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(u) to the extent not already otherwise included herein, adjustments and add-backs made in calculating "Run-Rate Adjusted EBITDA" for the *pro forma* twelve months ended March 31, 2018, included in the Offering Memorandum; *plus*

(v) earn out obligations Incurred in connection with any permitted acquisition or other Investment permitted under the Indenture and paid or accrued during such period; *plus*

(w) losses, charges and expenses related to the pre-opening and opening of new facilities, and start-up period prior to opening, that are operated, or to be operated, by the Company or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period,

provided that any "run rate" adjustments made pursuant to clauses (1)(h) and (i) above shall not exceed 25% of Consolidated EBITDA for the relevant period (calculated after fully taking into account such run rate adjustments) and shall be limited to adjustments that are expected (in good faith) to be achieved within 24 months from the date of completion of the applicable action or transaction that is expected to give rise to such adjustments.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (in each case, determined on the basis of IFRS, but including for the avoidance of doubt, any consolidated interest expense related to Indebtedness of any Parent Entity which such Person or any of its Restricted Subsidiaries guarantees), to the extent such expense was deducted (and not added back) in computing Consolidated Net Income, including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of any Hedging Obligations or other derivative instruments pursuant to IFRS), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (r) Securitization Fees, (s) penalties and interest relating to taxes (but excluding, for the avoidance of doubt, any Additional Amounts paid with respect to the Notes or the Notes Guarantees), (t) any additional cash interest owing pursuant to any registration rights agreement, (u) accretion or accrual of discounted liabilities other than Indebtedness, (v) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Transactions or any acquisition, (w) amortization or write-off of deferred financing fees, debt issuance costs, debt discount or premium, terminated Hedging Obligations and other commissions, financing fees and expenses and original issue discount with respect to Indebtedness borrowed under the Senior Facilities and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program, (x) any expensing of bridge, commitment and other financing fees, (y) subject (as applicable) to the Election Option, any interest component of any operating lease and (z) interest with respect to Indebtedness of any parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including for the avoidance of doubt, any consolidated capitalized interest related to Indebtedness of any Parent Entity which such Person or any of its Restricted Subsidiaries guarantees (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); *less*

(3) interest income for such period.

For purposes of this definition, interest on a lease (including any Capitalized Lease Obligation) shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such lease in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any Person for any period, the net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS after any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Company'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 or that (as reasonably determined by an Officer of the Company) could have been distributed by such Person during such period to the Company 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); *provided* that, for the purposes of clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "*Permitted Investments*";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Company and the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, 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 Senior Facilities, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (13)(a) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Company'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 Company 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 gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Company or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure/consolidation of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles, including any impact resulting from an election by the Company to apply GAAP at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other

provisions or on the re-valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition (including the Transactions), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated pay-outs on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Transactions;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"*Consolidated Total Indebtedness*" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money but excluding any Indebtedness under or with respect to Cash Management Services, intercompany Indebtedness of the Company and the Restricted Subsidiaries, Hedging Obligations, Receivables Facilities or Securitization Facilities.

"*Consolidated Total Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) the sum of (a) Consolidated Total Indebtedness as of such date and (b) the Reserved Indebtedness Amount in respect of Indebtedness which, once incurred, would be included in the calculation of Consolidated Total Indebtedness, less the aggregate amount of cash and Cash Equivalents of the Company and the Restricted Subsidiaries on a consolidated basis, to (y) LTM EBITDA; *provided*, *however*, that, solely for the purpose of the covenant described under "*Certain Covenants—Limitation on Indebtedness*," the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(c) or 5(b) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"), or (ii) the discharge on such determination 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 "*Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clauses (1)(c) and (5)(b) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*").

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease (subject, as applicable, to the Election Option), 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.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Company and/or other companies.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, 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), 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 or institutions and whether provided under the original Senior Facilities 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 Company 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.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company or any Restricted Subsidiary) of non-cash consideration received by the Company or any of the 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 or 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 Preferred Stock" means Preferred Stock of the Company or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(iii) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) 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 and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*Certain Covenants—Limitation on Restricted Payments*"; *provided further, however*, that if such Capital Stock is issued to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates (excluding the Permitted Holders (but not excluding any future, current or former employee, director, officer, contractor or consultant)) or Immediate Family Members), of the Company, any of its Subsidiaries, any Parent Entity or any other entity in which the Company or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of Directors (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Company or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory, contractual or regulatory obligations.

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (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 to the equity of the Company or any of the Restricted Subsidiaries by any Parent Entity in any form other than Indebtedness, the Shareholder Contribution or Excluded Contributions or Excluded Amounts.

"*Escrowed Proceeds*" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro*" or "*€*" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on the European Union.

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*European Government Obligations*" means any security denominated in Euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "*A-1*" or higher by Moody's or "*A+*" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization 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.

"*Equity Contribution*" means any subscription for shares issued by, any capital contributions (including by way of premium and/or contribution to the capital reserves) to, the Company (but excluding any such amounts funded from the proceeds of any Indebtedness of any Parent Entity (x) which is guaranteed by the Company or any Restricted Subsidiary, and (y) in respect of which dividends or distributions on the Company's Capital Stock are permitted to be paid from cash by the Company or any Restricted Subsidiary pursuant to clause (1)(c) of the first paragraph under "*Certain Covenants—Limitation on Restricted Payments*" and excluding the issuance of any Disqualified Stock or Designated Preferred Stock) or any Subordinated Shareholder Funding of the Company (in each case, other than a Shareholder Contribution, Excluded Contributions or Excluded Amounts).

"*Exchange*" means The International Stock Exchange.

"*Exchange Act*" means the 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 (other than Excluded Amounts) received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Company after the Completion Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) or Subordinated Shareholder Funding of the Company (other than a Shareholder Contribution), in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (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 Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*First-Priority Collateral*" has the meaning given to the term "Topco Independent Transaction Security" in the Intercreditor Agreement as in effect on the Issue Date, including the First-Priority Completion Date Collateral.

"*Fitch*" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of LTM EBITDA to the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such Relevant Testing Period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the Relevant Testing Period; *provided* that the *pro forma* calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clauses (1)(c) and (5)(b) thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such determination date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness discharged on such determination date using proceeds of Indebtedness Incurred pursuant to clauses (1)(c) and (5)(b) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*").

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed operations that have been made by the Company or any of the Restricted Subsidiaries, during the Relevant Testing Period or subsequent to the Relevant Testing Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in LTM EBITDA resulting therefrom) had occurred on the first day of the Relevant Testing Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Company or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (and may include cost savings, expense reductions and synergies reasonably expected to occur within 24 months from the date of completion of such action or transaction (or, if later, the last day of the Relevant Testing Period), including from the result of a disposition or ceased or discontinued operations, as though such cost savings, expense reduction and synergies had been achieved on the first day of the Relevant Testing Period; *provided* that any such cost savings, expense reductions and synergies, when combined with "run rate" adjustments made pursuant to clauses (1)(h) and (i) of the definition of

"Consolidated EBITDA," shall not exceed 25% of LTM EBITDA for the Relevant Testing Period (calculated after fully taking into account such cost savings, expense reductions and synergies and such other "run rate" adjustments)). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated, at the Company's option, either (x) as if the rate in effect on the determination date had been the applicable rate for the entire Relevant Testing Period or (y) using the average rate in effect over the Relevant Testing Period, in each case taking into account any Hedging Obligations applicable to such Indebtedness. As determined in accordance with the Election Option (as applicable), interest on a lease (including any Capitalized Lease Obligations) shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such lease in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the Relevant Testing Period except to the extent such revolving credit facility has been permanently repaid and the commitments thereunder cancelled. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

"*GAAP*" means generally accepted accounting principles in the United States of America.

"*German HoldCo*" means Blitz F18-673 GmbH, a limited liability company incorporated under the laws of Germany.

"*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 (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided further* that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes, until such Notes Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of the common depositary for Euroclear or Clearstream, as applicable.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or the Restricted Subsidiaries are, or may be, required to comply, as in effect on the Issue Date or, with respect to the covenant described under the caption "*Reports*," as in effect from time to time. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS (or, as applicable, GAAP) contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date (or, as applicable, GAAP as in effect at the date specified by the Company in its election to adopt GAAP in accordance with the fourth sentence of this definition). At any time after the Issue Date, the Company may elect to implement any new measures or other changes to IFRS (or, as applicable, GAAP) in effect on or prior to the date of such election; *provided* that any such election, once made, shall be irrevocable. At any time after the Issue Date, the Company may elect to apply GAAP accounting principles in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean GAAP (except as otherwise provided in the Indenture), including as to the ability of the Company to make an election pursuant to the previous sentence; *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, that any calculation or determination in the Indenture that require the application of IFRS for periods that include fiscal quarters ended prior to the Company's election to apply GAAP shall remain as previously calculated or determined in accordance with IFRS; *provided*, *further again*, that the Company may only make such election if it also elects to report any subsequent financial reports required to be made by the Company. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders. Notwithstanding any of the foregoing, (i) in relation to the making of any determination or calculation under the Indenture, the Company shall be required to elect (the "*Election Option*"), from time to time and each time, either (A) to apply IFRS 16 (*Leases*) or (B) to apply IAS 17 (*Leases*) (or, in each case, the equivalent measure under GAAP) to the making of such determination or calculation, *provided* that, if such determination or calculation involves more than one element (including for the calculation of a financial ratio), such selected accounting standard shall be consistently applied to each element of such determination or calculation (other than, for the avoidance of doubt, in relation to the covenant described under the caption "*Reports*"); and (ii) any adverse impact directly or indirectly relating to or resulting from the implementation of IFRS 15 (*Revenue from Contracts with Customers*) and any successor standard thereto (or any equivalent measure under GAAP) shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture (other than, for the avoidance of doubt, in relation to the covenant described under the caption "*Reports*").

"*Immaterial Subsidiary*" means, at any date of determination, each Restricted Subsidiary that (i) has not guaranteed any other Indebtedness of the Company and (ii) has LTM EBITDA of less than 5.0% of LTM EBITDA of the Company and the Restricted Subsidiaries taken as a whole, in each case, measured at the end of the Relevant Testing Period and revenues on a *pro forma* basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such Relevant Testing Period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

"*Immediate Family Members*" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend 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, amalgamation, 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, subject to the definition of Reserved Indebtedness Amount and related provisions.

"*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 not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables 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 or similar obligation, including accrued expenses owed, to a trade creditor), 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 Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in clauses (1), (2), (3), (4), (5) and (9) 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 Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

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 of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(b) Cash Management Services;

(c) any lease, concession or licence of property (or Guarantee thereof) which would, in accordance with the Election Option, be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(d) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(e) in connection with the purchase by the Company 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 in a timely manner;

(f) 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;

(g) obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;

(h) Indebtedness of any Parent Entity appearing on the balance sheet of the Company solely by reason of push down accounting under IFRS;

(i) Capital Stock (other than Disqualified Stock of the Company and Preferred Stock of a Restricted Subsidiary);

(j) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under *"Merger and Consolidation"*;

(k) Subordinated Shareholder Funding; or

(l) any joint and several or any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax purposes or similar purposes or any analogous arrangement.

"*Indenture*" means the indenture to be entered into on or about the Issue Date, by and among, *inter alios*, the Company, BidCo, the Trustee and the Security Agent.

"*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 Company.

"*Initial Intercreditor Agreement*" means the intercreditor agreement entered into on July 19, 2018, as amended from time to time, by and among, *inter alios*, the Company, BidCo and the Security Agent, to which the Trustee shall accede on the Issue Date.

"*Initial Investors*" means individually or collectively, Partners Group AG, Ontario Teachers' Pension Plan Board, and/or Caisse de dépôt et placement du Québec, and/or any one or more investment funds or limited partnerships advised or managed by such entities and, in each case, any of their Affiliates or direct or indirect Subsidiaries (but excluding, in each case, any portfolio company which is an obligor (and any of its Subsidiaries) in respect of any third party financing provided to that portfolio company (or any of its Subsidiaries) in which such investment funds or limited partnerships and other entities advised or managed by Partners Group AG, Ontario Teachers' Pension Plan Board or Caisse de dépôt et placement du Québec or such Affiliates, Subsidiaries or investors hold an investment or interest in).

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Entity or any successor of the Company or any Parent Entity (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 (x) prior to the Completion Date, the Initial Intercreditor Agreement and (y) on and after the Completion Date, the Amended and Restated Intercreditor Agreement.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans 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 or consistent with past practice, 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 prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Company 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 Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*Certain Covenants—Limitation on Restricted Payments" and "—Designation of Restricted and Unrestricted Subsidiaries*":

(1) "*Investment*" will include the portion (proportionate to the Company'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 at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a re-designation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such re-designation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as determined by the Company) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted 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 by the Company.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States of America or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the European Union or a member state of the European Union, Australia, Japan, Norway, Switzerland or the United Kingdom or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" 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 Company 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 the Notes receive two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO 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 at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means July 30, 2018.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided* that in no event shall an operating lease (subject, as applicable, to the Election Option) be deemed to constitute a Lien.

"*LTM EBITDA*" means Consolidated EBITDA of the Company measured for the Relevant Testing Period ending prior to the date of such determination, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the *pro forma* adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Parent Entity, the Company or any Restricted Subsidiary, or to any management equity plan, stock option plan, any other management or employee benefit, bonus or incentive plan or any trust, partnership or other entity of, established for the benefit of, or the beneficial owner of which (directly or indirectly) is, any of the foregoing:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person's purchase (or the

purchase by any management equity plan) of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent Entity with the approval of the Board of Directors of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of (i) €30.0 million and (ii) 7.5% of LTM EBITDA in the aggregate outstanding at the time of Incurrence.

"*Management Stockholders*" means the members of management of the Company (or any Parent Entity) or its Subsidiaries who are holders of Capital Stock of the Company or of any Parent Entity on the Issue Date or will become holders of such Capital Stock in connection with the Transactions.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interest 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.

"*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 Section 3(a)(62) under the Exchange 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, reasonably estimated to be actually payable or accrued as a liability under IFRS (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(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 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 Entity, the Company or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;

(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 Company or any Restricted Subsidiary after such Asset Disposition; and

(5) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any 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 reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credit or deductions and any tax sharing agreements, and including distributions for Related Taxes).

"*Non-Core Assets*" means any assets of the Company or any Restricted Subsidiary and designated in good faith as "non-core" to the material business activities of the Company and its Restricted Subsidiaries (taken as a whole) pursuant to an Officer's Certificate delivered by the Company to the Trustee.

"*Notes Documents*" means the Notes (including Additional Notes), the Escrow Agreement, Escrow Charge, the Indenture (including the Notes Guarantees), the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Guarantee*" means the joint and several guarantee of the obligations under the Notes and the Indenture on a senior subordinated basis by each Guarantor.

"*Obligations"* means any principal, interest (including Post-Petition Interest and fees accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Guarantor whether or not a claim for Post-Petition Interest or fees is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" mean this offering memorandum, dated as of July 19, 2018, relating to the offering of the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Assistant Treasurer, any Managing Director, the Secretary or any Assistant 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 that is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Entity*" means any direct or indirect parent of the Company.

"*Parent Entity Expenses*" means:

(1) costs (including all legal, accounting and other professional fees and expenses) Incurred by any Parent Entity 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 the Notes, the Notes Guarantees or any other Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its articles, charter, by-laws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) any (x) general corporate overhead expenses, including all legal, accounting and other professional fees and expenses and (y) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Company or any of the Restricted Subsidiaries;

(5) expenses Incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness and (ii) any related compensation paid to officers, directors and employees of such Parent Entity; and

(6) amounts to finance Investments that would otherwise be permitted to be made pursuant to the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" if made by the Company or a Restricted Subsidiary; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such direct or indirect parent company shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock)

to be contributed to the capital of the Company or one of the Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired into the Company or one of the Restricted Subsidiaries in order to consummate such Investment, (C) such direct or indirect parent company and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture and such consideration or other payment is included as a Restricted Payment under the Indenture, (D) any property received by the Company shall not increase amounts available for Restricted Payments pursuant to clause (c) of the first paragraph of the covenant described under *"Certain Covenants—Limitation on Restricted Payments"* or be an Excluded Contribution or Excluded Amount and (E) such Investment shall be deemed to be made by the Company or such Restricted Subsidiary pursuant to a provision of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" or pursuant to the definition of "*Permitted Investments*."

"*Pari Passu Indebtedness*" means Indebtedness (a) of the Company which ranks equally in right of payment to the Notes or (b) of any Guarantor which ranks equally in right of payment to the Notes Guarantee of such Guarantor.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"*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 between the Company or any of the 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 Liens on the Collateral:

(1) that are described in one or more of clauses (3), (4), (5), (6), (7), (8), (15), (17), (18), (24), (26), (34) of the definition of "*Permitted Liens*" and Liens arising by operation of law that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(2) Liens on the First-Priority Collateral to secure:

(a) the Notes (other than Additional Notes), including Notes Guarantees;

(b) Indebtedness of the Company described under (A) the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or (B) clauses (1)(a), (1)(b), (1)(c), (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), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (10), (13) or (19) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" ((A) and (B) together, the "*PCL Debt Baskets*"), in each case to the extent that such Indebtedness constitutes Pari Passu Indebtedness of the Company; *provided* that such Liens rank equal with or junior to the Liens securing the Notes;

(c) Indebtedness of the Company permitted to be Incurred under the PCL Debt Baskets to the extent that such Indebtedness constitutes Subordinated Indebtedness of the Company; *provided* that such Liens rank junior to the Liens securing the Notes;

(d) Indebtedness of a Guarantor in the form of a guarantee of Pari Passu Indebtedness of the Company; *provided* that such Liens rank equal with or junior to the Liens securing the Notes Guarantees;

(e) Indebtedness of a Guarantor in the form of a guarantee of Subordinated Indebtedness of the Company; *provided* that such Liens rank junior to the Liens securing the Notes Guarantees; and

(f) any Refinancing Indebtedness in respect of Indebtedness set forth in the foregoing clauses (a) to (e); *provided* that any Lien securing such Refinancing Indebtedness shall have the same priority, relative to the Lien on such First-Priority Collateral securing the Notes, as the Lien securing the original Indebtedness refinanced by such Refinancing Indebtedness;

(3) Liens on the Collateral (other than the First-Priority Collateral) to secure:

(a) the Notes (other than Additional Notes), including Notes Guarantees;

(b) Indebtedness of the Company described under the PCL Debt Baskets; *provided* that (x) if such Indebtedness is Pari Passu Indebtedness of the Company, such Liens rank equal to or junior to the Liens securing the Notes, and (y) if such Indebtedness is Subordinated Indebtedness of the Company, such Liens rank junior to the Liens securing the Notes;

(c) Indebtedness of a Guarantor permitted to be Incurred under the PCL Debt Baskets or clause (4)(a), (4)(b)(ii) or (4)(c) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; *provided* that (x) if such Indebtedness is Senior Indebtedness of such Guarantor, such Liens rank (1) equal with all other Liens on such Collateral securing such Senior Indebtedness (*provided* that (a) up to an amount of Indebtedness equal to the greater of (x) €295.6 million and (y) 75.0% of LTM EBITDA Incurred (such Indebtedness to include the Revolving Credit Facility (to the extent not fully and finally discharged)) and (b) obligations under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate or currency risks, in each case to the extent Incurred in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*," may have super senior priority status in respect of the proceeds from the enforcement of the Collateral that is not First-Priority Collateral and certain distressed disposals of assets, not materially less favorable to the Holders than that provided for in accordance with the Super Senior Liabilities (as defined in the Intercreditor Agreement as in effect on the Issue Date)) or (2) equal with or junior to the Liens on such Collateral securing the Notes or the Notes Guarantees; (y) if such Indebtedness is Pari Passu Indebtedness of such Guarantor, such Liens rank equal with or junior to the Liens on such Collateral securing the Notes or the Notes Guarantees and (z) if such Indebtedness is Subordinated Indebtedness of such Guarantor, such Liens rank junior to the Liens on such Collateral securing the Notes or the Notes Guarantees;

(d) Indebtedness permitted to be Incurred under the PCL Debt Baskets of a Restricted Subsidiary that is not a Guarantor; *provided* that such Liens rank (1) equal with all other Liens on such Collateral securing Senior Indebtedness or Indebtedness of any Restricted Subsidiary that is not a Guarantor or (2) equal with or junior to the Liens on such Collateral securing the Notes or the Notes Guarantees; and

(e) any Refinancing Indebtedness in respect of Indebtedness set forth in the foregoing clauses (a) to (d); *provided* that any Lien securing such Refinancing Indebtedness shall have the same priority, relative to the Lien on the same Collateral securing the Notes or the Notes Guarantees, as the Lien securing the original Indebtedness refinanced by such refinancing Indebtedness;

(4) Liens on the Collateral Incurred in the ordinary course of business of the Company or any of the Restricted Subsidiaries with respect to obligations that in total do not exceed the greater of (i) €20.0 million and (ii) 5.0% of LTM EBITDA at any time outstanding and that (x) are not Incurred in connection with the borrowing of money 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 Company's or such Restricted Subsidiary's business; or

(5) Liens granted in compliance with clause (a)(2) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Liens*,"

provided that, in the case of clauses (2), (3), (4) and (5) of this definition of "*Permitted Collateral Liens,*" each of the secured parties to any such Indebtedness that exceeds an aggregate amount equal to the greater of (x) €80.0 million and (y) 20.0% of LTM EBITDA and is outstanding for more than 120 days (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement and *provided further* that for purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of more than one of the categories of Permitted Collateral Liens described in paragraphs (1) through (4) above, the Company will be permitted to classify such Permitted Collateral Lien on the date of its incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition.

"*Permitted Holders*" means, collectively, (i) the Initial Investors, (ii) any 30% Rule Designee, (iii) any one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control Triggering Event in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (iv) the Management Stockholders, (v) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Company, acting in such capacity, and (vi) 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 are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in subclauses (i) through (v), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any Parent Entity held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control which is not a Change of Control Triggering Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of the Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;

(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 or consistent with past practice;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Company or any Restricted Subsidiary or in exchange for any other Investment or accounts receivable held by the Company or any such 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 or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(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;

(9) Investments existing or pursuant to agreements or arrangements in effect on the Issue Date and any modification, replacement, renewal or extension thereof; *provided* that the amount of any such Investment may not be increased except (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise not prohibited under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred in compliance with "*Certain Covenants—Limitation on Indebtedness*";

(11) 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*";

(12) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent Entity as consideration;

(13) 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), (6), (7), (8), (9), (12) and (14) of that paragraph);

(14) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business or consistent with past practices, and in accordance with the Indenture;

(15) any (a) Guarantees of Indebtedness 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 (b) performance guarantees with respect to obligations that are not prohibited by the Indenture;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged or amalgamated into the Company or merged or amalgamated into or consolidated with a Restricted

Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(19) contributions to a "rabbi" trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Company;

(20) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (20) that are at the time outstanding, not to exceed the greater of (a) €80.0 million and (b) 20.0% of LTM EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided, however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause for so long as such Person continues to be the Company or a Restricted Subsidiary;

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (21) that are at that time outstanding, not to exceed the greater of (a) €120.0 million and (b) 30.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided, however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant for so long as such Person continues to be the Company or a Restricted Subsidiary;

(22) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (a) €80.0 million and (b) 20.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided, however*, that if any Investment pursuant to this clause is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause for so long as such Person continues to be the Company or a Restricted Subsidiary;

(23) Investments (a) arising in connection with a Qualified Securitization Financing or Receivables Facility and (b) constituting distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;

(24) Investments in connection with the Transactions;

(25) Investments (including repurchases) in Indebtedness of the Company and the Restricted Subsidiaries;

(26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(27) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business;

(28) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice or made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing client contacts and loans or advances made to distributors in the ordinary course of business;

(29) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(30) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers consistent with past practices; and

(31) transactions entered into in order to consummate a Permitted Tax Restructuring.

"*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 and other Obligations of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, old-age-part-time arrangements, payroll taxes, 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 pension related liabilities and obligations, 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 the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, judgment, customs, appeal or performance bonds, guarantees of government contracts, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, 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; or consistent with past practice;

(3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, construction contractors' or other like 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 governmental charges which are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS (or other applicable accounting principles) have been made in respect thereof;

(5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions 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 Company and the Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, 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 Company and the Restricted Subsidiaries;

(6) Liens (a) on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations or Cash Management Services permitted under the Indenture; (b) that are statutory, common law or contractual rights of set-off (including, for the avoidance of doubt, Liens arising under the general terms

and conditions of banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken und Sparkassen*)) or, in the case of clause (i) or (ii) below, other bankers' Liens (i) relating to treasury, depository and Cash Management Services or any automated clearing house transfers of funds in the ordinary course of business and not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations Incurred in the ordinary course of business of the Company or any Subsidiary of the Company or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business; (c) on cash accounts securing Indebtedness and other Obligations permitted to be Incurred under clauses (8)(d) or (8)(e) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts Incurred in the ordinary course of business, consistent with past practice and not for speculative purposes; (e) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection; (f) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts and/or (g) arising under customary general terms of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

(7) 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;

(8) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default so long as (a) 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, (b) the period within which such proceedings may be initiated has not expired or (c) no more than 60 days have passed after (i) such judgment, decree, order or award has become final or (ii) such period within which such proceedings may be initiated has expired;

(9) Liens (i) on assets or property of the Company 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 Indebtedness or other Obligations Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; *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 Liens may not extend to any assets or property of the Company 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 and (ii) any interest or title of a lessor under any Capitalized Lease Obligations or operating lease;

(10) Liens perfected or evidenced by UCC financing statement filings, including precautionary UCC financing statements (or similar filings in other applicable jurisdictions) regarding operating leases (subject, as applicable, to the Election Option) entered into by the Company and the Restricted Subsidiaries in the ordinary course of business;

(11) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date (other than Liens securing the Senior Facilities);

(12) 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 Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, 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;

(13) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other Obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(14) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that were 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 or other Obligations being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(15) Liens constituting (a) mortgages, liens, security interests, 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 Company or any Restricted Subsidiary 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;

(16) 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;

(17) 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;

(18) 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;

(19) Liens securing Indebtedness and other Obligations under clauses (11) or (19) (provided that, in the case of clause (11), such Liens cover only the assets of such Subsidiary) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(20) Permitted Collateral Liens (other than pursuant to clause (e) of such definition);

(21) Liens (a) on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary and (b) then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is re-designated as a Restricted Subsidiary as described under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*";

(22) any security granted over the marketable securities portfolio described in clause (8) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(23) Liens on (a) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Company or any Restricted Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (b) specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(24) Liens on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(25) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(26) Liens arising by operation of law or contract on insurance policies and the proceeds thereof to secure premiums thereunder, and Liens, pledges and deposits in the ordinary course of business securing liability for premiums or reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of) insurance carriers;

(27) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under the Indenture;

(28) Liens (a) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Permitted Investments to be applied against the purchase price for such Investment, and (b) consisting of an agreement to sell any property in an asset sale permitted under the covenant described under "C*ertain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," in each case, solely to the extent such Investment or asset sale, as the case may be, would have been permitted on the date of the creation of such Lien;

(29) Liens securing Indebtedness and other Obligations in an aggregate principal amount not to exceed the greater of (a) €120.0 million and (b) 30.0% of LTM EBITDA at the time Incurred;

(30) Liens deemed to exist in connection with Investments in repurchase agreements permitted by the covenant described under "*Certain Covenants—Limitation on Indebtedness*" provided that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(31) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility;

(32) Settlement Liens;

(33) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;

(34) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Company or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(35) restrictive covenants affecting the use to which real property may be put;

(36) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided* that such Liens or covenants do not interfere with the ordinary conduct of the business of the Company or any Restricted Subsidiary;

(37) Liens arising in connection with any Permitted Tax Restructuring;

(38) Liens required to be granted under mandatory law in favor of creditors as a consequence of a merger or conversion permitted under the Indenture due to §§ 22, 204 German Transformation Act (*Umwandlungsgesetz—UmwG*);

(39) Liens on Escrowed Proceeds or Liens for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in an escrow account or similar arrangement, including in each case any interest or premium thereon;

(40) Liens arising in connection with any joint and several liability or any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax or similar purposes or any analogous arrangement; and

(41) Liens securing any Senior Indebtedness (*provided* that unless such Lien is a Permitted Collateral Lien, such Lien will rank equally with all other Liens on such property or assets securing such Senior Indebtedness).

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Reorganization*" means:

(1) any transfer of the shares in, or issue of shares by, the Company or any Restricted Subsidiary or any step, action or transaction including share issue or acquisition or consumption of debt, for the purpose of compliance with the 30% Rule, including the payment by the Company or any Restricted Subsidiary of an annual dividend to each 30% Rule Designee in an amount equal to CDN$10,000 (or the foreign currency equivalent thereof) grossed up for any applicable taxes, *provided* that, in respect of any shares which are transferred or issued to a 30% Rule Designee, to the extent any Security Interest had previously been granted over such shares (or, in the case of any new share issue, had previously been granted over 100% of the share capital of the relevant company) the 30% Rule Designee shall provide a pledge (or other similar security) over such shares transferred or issued to that 30% Rule Designee, with recourse limited to enforcement of the pledge (or other similar security) over those shares and on terms satisfactory to the 30% Rule Designee (acting reasonably), which terms shall be in any case not materially worse to the Holders than the terms of the original share pledge; and

(2) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of the Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; *provided* that:

(i) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and

(ii) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral,

provided further that no Permitted Reorganization may override the provisions of the covenant described under "*Merger and Consolidation*."

"*Permitted Tax Distribution*" means:

(1) if and for so long as the Company is a member of a fiscal unity (whether resulting from a domination and profit or loss pooling agreement or otherwise) or a group filing a consolidated or combined tax return with any Parent Entity, any dividends, intercompany loans, other intercompany balances or other distributions to fund any income Taxes for which such Parent Entity is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Company 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 Company and its Subsidiaries; and

(2) for any taxable year (or portion thereof) ending after the Issue Date for which the Company is treated as a disregarded entity, partnership, or other flow-through entity for federal, state, provincial, territorial, and/or local income Tax purposes, the payment of dividends or other distributions to the Company's direct owner(s) to fund the income Tax liability of such owner(s) (or, if a direct owner is a pass-through entity, of the indirect owner(s)) for such taxable year (or portion thereof) attributable to the operations and activities of the Company and its direct and indirect Subsidiaries,

in an aggregate amount not the exceed the product of (x) the highest combined marginal federal and applicable state, provincial, territorial, and/or local statutory income Tax rate (after taking into account the deductibility of U.S. state and local income Tax for U.S. federal income Tax purposes) and (y) the taxable income of the Company for such taxable year (or portion thereof).

"*Permitted Tax Restructuring*" means any reorganizations and other activities related to tax planning and tax reorganization entered into prior to, on or after the date hereof so long as such Permitted Tax Restructuring is not materially adverse to the Holders (as determined by the Company in good faith).

"*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.

"*Post-Petition Interest*" means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

"*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 (i) a public offering registered under the Securities Act and/or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Rule 144A and/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 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 Securitization Financing*" means any Securitization Facility that meets the following conditions: (i) the Board of Directors shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Restricted Subsidiaries, (ii) all sales of Securitization Assets and related assets by the Company or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Company) and (iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

"*Receivables Assets*" means (a) any accounts receivable owed to the Company or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Company or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Facility.

"*Receivables Facility*" means an arrangement between the Company or a Restricted Subsidiary and a counterparty pursuant to which (a) the Company or such Restricted Subsidiary, as applicable, sells (directly or indirectly) accounts receivable owing by customers, together with Receivables Assets related thereto, (b) the obligations of the Company or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Company and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"*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 Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes and/or the Notes Guarantees (as applicable) on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

(a) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Guarantor; or

(b) Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if

Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including premiums, accrued and unpaid interest and defeasance costs) under the Indebtedness being Refinanced.

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 Taxes*" means 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 and other fees and expenses (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* that such Taxes are in fact paid) by any Parent Entity by virtue of its:

(1) being incorporated, organized 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 Company or any of the Company's Subsidiaries) or otherwise maintain its existence or good standing under applicable law;

(2) being a holding company parent, directly or indirectly, of the Company or any Subsidiaries of the Company;

(3) issuing or holding Subordinated Shareholder Funding;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any Subsidiaries of the Company; or

(5) having made any (i) payment in respect to any of the items for which the Company is permitted to make payments to any Parent Entity pursuant to "*Certain Covenants—Limitation on Restricted Payments*" or (ii) Permitted Tax Distribution.

"*Relevant Testing Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on LTM EBITDA, Fixed Charge Coverage Ratio and/or Consolidated Total Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to covenant described under the caption "Reports" or, at the option of the Company, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Company has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Reserved Indebtedness Amount*" has the meaning set forth in the covenant described under "*Certain Covenants—Limitation on Indebtedness*."

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the €275.0 million (equivalent) revolving credit facility under the Senior Facilities Agreement.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Company or any of the Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Asset*" means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

"*Securitization Facility*" means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Company or any of the Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise make payments with respect to Securitization Assets 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, offset 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.

"*Securitization Subsidiary*" means any Subsidiary of the Company in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for this purpose.

"*Security Documents*" means all 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 (other than the Escrow Charge).

"*Seller*" means MEIF II Finance Holdings S.à r.l., a private limited company (*société à responsabilité limitée*) incorporated under Luxembourg law and ultimately owned by Macquarie European Infrastructure Fund.

"*Senior Facilities*" means the Senior Term Loan and the Revolving Credit Facility.

"*Senior Facilities Agreement*" means the senior facilities agreement entered into on July 19, 2018, by and among BidCo, the other borrowers party thereto, the guarantors from time to time party thereto, Credit Suisse AG, London Branch, as agent and U.S. Bank Trustees Limited as security agent, and each lender from time to time party thereto, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

"*Senior Indebtedness*" means, whether outstanding on the Issue Date or thereafter incurred, all amounts payable by, under or in respect of all other Indebtedness of any Restricted Subsidiary, including premia and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Restricted Subsidiary at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided* that Senior Indebtedness will not include:

(1) any Indebtedness Incurred in violation of the Indenture;

(2) any obligation of any Guarantor to any Restricted Subsidiary;

(3) any liability for taxes owed or owing by any Guarantor;

(4) Pari Passu Indebtedness, any Indebtedness expressly junior in right of payment to any other Indebtedness of such Restricted Subsidiary, any Subordinated Shareholder Funding, any Subordinated Indebtedness and any Capital Stock; or

(5) any accounts payable or other liability to trade creditor arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities).

"*Senior Term Loan*" means a loan under a term loan facility made under the Senior Facilities Agreement or the principal amount outstanding of such loan.

"*Settlement*" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"*Shared Collateral*" means any Collateral other than First-Priority Collateral, including the Shared Completion Date Collateral.

"*Shareholder Contribution*" means shareholder funding provided by the Initial Investors, in connection with the Acquisition, to the Company through wholly owned or majority-owned intermediate holding companies by way of an equity contribution and/or Subordinated Shareholder Funding.

"*Significant Subsidiary*" means any Restricted Subsidiary or group of Restricted Subsidiaries (taken together) that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date, tested by reference to (a) the most recent annual financial statements delivered in accordance with clause (1) of the covenant described under the caption "*Reports*"; or (b) prior to the delivery of the first set of annual financial statements in accordance with clause (1) of the covenant described under the caption "*Reports*," the audited consolidated financial statements of MEIF II Germany Holdings S.à r.l. for the financial year ended March 31, 2018 (or, at the option of the Company, such other financial statements of the Company and the Restricted Subsidiaries or the Target Group for the most recently completed four consecutive fiscal quarters prior to the date of determination, for which the Company has sufficient available information to be able to determine whether a Restricted Subsidiary or group of Restricted Subsidiaries shall constitute a Significant Subsidiary).

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, guarantees and indemnities entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Securitization Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

"*Stated Maturity*" means, with respect to any Indebtedness, the date specified in the instrument governing such Indebtedness 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 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 Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or the Notes Guarantees pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by any Parent Entity, any Affiliate of any Parent Entity 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 date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the date that is six months after the Stated Maturity of the 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 date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale 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 date that is six months after the Stated Maturity of the 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 date that is six months after the Stated Maturity of the 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 Company or any of its Subsidiaries;

(5) constitutes "*Subordinated Liabilities*" pursuant to the Intercreditor Agreement or, pursuant to its terms or to an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes and any Notes Guarantee 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 Issue Date with respect to the "*Subordinated Liabilities*" (as defined therein);

(6) is not Guaranteed by any Subsidiary of the Company;

(7) contains restrictions on transfer to a Person who is not a Parent Entity, any Affiliate of any Parent Entity, any holder of Capital Stock of a Parent Entity or any Affiliate of a Parent Entity or any Permitted Holder or any Affiliate thereof; *provided* that any transfer of Subordinated Shareholder Funding to any of the foregoing persons shall not be deemed to be materially adverse to the interests of the Holders; and

(8) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or any Notes Guarantee or compliance by the Company or any Guarantor with its obligations under the Notes, any Notes Guarantee or the Indenture.

"*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.

"*Target*" means MEIF II Germany Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under Luxembourg law.

"*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 and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*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) the United Kingdom, (iv) Australia, Japan, Norway or Switzerland, (v) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (vi) 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 Senior Facilities; or

(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 €250.0 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 Company or any of the Restricted 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, Australia, Canada, Japan, Norway. Switzerland, the United Kingdom or any European Union member state 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 of America, Australia, Canada, a member state of the European Union, the United Kingdom, 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 €250.0 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 90% 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.

"*Transaction Expenses*" means any fees or expenses Incurred or paid by the Company or any Restricted Subsidiary in connection with the Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided, however,* that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary of the Company (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 of the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment, if any, of the Company in such Subsidiary complies with "*Certain Covenants—Limitation on Restricted Payments*."

"*U.S. Bankruptcy Code*" means Title 11 of the United States Code, as amended.

"*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.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, 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 Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (a "Rule 144A Global Note"). The Notes sold outside the United States in compliance with Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (a "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, or on behalf of, 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 (the "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 that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of the Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the Notes under the Indenture, respectively.

None of the Issuer, the Paying Agent, the Transfer Agent, the Registrar or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered Notes in certificated form ("Definitive Registered Notes") only:

(i) if either Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(ii) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will instruct the Registrar to issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent 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 relevant Global Notes will be evidenced through registration from time to time at the registered office of the Issuer and such registration is a means of evidencing title to the Notes.

We 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.

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 redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them 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 participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including the pool factor); provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent, which will make payments to Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any 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—Withholding Taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," 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. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent and their respective agents will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar 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, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

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 to holders of interests to such Notes through Euroclear or Clearstream 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 above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's 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 states which require physical delivery of such securities or to pledge such securities, 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 forth in the Indenture.

The Global Notes will bear 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*."

Transfers of Rule 144A Book Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such 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 U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest 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 "*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.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee and the Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

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.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We have provided the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of us, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or 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 facilitate the clearance and settlement of securities transactions between their 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 and 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 and/or Clearstream system, or otherwise take action 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 Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's 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, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their 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 euros. 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 of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and 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.

Trustee's Powers

While title to the Notes is registered in the name of a nominee of Euroclear or Clearstream, the Trustee may rely without further investigation on any information provided to it by Euroclear or Clearstream as to the identity (either individually or by category) of its participants with entitlements to Notes and may consider such Book-Entry Interests as if such participants were the holders of the Notes.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes or the Guarantees under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

(i) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A, and the acquisition of the Notes will be for its own account or for the account of another QIB; or

(ii) purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of any Notes other than the information contained in this Offering Memorandum, which Offering Memorandum 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, the Issuer and its subsidiaries and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It acknowledges that we, and not the Initial Purchasers, have ultimate authority over the statements contained in this Offering Memorandum, including the content of those statements and whether and how to communicate them.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject 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 subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. 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 in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (v) to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. 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 U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL 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, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. 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 IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in Notes as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes. It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(7) It acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar, the Paying Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or

agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(8) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, any of the Guarantors or the Initial Purchasers that would result in a public offering of the Notes 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 such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(9) It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

TAX CONSIDERATIONS

Certain German Tax Considerations

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of the Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

Withholding Tax

Ongoing interest payments received by an individual holder of the Notes who is a German tax resident (i.e., persons whose residence, habitual abode, statutory seat or place of effective management is located in Germany) will be subject to German withholding tax (*Kapitalertragsteuer*) if the Notes are kept or administered in a custodial account with or presented for an over-the-counter payment to a German branch of a German or non-German bank or financial services institution, securities trading company or securities trading bank (each, a "Disbursing Agent" (*auszahlende Stelle*)). The withholding tax rate to be withheld by the Disbursing Agent is 25% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable). Church tax will be collected by the Disbursing Agent by way of withholding unless the holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), in which case the holders will have to include the income in the tax return and will then be assessed for church tax. The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds of the investment in the Notes.

The same treatment applies to capital gains (i.e., the difference between the proceeds from the disposal, redemption, repayment or assignment after the deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition taking into account currency gains and losses, if any) and interest accrued on the Notes ("Accrued Interest," *Stückzinsen*) derived by an individual holder who is a German tax resident irrespective of any holding period provided that the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. If interest coupons or interest claims are disposed of separately (i.e., without the Notes), the proceeds from the disposal are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or the payment of interest claims if the Notes have been disposed of separately.

To the extent that the Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon their disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on 30% of the disposal proceeds (plus Accrued Interest, if any), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the EEA, the Swiss Confederation, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco, the Principality of Andorra, Curacao and Sint Maarten. If the withholding tax on a disposal, redemption, repayment or assignment of the Notes has been calculated on the basis of 30% of the disposal proceeds (rather than from the actual gain), a German tax resident individual holder may also apply for an assessment on the basis of its actual acquisition costs; however, if the actual gain is higher than 30% of the disposal proceeds a German tax resident individual holder is obligated to apply for an assessment on the basis of its actual acquisition costs.

In computing any German withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the individual holder of the Notes via the Disbursing Agent (for example, losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax authorities.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporate holder who is a German tax resident (including via a commercial partnership, as the case may be, and provided that in the case of corporations of certain legal forms the status of "corporation" has been evidenced by a certificate of the competent tax authorities) while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred). The same may apply where the Notes form part of a trade or business (of an individual or of a commercial partnership) subject to further requirements being met.

Non-residents of Germany are, in general, not subject to German withholding tax on investment income and the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as outlined under "*—Taxation of Current Income and Capital Gains—Non-Tax Residents*") and the Notes are held in a custodial account with a German Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty (*Doppelbesteuerungsabkommen*).

Taxation of Current Income and Capital Gains

Tax Residents

This subsection refers to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany).

Income derived from capital investments under the Notes held by an individual holder who is tax resident in Germany is in general subject to German income tax at a flat-tax rate of 25% (plus solidarity surcharge and church tax, if applicable, thereon) (*Abgeltungsteuer*) if the Notes are held as a private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), whereby actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is tax resident in Germany on income from capital investments under the Notes will, in principle, be satisfied by the tax withheld (as described under "*—Withholding Tax*"). To the extent that withholding tax has not been levied, such as in the case of Notes kept in custody abroad or of no Disbursing Agent being involved in the payment process or if the withholding tax on the disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than the actual gain), the individual holder must include its interest income and capital gains derived from the Notes in its annual tax return and will then also be taxed at a rate of 25% (plus the solidarity surcharge and, where applicable, church tax thereon). Furthermore, an individual holder may apply for the taxation of all investment income of a given year at its lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted. Losses incurred with respect to the Notes may only be offset with investment income of the individual holder realized in the same or following assessment periods.

Pursuant to administrative guidance, losses incurred by a holder of Notes from a bad debt-loss (*Forderungsausfall*) or a waiver of receivables (*Forderungsverzicht*) are generally not tax deductible. Accordingly, losses suffered upon such bad debt or waiver are not tax-deductible if the Notes are held as a private investment (*Privatvermögen*). The same rules should apply if the Notes expire worthless or if the proceeds from the sale of Notes do not exceed the usual transaction costs. However, in a recent case the Federal Tax Court (*Bundesfinanzhof*) did not follow this view holding that losses are deductible against other investment income if they are final, i.e., no further payment can be expected, for example, upon the conclusion of an insolvency procedure over the borrower`s asset. It still needs to be seen whether the tax authorities will follow this view.

Where Notes form part of a trade or business of an individual or corporate holder or the income from the Notes qualifies as income from the letting and leasing of property, the withholding tax, if any, will not settle the personal or corporate income tax liability. Rather, the income is subject to individual or corporate income tax (plus the solidarity surcharge and, where applicable, church tax). Where Notes form part of a trade or business, interest (including Accrued Interest) and capital gains must be taken into account as income. The respective holder must include income and related (business) expenses in the annual tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, be refunded. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax (*Gewerbesteuer*). The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*). If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non-Tax Residents

This subsection refers to persons who are not tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat and place of effective management and control is not located in Germany).

Interest and capital gains (which include Accrued Interest and currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Notes received by holders who are not tax resident in Germany are generally not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder or (ii) the income otherwise constitutes German-source income (such as income from the letting and leasing of certain German-*situs* property or income from capital investments directly or indirectly secured by German-*situs* real estate or income from a hybrid instrument issued by a German tax resident issuer, unless the Notes qualify as global certificates (*Sammelurkunden*) within the meaning of Section 9a of the German Custody Act (*Depotgesetz*) or as fungible notes representing the same issue (*Teilschuldverschreibungen*)). We expect the Notes to qualify for this exception so long as they are held in global form. In cases (i) and (ii) a tax regime similar to that explained above under "—*Tax Residents*" applies. Furthermore, the holders who are not tax resident in Germany may become subject to German withholding tax if they receive the proceeds by way of an over-the-counter payment by a German Disbursing Agent and the Notes are not held in custody with the same German Disbursing Agent. Subject to certain requirements a holder who is not tax resident in Germany may benefit from tax reductions or tax exemptions provided by an applicable tax treaty.

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless (i) the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany or (ii) the obligations under the Notes are directly or indirectly secured by German-*situs* real estate (unless the Notes qualify as fungible notes representing the same issue (*Teilschuldverschreibungen*)). We expect the Notes to qualify for this exception so long as they are held in global form. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögenssteuer*) is not levied in Germany.

The Proposed Financial Transactions Tax

The EU Commission and certain EU member states (including Germany) are currently intending to introduce a financial transaction tax (presumably on secondary market transactions involving at least one financial intermediary). The timing of its potential introduction is, however, still unclear. Prospective holders of the Notes are advised to seek their own professional advice in relation to the financial transaction tax.

Proposed Abolishment of German Withholding Tax on Interest Income

The new German government intends to abolish the current flat taxation (*Abgeltungsteuer*) of 25% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on interest income received by private individuals. As a result, interest on the Notes could become subject to taxation at a respective noteholder's individual personal tax rate—where such noteholder is a tax resident of Germany—up to a tax rate of 45% (plus the solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable). There is, however, no draft bill available yet and many details are, therefore, still unclear.

Certain United States Federal Income Tax Considerations

General

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to consequences relevant to a U.S. Holder (as defined below), except for the discussions below under "*—Foreign Account Tax Compliance*," and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws, such as estate and gift tax laws or any state, local or non-U.S. tax laws.

This discussion is based upon the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change at any time, possibly with retroactive effect which could significantly affect the accuracy of the U.S. federal tax consequences described below. No rulings from the U.S. Internal Revenue Service (the "IRS") have been or are expected to be sought with respect to the matters discussed below. The discussion below is not binding upon the IRS or the courts. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes than those discussed herein or that a court would not sustain any such position in the event of litigation. A different treatment than that assumed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a U.S. Holder in light of such U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income, the alternative minimum tax, the base erosion and anti-abuse tax under Section 59A of the Code, or special tax accounting rules that apply as a result of gross income with respect to the Notes being taken into account on an applicable financial statement or to holders subject to special rules, such as banks, brokers-dealers, mutual funds, small business investment companies, certain financial institutions, U.S. expatriates, insurance companies, individual retirement and other tax deferred accounts, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships, S corporations or other pass-through entities and investors in such entities, entities covered by the anti-inversion rules, persons that actually or constructively own 10% or more of the combined voting power of our voting stock or of the total value of our stock, and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue at their offering price and who hold the Notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of 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 any entity taxable as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust, or if the trust has a valid election under the applicable Treasury regulations in place to be treated as a United States person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

The summary of certain U.S. federal income tax considerations set forth below is for general information purposes only. Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax.

Additional Payments

In certain circumstances (see "*Description of the Notes—Change of Control,*" "*Description of the Notes—Optional Redemption,*" and "*Description of the Notes—Withholding Taxes*") we may be obligated or elect to pay amounts in excess of stated interest or principal on the Notes. If any such payment is treated as a contingent payment, subject to certain exceptions, the 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 payable on the Notes is a remote or incidental contingency within the meaning of applicable Treasury regulations as of the date hereof, and thus does not result in the Notes being 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, a change of control or withholding tax provisions as part of the yield to maturity of the Notes. This determination 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 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 income on its Notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income recognized on the taxable disposition of a Notes. U.S. Holders should consult their tax advisors regarding the tax consequences if the Notes were treated as contingent payment debt instruments. The discussion below assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

It is anticipated, and this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes. Subject to the foreign currency rules discussed below, a U.S. Holder will be taxed on any interest income on a Note (including additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) as ordinary income at the time the interest income is received or when it accrues, depending on the U.S. Holder's methods of accounting for U.S. tax purposes.

A U.S. Holder that uses the cash method of tax accounting will be required to include in income (as ordinary income) the U.S. dollar value of the euro-denominated interest payment on a Note based on the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. No foreign currency exchange gain or loss will be recognized with respect to the receipt of such payment (other than foreign currency exchange gain or loss realized on the disposition of the euros so received; see "*—Exchange of Foreign Currency*").

A U.S. Holder that uses the accrual method of tax accounting (or who is otherwise required to accrue interest prior to receipt) will accrue interest income (as ordinary income) on a Note in euros and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof, within such U.S. Holder's taxable year; or
- at such U.S. Holder's election, at the spot rate of exchange on (i) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year, or (ii) the date of receipt, if such date is within five business days of the last day of the accrual period. Such election must be applied consistently by the U.S. Holder to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and can be changed only with the consent of the IRS.

A U.S. Holder that uses the accrual method of tax accounting will recognize foreign currency exchange gain or loss on the receipt of an interest payment to the extent of the difference between (i) the value of the euros received as interest, as translated into U.S. dollars using the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars; and (ii) the U.S. dollar amount previously included in income with respect to such payment. Such foreign currency exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S. source, and generally will not be treated as an adjustment to interest income received on the Notes.

Foreign Tax Credit

Subject to the discussion of exchange gain or loss above, stated interest on a Note generally will be income from sources outside of the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits (or a deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits.

Sale, Exchange or Other Taxable Disposition of the Notes

Upon the sale, exchange, retirement at maturity, redemption or other taxable disposition of a Note, except as noted below with respect to foreign currency exchange gain or loss, a U.S. Holder generally will recognize capital gain or loss to the extent of the difference between the amount realized by such U.S. Holder (except to the extent such amount is attributable to accrued but unpaid interest, which will be taxable as described under "*—Payments of Stated Interest*") and such U.S. Holder's adjusted tax basis in the Note. Subject to the discussion below, the adjusted tax basis of a Note to a U.S. Holder will generally be the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date of purchase. The amount realized by a U.S. Holder upon the disposition of a Note will generally be the U.S. dollar value of the euros received calculated at the spot rate of exchange on the date of disposition.

If the Notes are traded on an established securities market, a U.S. Holder that uses the cash method of tax accounting, and if it so elects, a U.S. Holder that uses the accrual method of tax accounting, will determine the U.S. dollar values of its adjusted tax bases in the Note and the amount realized on the disposition of a Note by translating euro amounts at the spot rate of exchange on the settlement date of the purchase or the disposition, respectively. The election available to accrual basis U.S. Holders discussed above must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS. An accrual-basis U.S. Holder that does not make the election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S.-source ordinary income or loss.

Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the Notes exceeds one year on the date of disposition. Long-term capital gains recognized by non-corporate U.S. Holders are eligible for reduced rates of taxation. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S.-source income or loss for U.S. foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Gain or loss recognized (including with respect to accrued and unpaid interest) by a U.S. Holder on a sale, exchange, retirement at maturity, redemption or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in the euro to U.S. dollar exchange rate during the period in which the U.S. Holder held such Note. Such foreign currency exchange gain or loss will equal the difference between the U.S. dollar value of the euro purchase price calculated at the spot rate of exchange on the date (i) the Note is disposed of (or the spot rate on the settlement date, if applicable) and (ii) of purchase (or the spot rate on the settlement date, if applicable). The recognition of foreign currency exchange gain or loss described in this paragraph will be limited to the amount of overall gain or loss realized on the disposition of a Note and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Exchange of Foreign Currency

Foreign currency (including any euros) received as interest on, or on the sale or other disposition of, a Note will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time such proceeds from disposition are received. The amount of gain or loss recognized by a U.S. Holder on the sale or other disposition of such foreign currency in exchange for U.S. dollars will be equal to the difference between (i) the amount of U.S. dollars received and (ii) the U.S. Holder's adjusted tax basis in such foreign currency. Upon any subsequent exchange of such foreign currency for property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between (i) the U.S. dollar value of such foreign currency based on the spot rate of exchange for such foreign currency on the date of the exchange and (ii) the U.S. Holder's tax basis in the foreign currency so exchanged. A U.S. Holder that purchases a Note with previously owned foreign currency will generally recognize gain or loss in an amount equal to the difference, if any, between such U.S. Holder's adjusted tax basis in such foreign currency and the U.S. dollar value of the foreign currency that it paid for the Notes based on the spot rate of exchange on the date of purchase. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. Holder (or an electing accrual basis U.S. Holder) will determine the U.S. dollar value of the foreign currency paid for the Notes or received upon disposition of the Notes by translating the foreign currency received at the spot rate of exchange on the settlement date of the purchase or the disposition.

Any such foreign currency gain or loss generally will be U.S.-source ordinary income or loss.

Reportable Transactions

Under applicable Treasury regulations, a U.S. Holder who participates in "reportable transactions" (as defined in the Treasury regulations) must attach to its United States federal income tax return a disclosure statement on IRS Form 8886. The Treasury regulations could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations. U.S. Holders should consult their own tax advisors to determine the tax reporting obligations, if any, including any requirement to file IRS Form 8886, with respect to the ownership or disposition of the Notes or any related transaction such as the disposition of any euros received in respect of the Notes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of principal and interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient (such as a corporation) and, when required, provides evidence of such exemption. The payor (which may be us or an intermediate payor) will be required to impose backup withholding, currently at a rate of 24%, on such payments if (i) in the case of any payments described in this paragraph, (a) the U.S. Holder fails to furnish an accurate taxpayer identification number and certify under penalties of perjury that such taxpayer identification number is the U.S. Holder's correct taxpayer identification number, or to establish an exemption from backup withholding; or (b) the IRS notifies the payor that the taxpayer identification number furnished by the U.S. Holder is incorrect; or (ii) in the case of interest payments, (a) there has been a "notified payee underreporting" described in section 3406(c) of the Code; or (b) the U.S. Holder fails to certify under penalties of perjury that the IRS has not notified it that it is subject to backup withholding under the Code. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to report information relating to an interest in the Notes on IRS Form 8938, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). 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 requirement on their ownership and disposition of the Notes.

Foreign Account Tax Compliance

Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder ("FATCA") generally impose a withholding tax of 30% on interest paid on a debt obligation and on the gross proceeds from the sale or other disposition of a debt obligation after December 31, 2018, if such interest income or gross proceeds are treated as pass-through payments attributable to certain U.S.-source payments, in each case, to (i) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution enters into an agreement with the U.S. government to collect and provide to the United States tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (ii) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial U.S. owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, in each case, unless another exemption applies.

Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining pass-through payments are filed generally would be "grandfathered" unless materially modified after such date. No such regulations have been filed as of the date hereof. Accordingly, even if the

Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Investors are encouraged to consult with their own tax advisors regarding the implications on their investments in a Note.

Certain General Income Tax Considerations

Payments by Guarantors

If a Guarantor makes any payments in respect of interest on 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 that may apply. Holders of Notes should consult with their tax advisors regarding the tax consequences if a Guarantor makes any payments with respect to the Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE SECURITY INTERESTS AND GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The Issuer and the Guarantors are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests, and a summary of certain insolvency law considerations, in Germany. This is a summary only, and bankruptcy, insolvency or a similar proceeding could be initiated in Germany 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 Guarantees and the security interests on the Collateral.

European Union

Each of the Issuer, the Guarantors and German HoldCo, as third-party security provider, are incorporated under the laws of Germany, a Member State of the European Union.

Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (the "EU Insolvency Regulation") entered into force on June 26, 2017 and is applicable to insolvency proceedings opened on or after that date. It replaces Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings (which continue to apply to insolvency proceedings opened prior to June 26, 2017). The EU Insolvency Regulation is effective in all EU Member States other than Denmark. Pursuant to the EU Insolvency Regulation, the courts of a Member State (other than Denmark) will have jurisdiction to open main insolvency proceedings if the company concerned has its centre of main interests ("COMI") in that Member State. The determination of where a company has its COMI is a question of fact and is made at the time of the filing of the insolvency application. There is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary (that presumption shall only apply if the registered office has not been moved to another Member State with the three-month period prior to the request for the opening of insolvency proceedings). However, the EU Insolvency Regulation also states in its preamble at Recital 30 that the COMI of a company should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third-parties. Courts have taken into consideration a number of factors in determining the COMI 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.

The question of where a company's COMI is located must be determined at the time that the relevant insolvency proceedings are opened. If main insolvency proceedings are validly opened in one Member State, they will be recognized and have effect in all other Member States (other than Denmark) pursuant to the EU Insolvency Regulation. If the company is found to have its COMI in a place other than the relevant Member State (other than Denmark), the courts of that Member State will only have jurisdiction to open secondary insolvency proceedings in that Member State and only then provided that the company concerned has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in that Member State. An "establishment" is defined as "any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." Accordingly, the opening of secondary insolvency proceedings in another EU Member State will also be possible if the debtor had an establishment in such EU Member State in the three-month period prior to the request for commencement of main insolvency proceedings.

The effects of such secondary insolvency proceedings will be restricted to the assets of the company located in that Member State and the main insolvency proceedings will be opened in the Member State (other than Denmark) in which the company is found to have its COMI. Where main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, territorial insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated because of the conditions laid down by that Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency administrator appointed by a court in a Member State which has jurisdiction to commence main proceedings (because the debtor's COMI is there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets. The EU Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our Group's members.

In addition, the concept of "group proceedings" has been introduced in the EU Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies. Under Article 61 of the EU Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan, however, is voluntary.

Germany

Insolvency

The Issuer and the Guarantors are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. In the event of an insolvency of the Issuer or a Guarantor organized under the laws of Germany and/or having its "centre of main interests" in Germany at the time the petition for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. Under certain circumstances, insolvency proceedings over the assets of the Issuer or the Guarantors may be opened in other jurisdictions.

The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*), may not be as favorable to your interests as creditors as the insolvency laws of the United States or another jurisdiction with which you may be familiar, including in respect of priority of creditors, the ability to obtain post-petition interest as well as, in certain circumstances, priority recovery for secured creditors and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising and other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany:

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of its illiquidity (*Zahlungsunfähigkeit*), meaning, according to case law, that the debtor is unable to pay 10% or more of its debts due or falling due within the next three weeks for a period longer than three weeks. According to the relevant provision of the German Insolvency Code (*Insolvenzordnung*), a debtor is overindebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor's business as a going concern is predominantly likely based on a two-year forecast horizon (*überwiegend wahrscheinlich*). If a limited liability company (*Gesellschaft mit beschränkter Haftung*), a stock corporation (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*) or any other company not having an individual as personally liable shareholder or partner finds itself in a situation of illiquidity and/or overindebtedness, the management board or managing director(s) of such company and, in certain circumstances, its shareholders, are obligated to file for insolvency without delay but not later than three weeks after such illiquidity and/or overindebtedness incurs or (as the case may be) is established. Non-compliance with these obligations exposes management to both severe damages claims as well as sanctions under criminal law. A debtor is not considered overindebted when its liabilities exceed the value of its assets if, given the circumstances, it is more likely than not that the debtor's business can survive as a going concern. In addition, only the debtor, but not the creditors, can file for the opening of insolvency proceedings in the event of imminent illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk of the company being unable to pay its debts as and when they fall due, whereas imminent illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

If a company faces imminent illiquidity (*drohende Zahlungsunfähigkeit*) and/or is overindebted (*Überschuldung*) it may also file for preliminary "debtor-in-possession" moratorium proceedings (*Schutzschirmverfahren / vorläufige Eigenverwaltung*) unless—from a third-party perspective—there is no reasonable chance for a successful restructuring. Under certain conditions, the debtor may also file for protective shield proceedings (*Schutzschirmverfahren*). In this case and upon request of the debtor, the court will prohibit enforcement measures (other than with respect to immovable assets) and may implement other preliminary measures to protect the debtor from credit enforcement actions for up to three months if an independent expert testifies that the restructuring of the debtor's business is not obviously futile (*offensichtlich aussichtslos*) and that the debtor is not already illiquid. Upon such filing by the debtor, the court will appoint a preliminary trustee (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immoveable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During that period, the debtor shall prepare an insolvency plan which ideally shall be implemented in formal "debtor-in-possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

The insolvency proceedings are controlled by the competent insolvency court, which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures to secure the property of the debtor during the preliminary proceedings (*Insolenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings insofar as these protective measures are reasonable to protect the debtor's assets and/or to ensure the continuation of the debtor's business.

Unless the debtor has applied for debtor-in-possession proceedings (*Eigenverwaltung*) (in which event the court will generally only appoint a preliminary trustee (*vorläufiger Sachwalter*) who will supervise the management of the affairs by the debtor) the insolvency court will in most cases appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may include safeguarding and preserving the debtor's property and assessing whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage the business and dispose of the assets of the debtor may pass to the preliminary insolvency administrator. The insolvency court can also order a stay of all enforcement measures by unsecured creditors against the debtor.

During preliminary insolvency proceedings, the insolvency court has to appoint a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) if the debtor satisfies at least two of the following three requirements:

(i) a balance sheet total of at least €6,000,000 (after deducting an equity shortfall if the debtor is overindebted);

(ii) revenue of at least €12,000,000 in the twelve months prior to the last day of the financial year preceding the filing; and/or

(iii) 50 or more employees on an annualized average basis.

The preliminary creditors' committee will be able to participate in certain important decisions made in the preliminary insolvency proceedings. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*); court orders for debtor-in-possession proceedings (*Anordnung der Eigenverwaltung*); and appointments of (preliminary) trustees ((*vorläufiger*) *Sachwalter*). The court opens formal insolvency proceedings (*Eröffnung des Insolvenzverfahrens*) if certain formal requirements are met, including if (i) the debtor is in a situation of imminent illiquidity (if the petition has been filed by the debtor), illiquidity and/or overindebtedness and (ii) if there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient to cover such costs, the insolvency court will only open formal insolvency proceedings if third parties (for example, creditors), advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Unless the court has granted debtor-in-possession status (*Eigenverwaltung*) (in which case the court will only appoint a trustee (*Sachwalter*) who will supervise the management of the debtor), upon opening of the insolvency proceedings, the court will appoint an insolvency administrator (*Insolvenzverwalter*) who has full administrative and disposal authority over the debtor's assets, whereas the debtor is no longer entitled to dispose of its assets. The insolvency creditors (*Insolvenzgläubiger*) will only be entitled to change the individual appointed as insolvency administrator upon the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by heads and amount of insolvency claims) has voted in favor of the proposed individual becoming insolvency administrator and (ii) the proposed individual being eligible to be officeholder, (i.e., sufficiently qualified, business experienced and impartial). The insolvency administrator (or in the case of debtor-in-possession proceedings, the debtor) may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any general unsecured liabilities.

The insolvency administrator or trustee may also challenge transactions that are deemed detrimental to insolvency creditors and which were effected prior to the opening of the insolvency proceedings (See "*—Hardening Periods and Fraudulent Transfer*").

For the holders of the Notes, the consequences of the opening of German insolvency proceedings against the Issuer or any Guarantor would include, among other things, the following:

(i) unless the court orders debtor-in-possession proceedings (Eigenverwaltung), the right to administer and dispose of the Issuer's or Guarantor's assets would generally pass to the (preliminary) insolvency administrator ((vorläufiger) Insolvenzverwalter) as sole representative of the insolvency estate;

(ii) unless the court orders debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by the Issuer's or Guarantor's management after the opening of insolvency proceedings are null and void by operation of law;

(iii) claims against the Issuer or any Guarantor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and

(iv) any person that has a right for separation (*Aussonderung*), i.e., the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract unless they reflect termination rights (*Wahlrecht des Insolvenzverwalters*) applicable under statutory law. This may also relate to agreements that are not governed by German law.

All other creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)), who wish to assert claims against the debtor need to participate in the insolvency proceedings and have to file their claims against the debtor and the rights they claim in the assets of the debtor with the insolvency administrator. With the exception of certain secured creditors, an individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once the insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code (*Insolvenzordnung*). Accordingly, unsecured creditors may file their claims in the insolvency proceedings and will be paid on a *pro rata* basis from the insolvency estate (to the extent sufficient assets are available). Secured creditors are generally not entitled to enforce their security interests after insolvency proceedings have been commenced to the extent the German Insolvency Code

(*Insolvenzordnung*) authorizes the insolvency administrator to dispose of the relevant collateral but have only certain preferential rights (*Absonderungsrechte*) in the insolvency proceedings. In this case, secured creditors will only have a right to claim the recoveries (minus costs and fees) from such realization. Whether or not, after the initiation of insolvency proceedings, a secured creditor remains entitled to enforce security granted to it by the relevant debtor depends on the type of security: The insolvency administrator generally has the sole right (i) to realize any movable assets within its possession that are subject to preferential rights (*Absonderungsrechte*) (for example, pledges over movable assets and rights (*Mobiliarpfandrechte*) or transfer by way of security (*Sicherungsübereignung*)) and (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). According to some voices in legal literature, it is uncertain whether the secured creditors are entitled to initiate the enforcement process in respect of pledged uncertificated shares on their own or, insofar as the pledged assets are part of any insolvency estate, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. There is, however, no authoritative case law on this question.

Even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Ersatzabsonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts ("excess proceeds") will be allocated to the insolvency estate (*Insolvenzmasse*) and would, after deduction of the costs of the insolvency proceedings (for example, fees for and expenses of the insolvency administrator and the insolvency court as well as at the members of the creditors' committee) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including the holders of the Notes (to the extent not satisfied after enforcement of the Collateral securing the Notes). If the Issuer or a Guarantor or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred satisfaction of creditors secured by such security (however, the preferential treatment would be limited to the proceeds obtained through the disposal of the relevant collateral). The excess proceeds resulting from such collateral may not be sufficient to satisfy the obligations under the Notes by the Issuer and the Guarantees by the Guarantors after such secured creditors have been satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor in accordance with specific rules. In addition, it may take several years before proceeds from the liquidation of the insolvency estate, if any, are distributed to unsecured creditors. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, in principle, the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt-for-equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity conversion if it does not consent to such debt-for-equity swap.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In the case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (i.e., there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately. As a general principle, the claims arising from a guarantee may be enforced against a Guarantor outside the insolvency proceedings over the assets of the Issuer. Any insolvency proceeding over the assets of the Issuer would, however, be a rather strong indication that the overall financial situation of the entire group of affiliated companies has significantly deteriorated, which may cause a Guarantor to subsequently file for insolvency. On April 13, 2017, the German legislator passed an act to facilitate the mastering of group insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*), which came into force on April 21, 2018. This act is mainly intended to facilitate the coordination of and cooperation between insolvency proceedings of group companies. This act does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims among the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may assume jurisdiction for other group company insolvency proceedings (*Gruppen Gerichtsstand*); (ii) the appointment of a single person as insolvency administrator for all relevant group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for coordination proceedings (*Koordinationsverfahren*) and the appointment of a coordinator (*Verfahrenskoordinator*) with the ability to propose a coordination plan (*Koordinationsplan*).

German insolvency law provides for certain creditors and their claims to be subordinated by law (including, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of repayment of shareholder loans or comparable actions). The restrictive nature of the covenants and undertakings in the Indenture may result in the holders of the Notes and/or the applicable Trustee being considered in a shareholder-like position (*gesellschafterähnliche Stellung*). In that event, in an insolvency proceeding over the assets of the Issuer or a Guarantor, the claims arising from a Guarantee would be treated as a subordinated insolvency claim (*nachrangige Insolvenzforderungen*). Subordinated insolvency claims are not eligible to participate in the insolvency proceedings over the assets of the Issuer or a Guarantor unless the insolvency court handling the case has granted special permission allowing these subordinated insolvency claims to be filed, which is not granted in the vast majority of insolvency cases governed by German law. Claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors.

Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

Limitations on Enforcement

The Guarantors are incorporated in Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*—"GmbH") and/or limited partnerships (*Kommanditgesellschaft*) with a limited liability company as its only general partner ("GmbH & Co. KG"). The granting of guarantees, indemnities and security interests by these companies and partnerships for obligations of their affiliates (other than their respective subsidiaries) is regarded as distribution and therefore subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) ("GmbHG") and other laws. These provisions would also apply to any future Guarantor in the form of a GmbH or a GmbH & Co. KG.

GmbH Limitation Language

As a general rule, Sections 30 and 31 of the GmbHG ("Sections 30 and 31") prohibit a GmbH from disbursing its assets to its direct or indirect shareholders, to the extent that the amount of the GmbH's net assets (i.e., assets minus liabilities and liability reserves as determined under German Generally Accepted Accounting Principles) is already less or would fall below the amount of its stated share capital (*Stammkapital*). The granting or enforcement of guarantees or security interests by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to issue guarantees or create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for indentures, certain credit agreements, guarantees and security documents to contain "limitation language" in relation to subsidiaries incorporated or established in Germany in the legal form of a GmbH or a limited partnership with a GmbH as its only general partner. Pursuant to such limitation language, the beneficiaries of the guarantees or the security interests agree, subject to certain adjustments and exemptions, to enforce the guarantees or the security interests against the German subsidiary only to the extent that such enforcement does not result in the GmbH's (or, in case of a partnership with a GmbH as general partner, such GmbH's) net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the Guarantee, the Indenture and the Security Documents provided by the Guarantors will contain such limitation language and therefore the enforcement of the Guarantees, the Indenture and the Collateral is limited in the manner described. This could lead to a situation in which the respective Guarantee or security granted by the relevant Guarantor cannot be enforced at all.

In addition, enforcement of the guarantees and security interests granted by a GmbH or GmbH & Co. KG may be limited under its respective terms to the extent that it would lead to the illiquidity (*Zahlungsunfähigkeit*) of the GmbH or of the general partner of a GmbH & Co. KG granting such guarantee or security interest.

The limitation language for any GmbH or GmbH & Co. KG to be incorporated into the relevant Notes Documents (as defined in "*Description of the Notes*"), in particular in the Indenture, will substantially be in the form as follows:

(a) "The restrictions in this Clause shall apply to any guarantee, indemnity, liability and other payment obligations under this Clause or any other provision in the Indenture and/or any other documents in connection therewith granted by a Guarantor incorporated under the laws of Germany as a limited liability company (GmbH) (a "German GmbH Guarantor") to secure liabilities of its current or any future direct or indirect shareholder(s) (upstream) or a subsidiary of such shareholder (but excluding any direct or indirect subsidiary of such German GmbH Guarantor) (cross-stream) (a "Guarantee").

(b) The restrictions in this Clause shall not apply with respect to a Capital Impairment:

i. to the extent the German GmbH Guarantor secures any indebtedness under any Notes Documents in respect of (i) loans to the extent such loans are (directly or indirectly) on-lent or otherwise passed on to the relevant German GmbH Guarantor or its subsidiaries or (ii) bank guarantees or letters of credit that are issued for the benefit of any of the creditors of the German GmbH Guarantor or the German GmbH Guarantor's subsidiaries, in each case, to the extent that any such on-lending or otherwise passing on or bank guarantees or letters of credit are still outstanding at the time of the enforcement of the Guarantee; for the avoidance of doubt, nothing in this paragraph (b) shall have the effect that such on-lent amounts may be enforced multiple times (no double dip);

ii. if, at the time of enforcement of the Guarantee, a domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*) as per §291 of the German Stock Corporation Act (*Aktiengesetz, AktG*) (either directly or indirectly through an unbroken chain of domination and/or profit transfer agreements) exists between the relevant German GmbH Guarantor as a dominated company, and:

A. in case that German GmbH Guarantor is a subsidiary of the relevant obligor whose obligations are secured by the relevant Guarantee, that obligor; or

B. in case the German GmbH Guarantor and the relevant obligor whose obligations are secured by the relevant Guarantee are both subsidiaries of a joint (direct or indirect) parent company, such parent company as dominating entity (*beherrschendes Unternehmen*),

to the extent the existence of such domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*) leads to the full inapplicability of section 30 paragraph 1 sentence 1 of the German Limited Liabilities Company Act (*GmbHG*);

iii. to the extent any payment under the Guarantee demanded by the Trustee from the relevant German GmbH Guarantor is covered (*gedeckt*) by a fully valuable and recoverable consideration or recourse claim (*vollwertiger Gegenleistungs- oder Rückgewähranspruch*) of the German GmbH Guarantor against the affiliate whose obligations are secured by the relevant Guarantee; or

iv. if the relevant German GmbH Guarantor has not complied with its obligations pursuant to paragraphs (d) and (e) below. However, if and to the extent that the Guarantee has been enforced without regard to the restrictions contained in this Clause because the Management Notification (as defined below) and/or the Auditor's Determination (as defined below) has not (or not in a timely manner) been delivered pursuant to paragraphs (d) and (e) below, but the Auditor's Determination has then been delivered within four months from its due date in accordance with paragraph (e) below, the Trustee shall upon demand of the German GmbH Guarantor to the Trustee repay any amount received from the German GmbH Guarantor which pursuant to the Auditor's Determination would not have been available for enforcement, if the Auditor's Determination had been delivered in a timely manner.

(c) The parties to this Agreement agree that if payment under the Guarantee would cause (i) the amount of a German GmbH Guarantor's Net Assets (as defined below), as calculated and defined pursuant to paragraph (gh) below, to fall below the amount required to maintain its registered share capital (*Stammkapital*) or increase an existing shortage (*Vertiefung einer Unterbilanz*) of its registered share capital (*Stammkapital*) and thereby violating §§ 30, 31 GmbHG (such event, a "Capital Impairment"), or (ii) a German GmbH Guarantor to be deprived of the liquidity necessary to fulfill its liabilities towards its creditors (such event, a "Liquidity Impairment") then the Trustee shall not enforce and the German GmbH Guarantor shall, subject to paragraphs (d) and (e) below, have a defense (*Einrede*) against any claim under the Guarantee if and to the extent such Capital Impairment or Liquidity Impairment would occur.

(d) If the relevant German GmbH Guarantor does not notify the Trustee in writing (*Textform*, §126b BGB) (the "Management Notification") within fifteen (15) business days after the making of a demand against that German GmbH Guarantor under the Guarantee:

i. to what extent such Guarantee is an upstream or cross-stream guarantee or indemnity; and

ii. to what extent a Capital Impairment or Liquidity Impairment would occur as a result of an enforcement of the Guarantee (setting out in reasonable detail the amount of its Net Assets or to which extent the liquidity would be deprived, providing an up-to-date *pro forma* balance sheet or liquidity statement),

then the restrictions set out in this Clause shall cease to apply until a Management Notification has been provided.

(e) If the Trustee disagrees with the Management Notification, it may within twenty (20) business days of its receipt, request the relevant German GmbH Guarantor to provide to the Trustee within forty-five (45) business days of receipt of such request a determination by the auditors or any other auditors of international standard and reputation (the "Auditor's Determination") appointed by the German GmbH Guarantor (at its own cost and expense) setting out in reasonable detail the amount in which the payment under the Guarantee would cause a Capital Impairment or Liquidity Impairment, subject to the terms set out under this Clause. Save for manifest errors, the Auditor's Determination shall be binding on all parties.

(f) If, after it has been provided with an Auditor's Determination which prevented it from demanding any or only partial payment under the Guarantee or obliged it to surrender any part of the enforcement proceeds, the Trustee ascertains in good faith that the financial conditions of the German GmbH Guarantor as set out in the Auditor's Determination has substantially improved, the Trustee may (acting reasonably), at the German GmbH Guarantor's cost and expense, arrange for the preparation of an updated balance sheet of the German GmbH Guarantor by applying the same principles that were used for the preparation of the Auditor's Determination by the auditors who prepared the Auditor's Determination in order for such Auditors to determine whether (and, if so, to what extent) the Capital Impairment and Liquidity Impairment has been cured as result of the improvement of the financial condition of the German GmbH Guarantor. The Trustee may not arrange for the preparation of an Auditor's Determination prior to the expiry of three months from the date of the issuance of the preceding Auditor's Determination. The Trustee may only enforce or demand payment under the Guarantee to the extent the Auditors determine that the Capital Impairment and Liquidity Impairment have been cured.

(g) The net assets (*Reinvermögen*) of the German GmbH Guarantor (the "Net Assets") shall be calculated in accordance with § 42 GmbHG, §§ 242, 264 of the German Commercial Code (*Handelsgesetzbuch, HGB*) and the generally accepted accounting principles applicable from time to time in Germany *(Grundsätze ordnungsgemäßer Buchführung*) and for the purposes of calculating the Net Assets, the following balance sheet items shall be adjusted as follows:

i. the amount of any increase in the registered share capital of the relevant German GmbH Guarantor which was carried out after the relevant German GmbH Guarantor became a party to this Agreement and made from retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) shall be deducted from the amount of the registered share capital (*Stammkapital*) of the relevant German GmbH Guarantor if it is expressly prohibited under the Notes Documents and has been carried out without the prior written consent of the Trustee;

ii. the amount of non-distributable assets according to Section 253 subsection 6 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets;

iii. the amount of non-distributable assets according to Section 268 sub-section 8 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets;

iv. the amount of non-distributable assets according to Section 272 sub-section 5 of the German Commercial Code (*Handelsgesetzbuch*) shall not be included in the calculation of Net Assets; and

v. loans or other liabilities incurred by the relevant German GmbH Guarantor in willful or grossly negligent violation of the Notes Documents shall not be taken into account as liabilities.

(h) Where a German GmbH Guarantor claims in accordance with the provisions of this Clause that the Guarantee can only be enforced in a limited amount, it shall (A) realize, to the extent lawful and commercially justifiable, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the assets and are not necessary (*betriebsnotwendig*) for the relevant German GmbH Guarantor's business, and (B) use best efforts to realize, to the extent legally permitted in a situation where it does not have sufficient liquidity to fulfill its liabilities to its creditors, any and all of its assets if the relevant asset is not necessary for the German GmbH Guarantor's business (*nicht betriebsnotwendig*).

(i) Nothing in this Clause shall constitute a waiver (*Verzicht*) of any right granted under this Agreement or any other Notes Document to the Trustee or any holders of the Notes or vice versa.

(j) Nothing in this Clause shall prevent the Trustee or a German GmbH Guarantor from claiming in court that the provision of this Guarantee and/or making payments under this Guarantee by the relevant German GmbH Guarantor does or does not fall within the scope of §§ 30, 31 and/or 64 sentence 3 of the GmbHG and/or § 826 German Civil Code (*Bürgerliches Gesetzbuch*).

(k) In addition to the restrictions set out in this Clause, if a German GmbH Guarantor demonstrates that, according to the decisions of the German Federal Supreme Court (*Bundesgerichtshof*) or a higher regional court of appeals (*Oberlandesgericht*), the enforcement of any upstream or cross-stream guarantee or security interest against such German GmbH Guarantor would result in personal liability of its managing director(s) (*Geschäftsführer*) for a reimbursement of payments made under the Guarantee (including pursuant to § 826 of the German Civil Code (*Bürgerliches Gesetzbuch*)), the German GmbH Guarantor shall have a defense (*Einrede*) against the Guarantee to the extent required in order not to incur such liability.

(l) The provisions of this Clause shall apply to a limited partnership with a limited liability company as its general partner (*GmbH & Co. KG*) *mutatis mutandis* and all references to Capital Impairment, Liquidity Impairment and Net Assets shall be construed as a reference to the Capital Impairment, Liquidity Impairment and Net Assets of the general partner (*Komplementär*) of the German GmbH Guarantor.

(m) For the purposes of this Clause, a reference to a "German GmbH Guarantor" includes any limited liability company incorporated (or limited partnership with a limited liability company as its general partner) in a jurisdiction other than Germany whose centre of main interest (as that term is used in Article 3(1) of The Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings) is in Germany.

(n) Notwithstanding anything to the contrary in this Indenture, this Clause and any rights and/or obligations arising out of it shall be governed by, and construed in accordance with, German law."

German capital maintenance, liquidity maintenance and financial assistance rules (including with respect to Sections 30, 31 and 64 sentence 3 of the GmbHG), are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of, as applicable, a GmbH or a GmbH & Co. KG, which can negatively affect the ability of the Guarantors to make payments on the Notes or the Guarantees or the enforceability of the Guarantees, the Indenture and the Security Documents relating to the Collateral provided by the Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding destructive interference (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives a GmbH of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a Guarantee or other collateral granted by the Guarantors. In such a case, the amount of proceeds to be realized in an enforcement process may be reduced, even to nil. Moreover, according to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the stressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of the Guarantee or any Collateral by the Guarantors.

Furthermore, the beneficiary (for example, a holder of Notes) of a transaction qualifying as a repayment of the stated share capital of grantor of a guarantee or security interest, as applicable (for example, the provision or the enforcement of a guarantee or security interest) could moreover become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee or provider of security interest is close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Parallel Debt; Security Interests

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such accessory security interests (*akzessorische Sicherungsrechte*) cannot be held on behalf of third parties who do not (yet) hold the secured claim, will automatically lapse to the extent a secured claims is settled, discharged or novated, and may not be assigned independently, but will automatically follow the claims they secure in case the relevant secured claim is assigned. The holders of the Notes from time to time will not be party to the Security Documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the Security Agent under German law, the Intercreditor Agreement will provide for the creation of a Parallel Debt. Pursuant to the creation of the Parallel Debt, the Security Agent has its own separate and independent claim equal to each amount payable by each obligor under, in particular, the Notes. The pledges governed by German law will directly and exclusively (to the extent the Notes are concerned) secure the Parallel Debt rather than the obligations under the Notes or the holders of the Notes directly. The validity of the Parallel Debt concept and of the pledges granted under German law to secure such Parallel Debt has not been tested before German courts, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by German law. Therefore, the ability of the Security Agent to enforce the Collateral may be restricted. In addition, holders of the Notes bear some risk associated with a possible insolvency or bankruptcy of the Security Agent. See "*Risk Factors—Risks Relating to the Notes*."

German law does not generally permit the appropriation of pledged assets by the pledgee upon enforcement of the pledge. The enforcement of a share pledge under German law usually requires the sale of the asset constituting the collateral through a formal process involving a public auction to which certain waiting periods and notice requirements apply. Under German law, it is unclear whether the security interest in the collateral gives the Security Agent the right to prevent other creditors of the entities having granted such security from foreclosing on and realizing the asset constituting the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their ranking) in the distribution of any proceeds from the realization of the asset constituting the collateral and no right to intervene (i.e., the right to request the court to impose a stay on proceedings initiated by other creditors).

Hardening Periods and Fraudulent Transfer

Under the German Insolvency Code (*Insolvenzordnung*), an insolvency administrator or in the event that debtor-in-possession status has been granted, the trustee (*Sachwalter*) may also challenge (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings during applicable voidance periods. The administrator's or the trustee's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings. On March 29, 2017, the German legislator passed an act for the improvement of legal certainty concerning clawback pursuant to the German Insolvency Code and the German Avoidance Act (*Gesetz zur Verbesserung der Rechtssicherheit bei Anfechtungen nach der Insolvenzordnung und nach dem Anfechtungsgesetz*), which entered into force on April 5, 2017 (subject to certain transitional provisions). The amendments to the German Insolvency Code (*Insolvenzordnung*) and the German Voidance Act (*Anfechtungsgesetz*) concern, among other things, the provisions on voidance for intentionally disadvantaging third-party creditors (*Vorsatzanfechtung*), cash transactions (*Bargeschäfte*) and interest accruing on voidance claims.

The payment of any amounts to the holders of Notes as well as the granting of collateral for or providing credit support for the benefit of the Notes could be subject to potential challenges by an insolvency administrator or, as the case may be, trustee under the rules of voidance as set forth in the German Insolvency Code (*Insolvenzordnung*). If the validity or enforceability of the Notes or any collateral in favor of the Notes is challenged successfully, the holder of the Notes may not be able to recover any amounts under the Notes or the relevant collateral. If payments have already been made under the Notes or collateral, any amounts received from a transaction that had been challenged would have to be repaid to the insolvency estate. In this case, holders of Notes would only have a general unsecured claim under the Notes without preference in insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the repayment of debt) may be voided in the following cases, as recently amended by the act to improve legal certainty with respect to voidance claims under the German Insolvency Code and the German Code on Avoidance (G*esetz zur Verbesserung der Rechtssicherheit bei Anfechtungen nach der Insolvenzordnung und dem Anfechtungsgesetz*) which became effective on April 5, 2017:

(i) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) if such act was taken (a) during the last three months prior to the filing of a petition for the commencement of insolvency proceedings, if the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggest that the debtor was illiquid) at such time, or (b) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances imperatively suggesting such illiquidity or filing);

(ii) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) to which such creditor was not entitled or which was granted or obtained in a form in which or at a time at which such creditor was not entitled to such security or satisfaction, if (a) such act was taken during the last month prior to the filing of the petition for the commencement of insolvency proceedings or after such filing, (b) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (c) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggest such detrimental effect);

(iii) any transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, provided it was entered into (a) during the three months prior to the filing of the petition of the commencement of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (b) after the filing of the petition for the commencement of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;

(iv) any act by the debtor without (adequate) consideration (for example, whereby a debtor grants security (including a guarantee) for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the commencement of insolvency proceedings;

(v) any act performed by the debtor (a) during the ten years prior to the filing of the petition for the commencement of insolvency proceedings or at any time after the filing with intent to prejudice the insolvency creditors and the other party knew of such intention at the time of such act, with such knowledge being presumed if the beneficiary knew that the debtor's illiquidity was imminent and that the transaction disadvantaged the other creditors (except for acts granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction to which such creditor was entitled, in which case such knowledge (solely) being presumed if such creditor knew that the debtor was illiquid and that the transaction disadvantaged the other creditors), (b) except for such acts granting an insolvency creditor, or enabling an insolvency creditor, to obtain security (*Sicherung*) or satisfaction (*Befriedigung*) (whether or not it was granted or obtained in a form or at a time to which or at which such creditor was entitled to such security or satisfaction), which may only be avoided if they were effected in the four years prior to the filing of the petition for the commencement of insolvency proceedings or at a time after the filing;

(vi) any non-gratuitous contract (*entgeltlicher Vertrag*) concluded between the debtor and a related party (*nahestehende* Person) which directly operates to the detriment of the creditors can be challenged unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as at the time the contract was concluded; in relation to corporate entities, the term "related party" includes, subject to certain limitations, members of the management or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;

(vii) any act that provides security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) for a shareholder loan made to the debtor or an economically similar claim if (a) in the case of the provision of security, the act took place during the ten years prior to the filing of the petition for the commencement of insolvency proceedings or after the filing of such petition, or (b) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition. It being understood, that the regulation for shareholder loans does not apply (a) to shareholders that own 10% or less of the shares or interest and are not engaged in management and (b) until the successful restructuring of the debtor in case a creditor for the first time acquires shares during overindebtedness, illiquidity or imminent illiquidity for the purpose of restructuring the debtor; and

(viii) any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (a) the transaction was effected in the last year prior to the filing of a petition for the commencement of insolvency proceedings or thereafter and (b) a shareholder of the debtor had granted security or was liable as a guarantor or surety provider (*Garant oder Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor (for example, a Guarantor) was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. If the relevant act granted an insolvency creditor, or enabled an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) in a form in which and at a time at which such creditor was entitled to such security or satisfaction (*kongruente Deckungshandlung*), the words "imminent illiquidity" (*drohende Zahlungsunfähigkeit*) in the preceding sentence have to be replaced by "actual illiquidity" (*eingetretene Zahlungsunfähigkeit*). If an insolvency creditor concluded a payment agreement (*Zahlungsvereinbarung*) with, or granted other forms of deferred payment terms (*Zahlungserleichterung*) to, the debtor, there is a rebuttable presumption that the insolvency creditor did not have knowledge of the illiquidity of the debtor at the time of such act. With respect to a "related party," there is a general statutory presumption that such party had "knowledge." Any amounts obtained from transactions that have been challenged would have to be repaid to the insolvency estate.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Voidance Act (*Anfechtungsgesetz*). The conditions for voidance under the German Voidance Act differ to a certain extent from the above-described rules under the German Insolvency Code and the voidance periods are calculated from the date when a creditor exercises its rights of voidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

The German restructuring laws may be subject to further amendments in the near future due to the current EU Commission's proposal as at November 22, 2016, for a directive of the European Parliament and of the Council on preventive restructuring frameworks, second chances and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU which may, among other things, stipulate that claims of the relevant creditors may be modified by majority vote and against the voting of a single creditor even outside formal insolvency proceedings.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated July 19, 2018, the Issuer has agreed to sell to each Initial Purchaser and each such Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Offers and sales of the Notes in the United States will be made by those Initial Purchasers or their affiliates or through their respective selling agents that are registered broker-dealers under the U.S. Exchange Act, or in accordance with Rule 15a-6 thereunder. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to prospective investors and to reject orders in whole or in part.

We have agreed to provide the Initial Purchasers certain customary fees or discounts for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

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 Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, us during the period from the date of the Purchase Agreement through and including the date 45 days after the date of the Purchase Agreement.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to "qualified institutional buyers" in accordance with Rule 144A and (ii) outside the United States in offshore transactions in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Rule 144A and Regulation S.

Each Initial Purchaser has represented, warranted and agreed with us that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) 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.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes 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 this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisement 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 sell or a solicitation of an offer to purchase 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, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors*."

The Notes are new issues of securities for which there currently is no market.

The Initial Purchasers have advised us that they intend to make a market for the Notes as permitted by applicable law after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. We cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

We expect that delivery of the Notes will be made against payment on the Notes on or around the date specified on the cover page of this Offering Memorandum, which will be seven business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+7"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next four business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*." Additionally, the Initial Purchasers and/or their affiliates have committed to provide bridge financing in connection with the financing of the Acquisition in the event that the Offering is not consummated.

The Initial Purchasers and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchasers and their affiliates may receive allocations of the Notes. In addition, each of the Initial Purchasers or their respective affiliates acts as a mandated lead arranger and lender under the Senior Facilities Agreement. Credit Suisse AG, London Branch also acts as facility agent under the Senior Facility. Further, Deutsche Bank AG has provided advisory services to Macquarie in connection with the Acquisition. Each of the Initial Purchasers has received and will receive customary fees for their services in such capacities. Certain of the Initial Purchasers and/or their affiliates may also enter into hedging arrangements with us in connection with the Transactions.

Certain of the Initial Purchasers (or their respective affiliates) are lenders under the Existing Senior Facilities. We intend to use certain of the net proceeds from the Offering to repay obligations under the Existing Senior Facilities. To the extent that any of the Initial Purchasers (or their respective affiliates) are lenders under the Existing Senior Facilities, they will receive a portion of the net proceeds of the Offering.

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 us 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 that consist of either the purchase of credit default swaps or the creation of short positions in our securities, which may include the Notes. Any such positions could adversely affect future trading prices of the Notes. 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 short positions in such securities and instruments.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal, New York, English and German law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Allen & Overy LLP, as to matters of U.S. federal, New York, English and German law.

INDEPENDENT AUDITORS

The consolidated financial statements of MEIF II Germany Holdings S.à r.l. as at and for the financial years ended March 31, 2016, 2017 and 2018 included elsewhere in this Offering Memorandum have been audited by PricewaterhouseCoopers, *Société coopérative*, as stated in their reports, which are also included elsewhere in this Offering Memorandum. PricewaterhouseCoopers, *Société coopérative* are members of the Luxembourg *Institut des Réviseurs d'Entreprises*.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Germany. The Security Documents relating to the Collateral will be governed by the laws of Germany (except for the Escrow Charge, which will be governed by the laws of England and Wales). The Indenture with respect to the Notes (including the Guarantees) will be governed by New York law. The Intercreditor Agreement and the Senior Facilities Agreement will be governed by the laws of England and Wales. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against either the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against either of the Issuer or a Guarantor or German HoldCo, as security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Germany, where the Issuer and each of the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Germany

There is doubt as to the enforceability in Germany of civil liabilities based on U.S. federal or state securities laws, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and Germany 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 by any U.S. federal or state court for payment, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany. A final judgment by a U.S. federal or state court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally would not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of a U.S. judgment by a German court would be conditional upon a number of factors, including the following:

- the judgment being final under U.S. federal or state law;
- the U.S. court having had jurisdiction over the original proceeding under German law;
- the document introducing the proceedings was duly served and made known to the defendant in a timely manner that allowed for adequate defense and the defendant having had the chance to defend herself or himself against an unduly or untimely served complaint;
- the judgment of the U.S. court being consistent with the judgment of a German court or a recognized judgment of a foreign court handed down before the judgment of the U.S. court;
- the matter (*Verfahren*) resulting in the judgment of the U.S. court being consistent with the matter (*Verfahren*) pending before a German court, provided that such German matter was pending before a German court prior to the U.S. court entered its judgment;
- the enforcement of the judgment by the U.S. court being compatible with the substantial foundations of German law (*ordre public*), in particular with the civil liberties (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*); and
- generally, the guarantee of reciprocity.

Subject to the foregoing, purchasers of securities may be able to enforce judgments in civil and commercial matters obtained from U.S. courts in Germany. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful.

German courts usually deny the recognition and enforcement of penal or punitive damages. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pretrial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No equivalent pretrial discovery process exists under German law.

There is some German case law to the effect that reciprocity of the recognition of judgments is ensured in relation to claims relating to assets (*vermögensrechtliche Ansprüche*) with regard to various U.S. states. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful. It is also doubtful whether a German court would accept jurisdiction and impose civil liability in an original action solely predicated by U.S. federal securities laws.

In addition, it may also not be possible for investors to effect service of process within Germany upon the Issuer or the Guarantors or those persons under the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and the German law implementing such convention if such service were deemed to infringe German sovereignty or security, which may be the case if such service violated the fundamental principles of German law, in particular the civil rights (*Grundrechte*) guaranteed by virtue of the German constitution.

LISTING AND GENERAL INFORMATION

Listing Information

We currently intend to list the Notes on the Official List of the Exchange. There can be no assurance that such application will be granted. The admission of the Notes to the Official List pursuant to the listing requirements of the Authority shall not constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose. The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters. To obtain copies of certain documentation related to the Notes, see "*Available Information*."

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A in the Offering have been accepted for clearing and settlement through the facilities of Euroclear and Clearstream under common codes 185925838 and 185925846, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS1859258383 and the ISIN for the Notes sold pursuant to Rule 144A is XS1859258466.

Legal Information

Approval

The Issuer has obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The issuance of the Notes was approved by resolutions of the board of directors of the Issuer on or about the date of this Offering Memorandum.

Information on the Issuer

The Issuer is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered office at c/o Partners Group (Deutschland) GmbH, Erika-Mann-Straße 7, 80636 Munich, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany under registration number HRB 111523. The Issuer was incorporated on April 13, 2018, as an acquisition vehicle for the Transactions. For a full description of the principal shareholders of the Issuer, see "*Principal Shareholders and Related Party Transactions*." The Issuer is not aware of any potential conflict of interest between the duties of the persons listed as its current managers and their private interests or other duties. See "*Management*."

Information on the Guarantors

Blitz F18-675 GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at c/o Partners Group (Deutschland) GmbH, Erika-Mann-Straße 7, 80636 Munich, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 111564.

Techem Energy Contracting GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 42524.

Techem Energy Services GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*), incorporated and existing under the laws of the Federal Republic of Germany, with its registered offices at Hauptstraße 89, 65760 Eschborn, Germany, and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 74732.

INDEX TO FINANCIAL STATEMENTS

MEIF II Germany Holdings S.à r.l., Luxembourg

20, Boulevard Royal
L-2449 Luxembourg
RCS Luxembourg: B120961

Consolidated financial statements

for the financial year from
April 1, 2017 to March 31, 2018

Audit report

To the Partner of
MEIF II Germany Holdings S.à r.l.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of MEIF II Germany Holdings S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B65 477 - TVA LU25482518

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 June 2018

Pierre Mallet

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of financial position as at March 31, 2018

	Note	March 31, 2018 EUR thousand	March 31, 2017 EUR thousand
Cash and cash equivalents		252,125	165,435
Trade accounts receivable[1]	1	181,310	276,119
Contract assets[1]	1	87,253	0
Other assets[1]	2	10,459	7,844
Other financial assets	2	5,429	2,143
Inventories	3	34,079	35,077
Income tax receivables		2,510	777
Total current assets[1]		**573,165**	**487,395**
Metering devices for rent	4	346,578	339,851
Property, plant and equipment[1]	5	85,583	39,405
Intangible assets[1]	6	1,358,800	1,369,454
Right-of-use assets[1]	7	64,528	0
Investments accounted for using the equity method	8	5,077	4,895
Other assets[1]	9	5,618	623
Other financial assets[1]	9	7,742	79,451
Deferred tax assets[1]	10	1,499	2,795
Total non-current assets[1]		**1,875,425**	**1,836,474**
Total assets[1]		**2,448,590**	**2,323,869**
Trade accounts payable[1]		50,221	64,460
Contract liabilities[1]	11	77,325	0
Liabilities to shareholders	11	4,500	12,088
Sundry liabilities[1]	11	10,862	83,156
Other financial liabilities	11	18,777	40,558
Financial liabilities	12	12,121	32,258
Lease liabilities[1]	27	16,957	2,150
Other provisions[1]	13	39,099	48,171
Income tax liabilities		23,532	15,534
Total current liabilities[1]		**253,394**	**298,375**
Financial liabilities	14	1,587,997	1,336,516
Lease liabilities[1]	27	49,725	3,198
Contract liabilities[1]	15	5,118	0
Liabilities to shareholders	15	48,622	185,976
Sundry liabilities[1]	15	478	1,441
Other financial liabilities	15	1,783	2,302
Provisions for pensions	16	22,803	24,817
Other provisions[1]	17	12,069	36,784
Deferred tax liabilities[1]	10	199,102	174,627
Total non-current liabilities[1]		**1,927,697**	**1,765,661**
Share capital	18	103	103
Capital reserves	18	701,237	789,054
Retained earnings[1]		-433,877	-529,324
Equity attributable to owners of the parent[1]		**267,463**	**259,833**
Non-controlling interest[2]		**36**	**0**
Total equity[1]		**267,499**	**259,833**
Total liabilities and equity[1]		**2,448,590**	**2,323,869**

1) As at March 31, 2018, the financial statement line item is affected by the first-time application of IFRS 15 and/or IFRS 16 as compared to IAS 11, IAS 17, IAS 18 and related Interpretations, which were applied as at March 31, 2017 (see section E. Changes in Accounting in the notes).

2) As at March 31, 2017, there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from April 1, 2017 to March 31, 2018

	Note	April 1, 2017 – March 31, 2018 EUR thousand	April 1, 2016 – March 31, 2017 EUR thousand
Revenue[1]	20	766,469	782,712
Capitalized internal work[1]	21	15,056	9,622
Other income[1]	22	8,464	7,272
Product expenses and purchased services[1]	23	-159,465	-198,128
Personnel expenses		-193,806	-215,448
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets[1]		-152,115	-122,315
Other expenses[1]	24	-75,355	-102,176
Earnings before interest and tax (EBIT)[1]		**209,248**	**161,539**
Share of profit of investments accounted for using the equity method	8	432	941
Financial income[1]	25	20,086	25,542
Finance costs[1]	25	-124,161	-122,322
Profit before tax[1]		**105,605**	**65,700**
Income taxes[1]	26	-35,803	-39,850
Net profit[1], [2]		**69,802**	**25,850**
Attributable to:			
– Owners of the parent[1]		69,802	25,850
– Non-controlling intererest[2]		0	0
Other comprehensive income			
Net profit[1], [2]		**69,802**	**25,850**
Exchange differences[1]		-1,421	328
Other comprehensive income that is recycled through the statement of profit or loss on specified event[1]		**-1,421**	**328**
Remeasurements of provisions for pensions	16	950	33
Income taxes on other comprehensive income		-162	16
Other comprehensive income that is not recycled through the statement of profit or loss on specified event		**788**	**49**
Total other comprehensive income[1]		**-633**	**377**
Total comprehensive income[1], [2]		**69,169**	**26,227**
Attributable to:			
– Owners of the parent[1]		69,169	26,227
– Non-controlling intererest[2]		0	0
Total comprehensive income[1], [2]		**69,169**	**26,227**

1) For the financial year from April 1, 2017 to March 31, 2018, the financial statement line item is affected by the first-time application of IFRS 15 and/or IFRS 16 as compared to IAS 11, IAS 17, IAS 18 and related Interpretations, which were applied in the financial year from April 1, 2016 to March 31, 2017 (see section E. Changes in Accounting in the notes).

2) In the financial year from April 1, 2016 to March 31, 2017, there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of cash flows for the financial year from April 1, 2017 to March 31, 2018

	Note	April 1, 2017 - March 31, 2018 EUR thousand	April 1, 2016 - March 31, 2017 EUR thousand
Cash flows from operating activities			
Profit before tax[1)]		**105,605**	**65,700**
Share of profit of investments accounted for using the equity method		-432	-941
Financial income[1)]		-20,086	-25,542
Finance costs[1)]		124,161	122,322
Earnings before interest and tax (EBIT)[1)]		**209,248**	**161,539**
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets[1)]		144,335	115,031
Impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets[1)]		7,780	7,284
EBITDA[1)]		**361,363**	**283,854**
Adjusted for:			
Gains on disposal of fixed and intangible assets[1)]		-787	-302
Loss on sale of subsidiaries		0	310
Subtotal[1)]		**360,576**	**283,862**
Changes in working capital[1)]		**-6,881**	**-2,296**
Changes in trade accounts receivable[1)]		13,168	-21,549
Changes in contract assets[1)]		-3,757	0
Changes in unbilled receivables[1)]		-2,839	-1,897
Changes in inventories		887	5,271
Changes in trade accounts payable		-14,340	15,879
Changes in other receivables[1)]		**-3,402**	**-3,138**
Changes in tax claims (energy tax)		-1,406	129
Changes in tax claims (VAT)		-206	107
Changes in prepaid expenses[1)]		242	-320
Changes in non-current operating receivables[1)]		-641	-3,520
Changes in other receivables[1)]		-1,391	466
Changes in other liabilities[1)]		**1,996**	**1,834**
Changes in commission liabilities		-134	-1,864
Changes in salaries and wages		80	66
Changes in other tax liabilities[1)]		-2,063	-6,791
Changes in deferred income[1)]		-345	6,913
Changes in contract liabilities[1)]		5,993	0
Changes in other liabilities[1)]		-1,535	3,510
Changes in provisions[1)]		**-9,240**	**-22,182**
Changes in maintenance service provisions[1)]		-392	-671
Changes in provisions for personnel expenses		-1,262	-4,524
Changes in pension provisions		-808	-648
Changes in warranty provisions		-593	-628
Changes in provisions for restructuring		-7,121	8,722
Changes in provisions for legal fees		-155	4
Changes in other provisions[1)]		1,091	-24,437
Cash generated by operating activities[1)]		**343,049**	**258,080**
Income taxes paid		-15,089	-8,839
Net cash generated by operating activities[1)]		**327,960**	**249,241**

	Note	April 1, 2017 - March 31, 2018 EUR thousand	April 1, 2016 - March 31, 2017 EUR thousand
Cash flows from investing activities			
Change in fixed and intangible assets[1)]		**-130,855**	**-128,063**
Purchase of fixed and intangible assets[1)]		-133,969	-129,386
Proceeds from disposal of fixed and intangible assets[1)]		3,114	1,323
Changes in investments and loans		32,283	-31,735
Changes in other investments and loans	9	**32,009**	**-32,000**
Dividends and interest from other investments and loans		24	15
Dividends received from investments accounted for using the equity method		250	250
Changes in the scope of consolidation		**-234**	**-1,117**
Cash outflow from acquisition of subsidiaries		-270	-403
Cash outflow from disposal of subsidiaries		0	-714
Cash inflow from minority interest[2)]		36	0
Cash flows used in investing activities[1)]		**-98,806**	**-160,915**
Free Cash Flow[1)]		**229,154**	**88,326**
Cash flows from financing activities			
Net change in debt[1)]		**68,198**	**57,999**
Proceeds from borrowings	14, 19	1,638,709	82,290
Repayments of borrowings	14, 19	-1,413,027	-22,250
Repayments of lease liabilities[1)]	19, 27	-20,130	-2,041
Repayment of non-current loans from shareholders	15, 19	-137,354	0
Finance cost paid / financial income received[1)]		**-128,566**	**-99,452**
Interest paid[1)]		-102,235	-90,295
Interest paid to shareholders		-24,177	-12,088
Interest received[1)]		677	3,001
Transaction costs relating to Refinancing	14, 19	-2,831	-70
Changes in equity		**-87,817**	**-95,567**
Capital reduction		-87,817	-95,567
Net cash used in financing activities[1)]		**-148,185**	**-137,020**
Change in cash and cash equivalents		**80,969**	**-48,694**
Cash and cash equivalents at the beginning of the period		**171,735**	**220,410**
Currency effects of cash and cash equivalents		-579	19
Cash and cash equivalents at the end of the period		**252,125**	**171,735**
Cash and cash equivalents as per the statement of financial position		**252,125**	**165,435**
Balance as per tax reserve account		0	6,300
Cash and cash equivalents as per the statement of cash flows		**252,125**	**171,735**

1) For the financial year from April 1, 2017 to March 31, 2018, the financial statement line item is affected by the first-time application of IFRS 15 and/or IFRS 16 as compared to IAS 11, IAS 17, IAS 18 and related Interpretations, which were applied in the financial year from April 1, 2016 to March 31, 2017 (see section E. Changes in Accounting in the notes).

2) In the financial year from April 1, 2016 to March 31, 2017, there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of changes in equity for the financial year from April 1, 2017 to March 31, 2018

	Note	Share capital EUR thousand	Capital reserves EUR thousand	Convertible loan EUR thousand	Retained earnings[1] EUR thousand	Equity attributable to owners of the parent[1] EUR thousand	Non-controlling interest[2] EUR thousand	Total equity[1] EUR thousand
Balance as at April 1, 2016		**102**	**678,085**	**206,537**	**-555,551**	**329,173**	**0**	**329,173**
Net profit		0	0	0	**25,850**	**25,850**	0	**25,850**
Other comprehensive income		0	0	0	**377**	**377**	0	**377**
Exchange differences		*0*	*0*	*0*	*328*	***328***	*0*	***328***
Remeasurements of provisions for pensions		*0*	*0*	*0*	*33*	***33***	*0*	***33***
Income taxes on other comprehensive income		*0*	*0*	*0*	*16*	***16***	*0*	***16***
Increase/ Reduction in capital		1	110,969	-206,537	0	**-95,567**	0	**-95,567**
Balance as at March 31, 2017		**103**	**789,054**	**0**	**-529,324**	**259,833**	**0**	**259,833**
Balance as at April 1, 2017		**103**	**789,054**	**0**	**-529,324**	**259,833**	**0**	**259,833**
Adjustment of opening balances as at Apr 1, 2017[1]		0	0	0	26,278	**26,278**	0	**26,278**
Balance as at April 1, 2017 (adjusted)[1]		**103**	**789,054**	**0**	**-503,046**	**286,111**	**0**	**286,111**
Net profit		0	0	0	69,802	**69,802**	0	**69,802**
Other comprehensive income		0	0	0	-633	**-633**	0	**-633**
Exchange differences		*0*	*0*	*0*	*-1,421*	***-1,421***	*0*	***-1,421***
Remeasurements of provisions for pensions		*0*	*0*	*0*	*950*	***950***	*0*	***950***
Income taxes on other comprehensive income		*0*	*0*	*0*	*-162*	***-162***	*0*	***-162***
Increase/ Reduction in capital		0	-87,817	0	0	**-87,817**	0	**-87,817**
Recognition of non-controlling interest[2]		0	0	0	0	**0**	36	**36**
Balance as at March 31, 2018	**18**	**103**	**701,237**	**0**	**-433,877**	**267,463**	**36**	**267,499**

1) As at March 31, 2018, the financial statement line item is affected by the first-time application of IFRS 15 and/or IFRS 16 as compared to IAS 11, IAS 17, IAS 18 and related Interpretations, which were applied as at March 31, 2017 (see section E. Changes in Accounting in the notes).

2) As at March 31, 2017 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

20, Boulevard Royal
L-2449 Luxembourg
RCS Luxembourg: B120961

Notes to the consolidated financial statements

for the financial year from
April 1, 2017 to March 31, 2018

A. THE COMPANY

MEIF II Germany Holdings S.à r.l. (hereinafter also referred to as "MEIF II Germany") object is the holding, the purchase, the administration and the sale of participations in other companies or their assets as well as the execution of all actions and transactions associated herewith.

The head office of MEIF II Germany is situated in Luxembourg (20, Boulevard Royal, L-2449 Luxembourg).

The business activities of the MEIF II Germany Holdings S.à r.l. Group (hereinafter also referred to as "Company", "Group" or "MEIF II Germany Group") comprise the two business segments Energy Services and Energy Contracting. The business segment Energy Services specializes in services for submetering, allocating and billing of energy and of water consumption mainly to service providers to the housing and real-estate industry. The business segment Energy Contracting provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of MEIF II Germany and its subsidiaries.

The consolidated financial statements of MEIF II Germany Group for the year ended March 31, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of other investments, financial instruments, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless otherwise stated, all amounts are shown in thousands of Euros. Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at March 31, 2018, have been applied by the Company in its consolidated financial statements. Furthermore, the Company has elected the voluntary early application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The following table presents the amendments and annual improvements to standards which are to be applied for the first time in the financial year 2017/2018 and those being applied early by the Company:

Standard/ interpretation		Date of mandatory application[1)]	Adopted by EU Commission[2)]	Impact
IAS 7	Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative	Jan 1, 2017	Yes	see notes 14 and 19
IAS 12	Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses	Jan 1, 2017	Yes	no significant impact
IFRS 15	*Revenue from Contracts with Customers*	Jan 1, 2018	Yes	see below
IFRS 15	Clarifications to IFRS 15 *Revenue from Contracts with Customers*	Jan 1, 2018	Yes	see below
IFRS 16	*Leases*	Jan 1, 2019	Yes	see below
	Annual Improvements 2014-2016 (partially)	Jan 1, 2017	Yes	N.A.

1) For financial years commencing on or after this date

2) As at April 24, 2018

All the above mentioned amendments and annual improvements to standards have no or no significant impact on the financial statements of the Company in the financial year 2017/2018 (except for IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* – see details below).

Initial application of IFRS 15

The Company has elected the voluntary early application of IFRS 15 *Revenue from contracts with customers* as well as of the Clarifications to IFRS 15 in its consolidated financial statements for the financial year 2017/2018. In accordance with the transition provisions in IFRS 15 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on 1 April 2017. Comparatives for the financial year 2016/2017 have not been restated.

The amounts by which each financial statement line item is affected in the financial year 2017/2018 from the initial application of IFRS 15, as compared to IAS 11, IAS 18 and related Interpretations that were in effect before the change, are shown and explained in the section E. Changes in accounting.

Initial application of IFRS 16

The Company has elected the voluntary early application of IFRS 16 *Leases* in its consolidated financial statements for the financial year 2017/2018. In accordance with the transition provisions in IFRS 16 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on 1 April 2017. Comparatives for the financial year 2016/2017 have not been restated.

The amounts by which each financial statement line item is affected in the financial year 2017/2018 from initial application of IFRS 16, as compared to IAS 17 and related Interpretations that were in effect before the change, are shown and explained in the section E. Changes in accounting.

The following amendments and annual improvements to standards and new standards/interpretations have been published. However, they are to be applied for the first time for financial years beginning on or after January 1, 2018 and have not been applied early by the Company:

Standard/ interpretation		Date of mandatory application[1)]	Adopted by EU Commission[2)]	Expected impact
IAS 19	Amendments to IAS 19 *Employee Benefits* – Plan Amendment, Curtailment or Settlement	Jan 1, 2019	Outstanding	no significant impact
IAS 28	Amendments to IAS 28 *Investments in Associates and Joint Ventures* – Long-term Interests in Associates and Joint Ventures	Jan 1, 2019	Outstanding	N.A.
IAS 40	Amendments to IAS 40 *Investment Property* – Transfers of Investment Property	Jan 1, 2018	Yes	N.A.
IFRS 2	Amendments to IFRS 2 *Share-based Payment* – Classification and Measurement of Share-based Payment Transactions	Jan 1, 2018	Yes	N.A.
IFRS 4	Amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*	Jan 1, 2018	Yes	N.A.
IFRS 9	*Financial Instruments*	Jan 1, 2018	Yes	see below
IFRS 9	Amendments to IFRS 9 *Financial Instruments* – Prepayment Features with Negative Compensation	Jan 1, 2019	Outstanding	N.A.
IFRS 17	*Insurance Contracts*	Jan 1, 2021	Outstanding	N.A.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan 1, 2018	Yes	no significant impact
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 1, 2019	Outstanding	no significant impact
	Annual Improvements 2014-2016 (partially)	Jan 1, 2018	Yes	N.A.
	Annual Improvements 2015-2017	Jan 1, 2019	Outstanding	N.A.
	Amendments to References to the Conceptual Framework on IFRS Standards	Jan 1, 2020	Outstanding	no significant impact

1) For financial years commencing on or after this date

2) As at April 24, 2018

All the above mentioned new or revised standards/interpretations and annual improvements to standards, which have an impact on the Company will be applied by the Company as soon as application is mandatory.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB has published the final version of IFRS 9 *Financial Instruments*. Therefore, the long-term project to replace IAS 39 *Financial Instruments: Recognition and Measurement* has been completed.

Significant changes mainly relate to new rules of classification and measurement of financial assets, the introduction of a new expected loss impairment model as well as a closer alignment with the entity's risk management strategy when accounting for hedging instruments.

The application of IFRS 9 is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has elected to make no use of a voluntary early application and will apply IFRS 9 for the first time in the consolidated financial statements for the financial year from April 1, 2018 to March 31, 2019.

The impact of IFRS 9 was analyzed by the Company as part of a project. IFRS 9 will substantially have the following main impacts on the consolidated financial statements of the Company:

- The new impairment model used for the determination of expected losses of financial assets measured at amortised cost will result in future changes in respect of the amount of impairment losses as well as the timing of their recognition.
- On April 1, 2018, the opening balances were adjusted according to the modified retrospective approach. Additional impairments were recognized for cash and cash equivalents (EUR 1,138 thousand), current trade accounts receivable (EUR 336 thousand), contract assets (EUR 115 thousand) and non-current other financial assets (EUR 137 thousand).

C. ACCOUNTING PRINCIPLES

Principles of consolidation. MEIF II Germany and all German and non-German subsidiaries which can be controlled directly or indirectly by MEIF II Germany are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the MEIF II Germany Group. The MEIF II Germany Group controls an entity when it has power over the entity, when it has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into MEIF II Germany Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when MEIF II Germany Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax base and their carrying amounts.

Basis of consolidation and shareholdings	**Shareholding (%)**
Techem Energy Metering Service GmbH & Co. KG, Eschborn/Germany[1]	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Energy Contracting GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Eschborn/Germany	100.0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany[2]	33.33
Techem Messtechnik Ges.m.b.H., Wels/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
"Techem" Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s r.o., Bratislava/Slovakia	100.0
Techem Calorlux S.à r.l., Bereldange/Luxembourg	100.0

Basis of consolidation and shareholdings	Shareholding (%)
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Enerji Hizmetleri Sanayi ve Ticaret Limited Şirketi, Istanbul/Turkey	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates	100.0
Techem Energy Services India Private Limited, Pune/India	100.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Sverige AB, Malmö/Sweden	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Services Sp. z o.o., Katowice/Poland	100.0
Techem Energy Services S.L.U., Madrid/Spain	100.0
BYTTHERM spol. s r.o., Trutnov/Czech Republic	100.0
Techem Energy Services LLC, Dubai/United Arab Emirates	49,0

1) Hereinafter also referred to as "TEMS KG"

2) Consolidated using the equity method

As at March 31, 2017, there was no non-controlling interest in the MEIF II Germany Group.

Changes to the basis of consolidation

During the financial year 2017/2018 the Company has made the following changes to the basis of consolidation:

- Effective May 17, 2017, Danuvius EOOD, Sofia/Bulgaria was merged into Techem Services EOOD, Sofia/Bulgaria.

- With a Memorandum of Association dated August 9, 2017 Techem Energy Services Middle East FZCO, Dubai/United Arab Emirates and HMJ Commercial Brokers LLC, Dubai/United Arab Emirates registered a new limited liability company Techem Energy Services LLC, Dubai/United Arab Emirates. On September 20, 2017 the commercial license was issued. Techem Energy Services Middle East FZCO, Dubai/United Arab Emirates holds 49% of the total share capital in the company. The subsidiary is fully consolidated, because of contractual control due to the contractual arrangements between the shareholders.

The Company had made the following changes to the basis of consolidation during the financial year 2016/2017:

- Effective June 16, 2016, all shares in the subsidiary Techem Energy Contracting Hellas EPE, Athens/Greece (hereinafter also referred to as "TEC Hellas EPE"), had been sold. The sales price had amounted to EUR 1. As a result of the sale, a gain of EUR 318 thousand had been recognized in the financial year 2016/2017. TEC Hellas EPE previously had been part of the Energy Contracting segment. In addition, TEC Hellas EPE had held 50.24 percent of the shares in Thermie Serres Societe Anonyme of Co-Generation of Power and Heat, Glyfada/Greece (hereinafter also referred to as "Thermie Serres S. A."); International Technological Application S. A. (ITA) had held the remaining shares. Based on the articles of association, as well as the Shareholders Agreement and Business Collaboration entered into between TEC Hellas EPE and ITA, as well as considering Greek law, Thermie Serres S. A. had been a jointly controlled company that had been accounted for using the equity method in the MEIF II Germany Group. As a result of the sale, both TEC Hellas EPE and Thermie Serres S. A. had been derecognized in the consolidated financial statements of the Company.

- Effective December 7, 2016, all shares in the subsidiary Techem OOO, Moscow/Russia, had been sold. The sales price had amounted to EUR 75 thousand. As a result of the sale, a loss of EUR 628 thousand had been recognized in the financial year 2016/2017.

- With a purchase contract dated January 6, 2017, Techem Energy Services GmbH, Eschborn/Germany had acquired all the shares in BYTTHERM spol. s r.o., Trutnov/Czech Republic. The purchase price had amounted to EUR 800 thousand and shall be paid in three installments. The first two had been paid already. The last installment is subject to certain conditions, the fulfillment of which is considered highly probable.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and profit or loss figures are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, other investments are included in cash equivalents. These are recognized at fair value through profit or loss (market value), as they were acquired with intent to sell. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred.

Trade accounts receivable, contract assets and other accounts receivable. Current and non-current receivables (trade accounts receivable, other assets and other financial assets) and contract assets are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). Imminent or actual irrecoverable receivables are accounted for by means of write-downs based on the age of the receivable concerned.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other technical equipment. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Costs to fulfill a contract result from costs accrued in order to align them with the corresponding recognition of revenue for certain products. The costs to fulfill a contract are recognized as other assets. These are amortized over the contract term and released in the statement of profit or loss into product expenses.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering devices for rent and property, plant and equipment. Metering devices for rent are recognized at cost plus installation costs; property, plant and equipment are recognized at cost; both are reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation (pro rata temporis) are as follows:

	Estimated useful life (years)
Metering devices for rent	6 to 15
Office furniture and equipment, machinery	2 to 23
Buildings	20 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

If a customer acquires, by corresponding payment, legal title of the metering devices for rent within the context of a cancellation of the rental contract, resulting gains or losses on this disposal are accounted for as other income or other expenses.

Compensatory payments made by the customer within the context of a cancellation of the rental contract are recognized as other income, if the legal title on the metering devices for rent is not transferred to the customer. Provided that the Company does not have any alternative use for the metering devices, their residual values are impaired.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are primarily amortized on a straight-line basis (pro rata temporis) over the following useful lives:

	Estimated useful life (years)
Software and licenses	2 to 24
Customer relationships/customer agreements	2 to 33
Costs to obtain a contract	approx. 4 to 18

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem as a trademark exists since 1952. Brand awareness of Techem is very high in the market and it is not planned to abandon this trademark. Nevertheless, this classification is verified once a year.

Costs to obtain a contract result from variable remuneration of internal staff and from sales or agency commissions owed to third parties in relation with the conclusion of customer contracts. The costs to obtain a contract are recognized as intangible asset and presented as a separate class of intangible assets in these notes to the consolidated financial statements. The costs are amortized on a straight-line-basis over the minimum contract term. For contracts that can be terminated by the customer without penalty at any time, the contract term explicitly stated in the contract is considered as minimum contract term in that context.

Right-of-use assets and lease liabilities. Leases where the Group is the lessee are recognized as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill as well as the trademark are subject to an impairment test at least once a year and not subject to straight-line amortization. The impairment test is carried out on a CGU basis. Goodwill and trademark are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Investments accounted for using the equity method. Joint ventures and associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company's share of the result from a joint venture or an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company's share of the result from a joint venture or an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company's share of losses in a joint venture or an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the joint venture/associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the joint venture/associate.

Non-current accounts receivable and other financial assets. Non-current non-interest-bearing accounts receivable are recognized at present value. Where market prices cannot be determined, other financial investments are recognized at amortized cost.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IAS 39, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Company are recognized as financial income and finance costs.

In these financial statements, the term "hedging instrument" is used from a purely economic perspective and not based on the definition of IAS 39.

Fair value of financial instruments. The fair value of cash and cash equivalents and of current receivables and current liabilities is the same as their respective carrying amounts. The fair value of non-current other financial assets (except for the finance lease receivables and the tax reserve account), non-current trade accounts payable and non-current other financial liabilities is approximately equivalent to their carrying amounts. The fair value of the other investments and the notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their market value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of non-current finance lease receivables, of the tax reserve account, the non-current financial liabilities (except for the notes), the non-current lease liabilities and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 19).

Borrowing costs. In accordance with IAS 23, borrowing costs are capitalized and thereafter amortized over the useful life of the asset. Borrowing costs, which are not subject to IAS 23, are expensed in the period in which they are incurred.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue from major business activities. The majority of the contracts with customers in the Group are fixed-price agreements, under which the Group acts as principal. Revenue is measured at the fixed transaction price agreed under the contracts with customers. As the Group uses the practical expedient of IFRS 15, the transaction price is only adjusted for the effects of a significant financing component if the expected period between when the Company transfers goods or services to the customer and when the customer pays for those goods or services is more than one year. In the Group, this can be applicable for installment sales.

Some contracts in the Group include multiple performance obligations. In this case, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. If they are not directly observable, they are estimated based on the expected cost plus a margin approach.

For all major products listed below, payment terms for goods or services may be in advance or in arrears.

Reading and billing services

Under reading and billing agreements, the Company provides reading and billing services based on actual consumption figures. Revenue from reading and billing services is recognized over time as the performance does not create an alternative use to the customer and the Company has an enforceable right to payment for performance completed to date. Revenue for reading and billing services is accrued, using an output-based method of measuring the progress towards complete satisfaction of this performance obligation, to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the flats as at the balance sheet date.

If the reading and billing services rendered by the Company are not completed to date and exceed the payment received from the customer, a contract asset is recognized. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some reading and billing agreements, payments from the Company to the customer occur to replace a current billing agreement with a competitor. This consideration payable to a customer is recognized as other asset and released as a reduction of revenue over the contract term as, with these payments, no distinct good or service is acquired from the customer.

Rental and maintenance services

Under rental agreements, the Company rents meters to customers for a specific period and ensures functionality and operability of the meters during the contractual term. Under maintenance agreements, functionality and operability of the meters are ensured for the customer's meters during the contractual term. Revenue from rental and maintenance services is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs. The revenue is recognized using an output-based measure of progress towards complete satisfaction of these performance obligations on a straight-line basis over the contractual term.

If rental or maintenance services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

In the context of some rental agreements, payments from the Company to the customer occur to replace a current rental agreement with a competitor. This consideration payable to a customer is recognized as other asset and released as a reduction of revenue over the contract term to the extent that no distinct good or service is acquired from the customer. A distinct good or service acquired by the Company only exists in the case of the acquisition of functioning meters from a competitor with the payment made to the customer and if these meters are used by the Company to provide services to the customer. In that case, the payment to the customer is recognized in the position metering devices for rent up to the fair value of the acquired meters.

Sales

Revenue from the sale of goods is recognized at a point in time when control of the goods has been transferred to the customer, being upon delivery. For goods sold, the Company only provides assurance type warranties which do not exceed the legal requirements.

If goods are delivered by the Company before the payment is received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments are received from the customer before the goods are delivered by the Company, a contract liability is recognized.

Energy Contracting

Under Energy Contracting, the Company mainly delivers energy (e.g. heat or cooling) to customers. The revenue for energy deliveries is recognized over time as the customer simultaneously receives and consumes the benefits of the energy provided by the Company as the Company performs. The revenue is recognized in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

If Energy Contracting services rendered by the Company exceed the payment received from the customer, a receivable is recognized as the Company's right to consideration is unconditional. If the payments received from the customer exceed the services rendered by the Company, a contract liability is recognized.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) have been recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can impact the valuation of the assets and liabilities recognized, the income and expenses, as well as the disclosure of contingent liabilities.

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience.

The recoverability of goodwill and the trademark Techem is assessed based on the plan of the cash flows of the cash generating units using a discount rate adjusted for the business risk. For further information see note 6.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 6.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 19.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

E. CHANGES IN ACCOUNTING

IFRS 15 *Revenue from contracts with customers*

The Company has elected the voluntary early application of IFRS 15 *Revenue from contracts with customers* as well as of the Clarifications to IFRS 15 in its consolidated financial statements for the financial year 2017/2018. In accordance with the transition provisions in IFRS 15 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on April 1, 2017. Comparatives for the financial year 2016/2017 have not been restated.

The amounts by which each financial statement line item is affected in the financial year 2017/2018 from initial application of IFRS 15, as compared to IAS 11, IAS 18 and related Interpretations that were in effect before the change, are shown below under "Impacts on the consolidated financial statements of MEIF II Germany Group from the application of IFRS 15 and IFRS 16 in the financial year 2017/2018".

IFRS 16 *Leases*

The Company has elected the voluntary early application of IFRS 16 *Leases* in its consolidated financial statements for the financial year 2017/2018. In accordance with the transition provisions in IFRS 16 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on April 1, 2017. Comparatives for the financial year 2016/2017 have not been restated.

The amounts by which each financial statement line item is affected in the financial year 2017/2018 from initial application of IFRS 16, as compared to IAS 17 and related Interpretations that were in effect before the change, are voluntarily shown below under "Impacts on the consolidated financial statements of MEIF II Germany Group from the application of IFRS 15 and IFRS 16 in the financial year 2017/2018".

On adoption of IFRS 16, the Company recognized lease liabilities and right-of-use assets for leases under which the Company acts as a lessee and which had previously been classified as operating leases under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of April 1, 2017. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2017 was 3.2%.

The reconciliation from operating lease commitments as at March 31, 2017, as disclosed by the Company applying IAS 17 in the consolidated financial statements for the financial year 2016/2017, to the lease liabilities recognized on adoption of IFRS 16 as at April 1, 2017, is as follows:

EUR thousand	
Operating lease commitments disclosed as at March 31, 2017	**82,378**
Add: minimum lease payments from finance leases (nominal value) as at March 31, 2017	5,796
Add: different treatment of extension and termination options	9,496
(Less): contracts reassessed as service agreements and other adjustments	-10,578
Gross lease liabilities as at April 1, 2017	**87,092**
(Less): Discounting	-7,506
Lease liability recognized as at April 1, 2017 (net)	**79,586**
(Less): finance lease liabilities recognized as at March 31, 2017	-5,348
Additional lease liabilities from IFRS 16 recognized as at April 1, 2017	**74,238**

The associated right-of-use assets on adoption of IFRS 16 were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at March 31, 2017.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- reliance on the assessment of whether leases are onerous applying IAS 37 immediately before the date of initial application and adjustment of the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognized in the consolidated financial statements for the financial year 2016/2017;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impacts on the consolidated financial statements of MEIF II Germany Group from the application of IFRS 15 and IFRS 16 in the financial year 2017/2018

Reconciliation of the positions of the consolidated statement of financial position affected by the changes in accounting:

EUR thousand	Number	Mar 31, 2018 Balance without adoption of IFRS 15 and IFRS 16	Changes in accounting from adoption of IFRS 15	Changes in accounting from adoption of IFRS 16	Balance as reported
Trade accounts receivable	I, IV	270,015	-88,793	88	181,310
Contract assets	I	0	87,253	0	87,253
Other assets	II	9,291	1,178	-10	10,459
Total adjustments current assets			**-362**	**78**	
Property, plant and equipment	III, IV	39,318	49,750	-3,485	85,583
Intangible assets	V	1,343,493	15,307	0	1,358,800
Right-of-use assets	III	0	0	64,528	64,528
Other assets	II	1,118	4,500	0	5,618
Other financial assets	IV	65,390	-58,109	461	7,742
Deferred tax assets	VIII	2,227	-656	-72	1,499
Total adjustments non-current assets			**10,792**	**61,432**	
Total adjustments assets			**10,430**	**61,510**	
Trade accounts payable		50,307	-86	0	50,221
Contract liabilities	VI	0	77,325	0	77,325
Sundry liabilities	VI	86,623	-75,783	22	10,862
Lease liabilities	III	770	0	16,187	16,957
Other provisions	VII	42,469	-3,272	-98	39,099
Total adjustments current liabilities			**-1,816**	**16,111**	
Lease Liabilities	III	2,685	0	47,040	49,725
Contract liabilities	VI	0	5,118	0	5,118
Sundry liabilities	VI	1,852	-1,374	0	478
Other provisions	VII	32,435	-20,071	-295	12,069
Deferred tax liabilities	VIII	191,285	7,678	139	199,102
Total adjustments non-current liabilities			**-8,649**	**46,884**	
Retained earnings	III, IX	-453,287	20,895	-1,485	-433,877
Total adjustments equity			**20,895**	**-1,485**	
Total adjustments liabilities and equity			**10,430**	**61,510**	

I. The changes in trade accounts receivable are mainly and the changes in contract assets are solely due to the reclassification of EUR 87,253 thousand from trade accounts receivable to contract assets as a new requirement of IFRS 15. Contract assets mainly represent unbilled revenue from reading and billing services, which have partially been rendered but have not yet been completed at the balance sheet date.

II. The changes in current and non-current other assets mainly represent the adjustments of IFRS 15 for considerations payable to a customer (current: EUR 789 thousand, non-current: EUR 3,261 thousand) as well as costs to fulfill a contract (current: EUR 648 thousand, non-current: EUR 1,239 thousand).

III. The changes in property, plant and equipment, right-of-use assets, current and non-current lease liabilities and retained earnings result from the application of the right-of-use model according to IFRS 16 for leases in which the Company acts as lessee.

IV. Based on the contractual arrangement, energy supply contracts of Techem Energy Contracting GmbH, Eschborn/Germany (hereinafter also referred to as "TEC"), contained a lease under IAS 17. Under IFRS 16, these contracts do not contain a lease, but are within the scope of IFRS 15. As a result, current and non-current finance lease receivables decreased by EUR 61,554 thousand (current: EUR -3,445 thousand reported under current trade accounts receivable; non-current: EUR -58,109 thousand reported under non-current other financial assets) and property, plant and equipment increased by EUR 49,750 thousand.

V. The changes in intangible assets include the adjustments of IFRS 15 relating to costs to obtain a contract of EUR 19,336 thousand and considerations payable to a customer of EUR -4,029 thousand (i.e. mainly representing reclassification into the non-current other assets, see number II above).

VI. The changes in current and non-current contract liabilities and sundry liabilities are mainly due to the reclassification of EUR 77,124 thousand from sundry liabilities to contract liabilities as a new requirement of IFRS 15. Contract liabilities represent payments from the customers, mainly for rental services, maintenance services as well as reading and billing services, which exceed the performance by the Company at the balance sheet date.

VII. The changes in current and non-current other provisions mainly result from the removal of the maintenance service provisions (current: EUR -3,297 thousand, non-current: EUR -20,071 thousand) in the course of the application of IFRS 15. In the financial year 2017/2018, the maintenance service provisions only refer to cases in which devices covered by maintenance agreements are defect or have exceeded their legal calibration term but have not yet been exchanged by the Company as at the balance sheet date.

VIII. The changes in deferred tax liabilities mainly relate to the deferred tax effects on the new accounting for the maintenance service provisions (see also number VII. above), costs to obtain a contract (see also number V. above) and the energy supply contracts of TEC (see also number IV. above).

IX. The changes in retained earnings include adjustments of opening balances as at April 1, 2017, amounting to EUR 26,278 thousand. These adjustments mainly relate to the changes in accounting from the adoption of IFRS 15, mainly representing the cumulative effects of the initial application of the standard on the maintenance service provisions (see also number VII. above), costs to obtain a contract (see also number V. above) and the energy supply contracts of TEC (see also number IV. above).

Reconciliation of the positions of the consolidated statement of profit or loss and other comprehensive income affected by the changes in accounting:

EUR thousand	Number	2017/2018 Balance without adoption of IFRS 15 and IFRS 16	Changes in accounting from adoption of IFRS 15	Changes in accounting from adoption of IFRS 16	Balance as reported
Revenue	X	794,728	-28,259	0	766,469
Capitalized internal work	XI	11,798	3,258	0	15,056
Other income		8,121	348	-5	8,464
Product expenses and purchased services	XII	-187,796	28,331	0	-159,465
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets	XIII, XIV	-123,825	-8,857	-19,433	-152,115
Other expenses	XIII	-95,750	8	20,387	-75,355
Total adjustment on Earnings before interest and tax (EBIT)			**-5,171**	**949**	
Financial income	XV	23,067	-2,956	-25	20,086
Finance costs	XIII	-122,075	-85	-2,001	-124,161
Total adjustments on profit before tax			**-8,212**	**-1,077**	
Income taxes	XVI	-38,424	2,650	-29	-35,803
Total adjustments on net profit			**-5,562**	**-1,106**	
Total adjustments on total other comprehensive income			**-100**	**-100**	
Total adjustments on total comprehensive income			**-5,662**	**-1,206**	

X. The changes in revenue mainly include adjustments of revenue from the energy supply contracts of TEC amounting to EUR -23,353 thousand. These adjustments mainly depict the change from the revenue recognition at a point in time according to IAS 17 to the revenue recognition over time according to IFRS 15 for these contracts (see also number IV. above). In addition, the changes in revenue include a reclassification of EUR -4,183 thousand from the financial statement line “Revenue” to the financial statement line “Product expenses and purchased services”. This reclassification results from the change in accounting treatment of the revenue from some energy supply contracts of Techem Messtechnik Ges.m.b.H., Innsbruck/Austria, where the entity is acting as agent under IFRS 15 while it was acting as principal under IAS 18.

XI. The changes in capitalized internal work mainly refer to the capitalized costs to obtain or fulfill a contract amounting to EUR 3,022 thousand (see also numbers II. and V. above).

XII. The changes in product expenses and purchased services mainly include adjustments of product expenses in conjunction with the energy supply contracts of TEC amounting to EUR 24,048 thousand, which were accounted for as product expenses and purchased services under IAS 17 and related Interpretations, while these costs are now capitalized in accordance with IAS 16 as these contracts are within the scope of IFRS 15 (see also number X. above). Additionally, the changes include a reclassification of EUR 4,183 thousand from the financial statement line “Revenue” described under number X.

XIII. The changes resulting from the adoption of IFRS 16 mainly concern depreciation on right-of-use assets (EUR-19,433 thousand), other expenses (EUR 20,387 thousand) and finance costs (EUR -2,001 thousand) and result from the application of the right-of-use model according to IFRS 16 for leases in which the Company acts as lessee.

XIV. The changes in depreciation resulting from the adoption of IFRS 15 mainly refer to higher amortization of intangible assets due to capitalized costs of obtaining a contract (EUR 7,049 thousand) and higher depreciation on property, plant and equipment due to capitalized costs in conjunction with the energy supply contracts of TEC (EUR 2,725 thousand).

XV. The changes in financial income mainly result from the removal of finance lease receivables in conjunction with the energy supply contracts of TEC (see also number IV. above).

XVI. The changes in income taxes solely relate to the adjustments of deferred taxes.

Reconciliation of the positions of the consolidated statement of cash flows affected by the changes in accounting:

EUR thousand	Number	Mar 31, 2018 Balance without adoption of IFRS 15 and IFRS 16	Changes in accounting from adoption of IFRS 15	Changes in accounting from adoption of IFRS 16	Balance as reported
Profit before tax		**114,894**	**-8,212**	**-1,077**	**105,605**
Share of profit of investments accounted for using the equity method		-432	0	0	-432
Financial income		-23,067	2,956	25	-20,086
Finance costs		122,075	85	2,001	124,161
Earnings before interest and tax (EBIT)		**213,470**	**-5,171**	**949**	**209,248**
Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets		116,425	8,857	19,053	144,335
Impairment losses on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets		7,400	0	380	7,780
EBITDA		**337,295**	**3,686**	**20,382**	**361,363**
Gains on disposal of fixed and intangible assets		-409	0	-378	-787
Subtotal[1]		**336,886**	**3,686**	**20,004**	**360,576**
Net cash generated by operating activities	**XVII**	**278,904**	**29,031**	**20,025**	**327,960**
Cash flows used in investing activities	**XVIII**	**-72,334**	**-26,472**	**0**	**-98,806**
Free Cash Flow		**206,570**	**2,559**	**20,025**	**229,154**
Net cash used in financing activities	**XIX**	**-125,601**	**-2,559**	**-20,025**	**-148,185**

1) See “Reconciliation of the positions of the consolidated statement of profit or loss and other comprehensive income” above

XVII. The changes in net cash generated by operating activities mainly result from the effects described under “Reconciliation of the positions of the consolidated statement of profit or loss and other comprehensive income” above as well as from the removal of the finance lease receivables in conjunction with the energy supply contracts of TEC.

XVIII. The changes in cash flows used in investing activities are mainly due to capitalized costs of obtaining a contract and capitalized costs in conjunction with the energy supply contracts of TEC.

XIX. The changes in cash flows used in financing activities refer to the elimination of the interest on finance lease receivables due to the change in accounting treatment of the energy supply contracts of TEC and to the application of the right-of-use model according to IFRS 16 for leases in which the Company acts as lessee resulting in higher repayments of lease liabilities and higher interest on lease liabilities paid.

Reconciliation of the equity attributable to owners of the parent in the consolidated statement of changes in equity affected by the changes in accounting:

EUR thousand	
Balance as at March 31, 2018 without adoption of IFRS 15 and IFRS 16	**248,053**
Changes in accounting from adoption of IFRS 15[1)]	20,895
Changes in accounting from adoption of IFRS 16[1)]	-1,485
Balance as at March 31, 2018 as reported	**267,463**

1) See "Reconciliation of the positions of the consolidated statement of financial position" above

F. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable and contract assets

EUR thousand	Mar 31, 2018	Mar 31, 2017
Billed receivables	97,547	111,996
Finance lease receivables[1)]	765	3,197
Valuation allowances	-2,813	-3,671
Unbilled receivables	85,811	164,597
Trade accounts receivable	**181,310**	**276,119**
Contract assets[2)]	**87,253**	**0**

1) See note 27

2) See section E. Changes in accounting

Unbilled receivables mainly represent revenue from equipment rental and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

Contract assets mainly represent unbilled revenue from reading and billing services. These services have partially been rendered but have not yet been completed at the balance sheet date.

The adjusted opening balances of trade accounts receivable amounted to EUR 192,169 thousand as at April 1, 2017. The opening balances of contract assets amounted to EUR 83,526 thousand as at April 1, 2017.

As at March 31, 2018, the contract assets have increased by EUR 3,727 thousand in comparison to April 1, 2017. This is mainly derived from a higher amount of unbilled revenue from reading and billing services recognized as at March 31, 2018, mainly due to a fast progress of completion in the financial year 2017/2018.

In the financial year 2017/2018, receivables of EUR 1,558 thousand (2016/2017: EUR 1,689) thousand were written off. These are included in other expenses. No contract assets were written off in the financial year 2017/2018.

The following table shows the maturity breakdown for the billed receivables:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Not yet due	53,215	82,216
Overdue but not written down		
Less than 30 days overdue	19,689	15,617
30 to 90 days overdue	13,986	9,526
Overdue and written down	10,657	4,637
Billed receivables	**97,547**	**111,996**

In the financial years 2017/2018 and 2016/2017, the changes in the valuation allowances on trade accounts receivable were as follows:

EUR thousand	2017/2018	2016/2017
Valuation allowances at the beginning of the period	**-3,671**	**-4,310**
Additions to valuation allowances	-4,229	-2,469
Reduction of valuation allowances	5,062	2,794
Change in scope	0	319
Currency translation	25	-5
Valuation allowances at the end of the period	**-2,813**	**-3,671**

The valuation allowances amounting to EUR 2,813 thousand (March 31, 2017: EUR 3,671 thousand) relate to the segment Energy Services EUR 2,311 thousand (March 31, 2017: EUR 2,789 thousand) and to the segment Energy Contracting EUR 502 thousand (March 31, 2017: EUR 882 thousand).

2. Other assets and other financial assets – current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Prepaid expenses	4,141	4,654
Energy tax	3,547	2,140
Other tax receivables	422	351
Advances paid	214	224
Value-added tax reclaims	343	140
Other assets recognized from the costs incurred to fulfill a contract with a customer[1)]	1,438	0
Other	354	335
Other assets	**10,459**	**7,844**
Receivables from advances	1,065	1,103
Receivables from guarantee claims	170	260
Accounts payable with debit balance	509	81
Receivables from hedging instruments[2)]	2,701	0
Other	984	699
Other financial assets	**5,429**	**2,143**

1) See section E. Changes in accounting

2) See section G. Other disclosures – "Concentration of risk"

In the financial year 2017/2018, other assets recognized from the costs incurred to fulfill a contract with a customer in the amount of EUR 2,962 thousand were reversed into the consolidated statement of profit or loss. No impairment losses were recognized on the other assets recognized from the costs incurred to fulfill a contract with a customer in the financial year 2017/2018.

3. Inventories

EUR thousand	Mar 31, 2018	Mar 31, 2017
Raw materials and supplies	1,028	965
Merchandise	34,636	36,609
Inventories, gross	**35,664**	**37,574**
Valuation allowances	-1,585	-2,497
Inventories, net	**34,079**	**35,077**

In the financial year 2017/2018, a total of EUR 697 thousand (2016/2017: EUR 1,427 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

4. Metering devices for rent

EUR thousand	
Cost	
Cost, balance as at Mar 31, 2016	**500,893**
Additions	101,601
Change in scope	-13
Currency translation	173
Disposals	-45,572
Cost, balance as at Mar 31, 2017	**557,082**
Additions	77,587
Currency translation	-111
Disposals	-45,351
Cost, balance as at Mar 31, 2018	**589,207**
Depreciation and impairment	
Depreciation and impairment, balance as at Mar 31, 2016	**192,642**
Additions	62,604
Impairment losses	6,882
Change in scope	-8
Currency translation	85
Disposals	-44,974
Depreciation and impairment, balance as at Mar 31, 2017	**217,231**
Additions	63,038
Impairment losses	7,358
Currency translation	-43
Disposals	-44,955
Depreciation and impairment, balance as at Mar 31, 2018	**242,629**
Carrying amounts	
Metering devices for rent carrying amount as at Mar 31, 2016	308,251
Metering devices for rent carrying amount as at Mar 31, 2017	339,851
Metering devices for rent carrying amount as at Mar 31, 2018	346,578

Metering devices for rent relate to metering devices on long-term rental to customers.

The impairment losses in the amount of EUR 7,358 thousand (2016/2017: EUR 6,882 thousand) relate to the impairment of the remaining carrying amount of metering devices for rent when exchanging these; furthermore the impairment losses also relate to rental contract cancellations during the financial year 2017/2018. All the impairment losses in the financial year 2017/2018 and the financial year 2016/2017 related to the segment Energy Services.

All impairment losses relating to metering devices for rent are included in the position “Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets” of the statement of profit or loss.

In the current period there are no metering devices for rent, which have been capitalized as a result of finance leases.

5. Property, plant and equipment

EUR thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Mar 31, 2016	**4,081**	**34,575**	**32,477**	**5,381**	**-751**	**75,763**
Additions	65	4,706	4,594	3,881	0	13,246
Change in scope	122	-4	-107	0	0	11
Reclassifications	6	3,809	554	-4,369	0	0
Currency translation	1	-9	95	-1	0	86
Disposals	-31	-2,801	-3,726	-175	57	-6,676
Cost, balance as at Mar 31, 2017	**4,244**	**40,276**	**33,887**	**4,717**	**-694**	**82,430**
Adjustment of opening balances as at Apr 1, 2017[1)]	-3,274	37,849	-8,376	2,621	-111	28,709
Additions	111	22,811	3,111	9,458	-493	34,998
Reclassifications	0	5,685	123	-5,808	0	0
Currency translation	5	-23	-334	0	0	-352
Disposals	-127	-5,682	-2,030	-73	20	-7,892
Cost, balance as at Mar 31, 2018	**959**	**100,916**	**26,381**	**10,915**	**-1,278**	**137,893**
Depreciation and impairment						
Depreciation and impairment, balance as at Mar 31, 2016	**739**	**20,492**	**17,733**	**0**	**-407**	**38,557**
Additions	123	3,352	7,047	0	-71	10,451
Impairment losses	0	358	29	0	0	387
Change in scope	0	-2	-103	0	0	-105
Currency translation	0	-3	67	0	0	64
Disposals	-9	-2,731	-3,646	0	57	-6,329
Depreciation and impairment, balance as at Mar 31, 2017	**853**	**21,466**	**21,127**	**0**	**-421**	**43,025**
Adjustment of opening balances as at Apr 1, 2017[1)]	-671	11,592	-5,814	0	-28	5,079
Additions	68	5,737	4,781	0	-84	10,502
Impairment losses	0	10	23	0	0	33
Currency translation	0	-19	-268	0	0	-287
Disposals	-8	-4,073	-1,981	0	20	-6,042
Depreciation and impairment, balance as at Mar 31, 2018	**242**	**34,713**	**17,868**	**0**	**-513**	**52,310**
Carrying amounts						
PPE carrying amount as at Mar 31, 2016	3,342	14,083	14,744	5,381	-344	37,206
PPE carrying amount as at Mar 31, 2017	3,391	18,810	12,760	4,717	-273	39,405
PPE carrying amount as at Mar 31, 2018	717	66,203	8,513	10,915	-765	85,583
Thereof finance leases						
Finance leases carrying amount as at Mar 31, 2016	2,667	28	3,701	0	0	6,396
Finance leases carrying amount as at Mar 31, 2017	2,603	7	2,573	0	0	5,183
Finance leases carrying amount as at Mar 31, 2018[1)]	0	0	0	0	0	0

1) See section E. Changes in accounting

The subsidies include investment subsidies, grants and construction subsidies paid to Techem Energy Contracting GmbH.

In the financial year 2017/2018, impairment losses amount to EUR 33 thousand, of which EUR 23 thousand relate to the segment Energy Services and EUR 10 thousand relate to the segment Energy Contracting.

In the financial year 2016/2017, impairment losses amounted to EUR 387 thousand, of which EUR 29 thousand relate to the segment Energy Services and EUR 358 thousand relate to the segment Energy Contracting.

All impairment losses relating to property, plant and equipment are included in the position "Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

6. Intangible assets

EUR thousand	Software, licenses and other intangible assets	Goodwill	Software in development	Costs to obtain a contract	Total
Cost					
Cost, balance as at Mar 31, 2016	**1,155,159**	**610,680**	**2,814**	**0**	**1,768,653**
Additions	9,135	0	6,127	0	15,262
Change in scope	-19	470	0	0	451
Reclassifications	2,023	0	-2,023	0	0
Currency translation	29	-22	2	0	9
Disposals	-3,366	0	-27	0	-3,393
Cost, balance as at Mar 31, 2017	**1,162,961**	**611,128**	**6,893**	**0**	**1,780,982**
Adjustment of opening balances as at Apr 1, 2017[1)]	-5,494	0	0	43,599	38,105
Additions	8,084	0	8,617	4,684	21,385
Reclassifications	3,458	0	-3,458	0	0
Currency translation	-218	-357	-1	2	-574
Disposals	-971	0	-48	-5,410	-6,429
Cost, balance as at Mar 31, 2018	**1,167,820**	**610,771**	**12,003**	**42,875**	**1,833,469**
Amortization and impairment					
Amortization and impairment, balance as at Mar 31, 2016	**372,882**	**0**	**0**	**0**	**372,882**
Additions	41,976	0	0	0	41,976
Impairment losses	15	0	0	0	15
Change in scope	-55	0	0	0	-55
Currency translation	25	0	0	0	25
Disposals	-3,315	0	0	0	-3,315
Amortization and impairment, balance as at Mar 31, 2017	**411,528**	**0**	**0**	**0**	**411,528**
Adjustment of opening balances as at Apr 1, 2017[1)]	-2,092	0	0	21,901	19,809
Additions	42,807	0	0	7,049	49,856
Impairment losses	0	0	0	0	0
Currency translation	-175	0	0	-1	-176
Disposals	-938	0	0	-5,410	-6,348
Amortization and impairment, balance as at Mar 31, 2018	**451,130**	**0**	**0**	**23,539**	**474,669**
Carrying amounts					
Intangible assets carrying amount as at Mar 31, 2016	782,277	610,680	2,814	0	1,395,771
Intangible assets carrying amount as at Mar 31, 2017	751,433	611,128	6,893	0	1,369,454
Intangible assets carrying amount as at Mar 31, 2018	716,690	610,771	12,003	19,336	1,358,800

1) See section E. Changes in accounting

As at March 31, 2018, the carrying amount of internally generated intangible assets was EUR 20,553 thousand (additions: EUR 4,835 thousand; disposals: EUR -32 thousand; cumulative historical cost: EUR 42,457 thousand; amortization and impairment: EUR 3,387 thousand; disposal amortization: EUR 0 thousand; cumulative amortization: EUR 21,904 thousand).

The carrying amount of internally generated intangible assets as at March 31, 2017 had been EUR 19,137 thousand (additions: EUR 4,549 thousand; disposals: EUR -10 thousand; cumulative historical cost: EUR 37,654 thousand; amortization and impairment: EUR 2,954 thousand; disposal amortization: EUR 0 thousand; cumulative amortization: EUR 18,517 thousand).

The position goodwill included a change in scope of EUR 470 thousand in the financial year 2016/2017 that resulted from the acquisition of BYTTHERM spol. s r.o.

The position software, licenses and other intangible assets also includes customer relationships. In addition, it also includes the trademark Techem. The trademark has a book value of EUR 54,015 thousand and has an indefinite useful life.

The customer relationships, recognized in the financial statements of the Group, arose from the following companies:

EUR thousand	Remaining useful life (years)	Carrying amount as at Mar 31, 2018
Techem Energy Services GmbH, Germany	approx. 23 to 27	500,270
Techem Energy Contracting GmbH, Germany	approx. 7 to 23	42,022
Techem Messtechnik Ges.m.b.H., Austria	approx. 23	17,746
Caloribel S. A., Belgium	approx. 6 to 23	10,015
bautec Energiemanagement GmbH, Germany	approx. 23	9,968
Techem (Schweiz) AG, Switzerland	approx. 23	8,704
Other companies	approx. 3 to 23	33,771
Total		**622,496**

The useful life of the customer relationships is between 5 to 33 years, based on historical customer loyalty.

Impairment losses in the financial year 2017/2018 amounted to EUR 0 thousand.

In the financial year 2016/2017 impairment losses amounted to EUR 15 thousand and related to the segment Energy Contracting.

All impairment losses relating to intangible assets are included in the position "Depreciation on metering devices for rent, property, plant and equipment, intangible assets and right-of-use assets" of the statement of profit or loss.

In accordance with IAS 36, goodwill as well as other intangible assets with an indefinite useful life (trademark Techem) are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a CGU („cash generating unit") may be impaired, an additional impairment test is carried out for this CGU.

Impairment tests are carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate CGUs. Energy Services Germany, Energy Services International and Energy Contracting each represent one CGU. The classification of CGU's follows the internal control structure of management.

For each CGU, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a CGU exceeds the calculated recoverable amount an impairment loss must be recognized.

CGU Energy Services Germany. The recoverable amount of the CGU Energy Services Germany is determined on the basis of value in use. The future cash flows of this CGU are calculated based on the five-year plan of the CGU Energy Services Germany. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (the historical growth rate). These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in an average rate before tax of 8.22 percent (2016/2017: 9.04 percent) for the CGU Energy Services Germany.

The five-year plan of the CGU Energy Services Germany is based on the following assumptions:

- The growth in revenue results from a systematic further development of the existing products as well as from an extension of the existing product portfolio.
- This growth is slowed down by a contract termination rate that corresponds to the market conditions. The average increase in prices of services is in line with moderate market developments.
- In addition to the increasing revenue, cost savings have a positive impact on EBITDA as a result of optimization of internal activities and digitalization of operating processes.
- The planned investments are based on a regular replacement of metering devices and a moderate increase in metering devices resulting from new business.

CGU Energy Services International. The recoverable amount of the CGU Energy Services International is determined on the basis of value in use. The future cash flows of this CGU are calculated based on the five-year plan of the CGU Energy Services International. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (the historical growth rate). These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in an average rate before tax of 9.57 percent (2016/2017: 10.98 percent) for the CGU Energy Services International.

The five-year plan of the CGU Energy Services International is based on the following assumptions:

- In the mature international markets, a slight constant growth is expected. This growth is based on an extension of the existing product portfolio in those countries and is similar to the development of the CGU Energy Services Germany.
- For some countries, a stronger growth is expected in the subsequent five years as a result of introduction of the European Energy Efficiency Directive (EED).
- The development of prices is planned in accordance with the market developments. For some markets, declining service prices are expected in the subsequent five years.
- The main driver of the growth in EBITDA is the market growth in the EU countries as a result of introduction of the EED.
- The planned investments are based on a regular replacement of metering devices in the respective countries and the growth in business in the light of the introduction of the EED.

CGU Energy Contracting. The recoverable amount of the CGU Energy Contracting is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. To calculate the fair value of this CGU, the future cash flows are based on the five-year plan of the CGU Energy Contracting. Additionally, expansion investments are included in the calculation. Cash flows beyond the five-year period are extrapolated using a historical growth rate of 1.5 percent. The total future cash flows are then discounted using the WACC after tax of 6.28 percent (2016/2017: 6.99 percent).

The five-year plan of the CGU Energy Contracting is based on the following assumptions:

- The growth in EBITDA is mainly based on the growth of new business. This growth is expected to be at the level of the last year budget for the next five financial years. This is mainly due to the declining energy prices, which makes the switch from the own energy supply by the landlord to energy contracting (new business for TEC) considerably more difficult, as cost-neutrality for the tenant is prescribed by law in Germany. In addition, the outsourcing of financing activities has become unattractive due to the long-lasting low interest rates. The volume of new business is based on a new market analysis for the products of TEC as well as historical sales rates. Moreover, the extension of the portfolio of services ensures the growth.
- Additionally, the growth of EBITDA in the new five-year plan is reduced as a result of a decrease in the average duration of existing contracts. The adjusted average contract duration is based on the current assessment of the actual contract portfolio.
- Additionally, moderate cost savings are expected as a result of digitalization of operating processes.
- It is assumed that the prices of the main energy source, i.e. natural gas, will remain nearly constant whereas the prices of oil and long-distance heating will increase slightly.
- The planned investments are based on the new business acquired and are derived from the historical investment ratios.

As at March 31, 2018, the recoverable amount of the CGU Energy Contracting exceeds its carrying amount by EUR 12,823 thousand (March 31, 2017: EUR 1,418 thousand).

The key assumptions, on the basis of which the recoverable amount of the CGU Energy Contracting was determined, are as follows:

%	Mar 31, 2018	Mar 31, 2017
WACC after tax	6.28	6.99
Sustainable growth rate	1.50	1.50
Planned growth in EBITDA (average in the five-year plan)	19	27

The following table provides the percentage points by which each key assumption must change, in order for the recoverable amount to be equal to the carrying amount as at March 31, 2018 and March 31, 2017. The sensitivity analysis assumes that only one key assumption changes while the other key assumptions remain unchanged.

Percentage points	Mar 31, 2018	Mar 31, 2017
WACC after tax	+0.29	+0.05
Sustainable growth rate	-0.34	-0.06
Planned growth in EBITDA (average in the five-year plan)	-0.76	-0.20

The fair value measurement for the CGU Energy Contracting is to some extent based on unobservable inputs and is overall categorized as Level 3 of the fair value hierarchy in accordance with IFRS 13.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the CGUs as follows:

	Mar 31, 2018		Mar 31, 2017	
EUR thousand	Goodwill	Trademark	Goodwill	Trademark
Energy Services Germany	543,291	35,044	543,291	35,044
Energy Services International	67,480	9,650	67,837	9,650
Energy Contracting	0	9,321	0	9,321
Total	**610,771**	**54,015**	**611,128**	**54,015**

7. Right-of-use assets

EUR thousand	Mar 31, 2018	Mar 31, 2017
Right-of-use assets relate to:		
Land and buildings	53,446	0
Office furniture and equipment	11,082	0
Right-of-use assets[1), 2)]	**64,528**	**0**

1) For further details, see note 27

2) See section E. Changes in accounting

Additions to the right-of-use assets during the financial year 2017/2018 were EUR 8,747 thousand.

8. Investments accounted for using the equity method

The Group financial statements include an investment accounted for using the equity method: the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL). As a result of the sale of TEC Hellas EPE, the joint venture Thermie Serres S. A. had left the Group effective June 16, 2016 (see section C. Accounting principles).

The breakdown of the investments accounted for using the equity method is as follows:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Balance at the beginning of the period	**4,895**	**4,424**
Net share of gain from associated company EKL	432	721
Dividend received	-250	-250
Balance at the end of the period	**5,077**	**4,895**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

EUR thousand	2017/2018	2016/2017
Net share of gain from associated company EKL	432	721
Reversal of a provision regarding credit guarantee Thermie Serres S. A.	0	220
Share of profit of investments accounted for using the equity method	**432**	**941**

The following table provides an overview of the financial information resulting from the associated company EKL.

EUR thousand	Mar 31, 2018	Mar 31, 2017
Share of gain of investments accounted for using the equity method (post-tax)	432	721
Other comprehensive income	0	0
Total comprehensive income	**432**	**721**
Carrying amount of investment	**5,077**	**4,895**

In the financial year 2016/2017, the attributable negative result of Thermie Serres S. A. of EUR 255 thousand had not been recognized, because the company had been fully impaired in the financial year 2011/2012.

In the past Techem Energy Services GmbH had issued a EUR 10,000 thousand credit guarantee for Thermie Serres S. A. This credit guarantee had been part of the Revolving Credit Facility, drawn down by way of guarantees as at March 31,2017 (see note 14). Due to the payment default in January 2016 on the part of Thermie Serres S. A. to the financing bank, the negotiations between the joint venture partners and the financing bank regarding the refinancing of Thermie Serres S. A., which had involved the exit of the Company as a shareholder of Thermie Serres S. A., had been intensified. As the likelihood of the guarantee issued being drawn upon had increased, a provision of EUR 8,000 thousand had been recorded as at March 31, 2016. This amount had represented the most likely financial outcome of a mutual agreement with respect to the guarantee as at March 31, 2016. In the financial year 2016/2017, the provision of EUR 7,780 thousand had been utilized. The remaining amount had been reversed in the financial year 2016/2017.

9. Other assets and other financial assets – non-current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Other assets recognized from the costs incurred to fulfill a contract with a customer[1)]	4,500	0
Other	1,118	623
Other assets	**5,618**	**623**
Trade accounts receivable	3,211	6,070
Tax reserve account	0	38,300
Finance lease receivables[2)]	4,128	34,734
Receivables from investments accounted for using the equity method	153	153
Other	250	194
Other financial assets	**7,742**	**79,451**

1) See section E. Changes in accounting
2) For further details, see note 27

Non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, each agreement having a term of more than one and up to ten years.

In the financial year from April 1, 2016 to March 31, 2017, the balance of cash and cash equivalents as per the statement of financial position was different from that as per the statement of cash flows due to the following reason: In accordance with the Senior Secured Facilities Agreement, we had paid EUR 38,300 thousand into a Tax Reserve Account. As the use of the Tax Reserve Account had been restricted, it had not been included in cash and cash equivalents in the statement of financial position but in other financial assets (non-current). However, as the Tax Reserve Account had been readily convertible into cash it had represented cash and cash equivalents as per statement of cash flows. In December 2016, EUR 32,000 thousand had been invested in a fixed deposit with a maturity larger than three months (i.e. no longer readily convertible into cash). Therefore, this amount had been shown in the cash flows from investing activities as at March 31, 2017. On August 3, 2017, a new Senior Facilities Agreement was executed. The funds flow of this refinancing occurred in October 2017 (see note 14 for further information). Due to this refinancing, the Tax Reserve Account was liquidated and the balance of EUR 38,300 thousand was transferred into cash. Therefore, as at March 31, 2018, the balances of cash and cash equivalents as per the statement of financial position and as per the statement of cash flows are equal. In the cash flows from investing activities the reverse movement of EUR 32,000 thousand, compared to the prior financial year, is shown due to divesting portion of the Tax Reserve Account, which was not readily convertible into cash.

10. Deferred taxes

Deferred taxes are broken down as follows:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Deferred tax assets resulting from:		
Tax losses carried forward	127,608	147,088
Interest rate instruments	0	4,480
Provisions for pensions	4,888	5,376
Other timing differences	8,255	10,751
Finance leases	110	291
Write-down on net losses carried forward	-7,330	-6,992
Offsetting	-132,032	-158,199
Total deferred tax assets	**1,499**	**2,795**
Deferred tax liabilities resulting from:		
Step-ups and recognition of assets as a result of purchase price allocations	-209,761	-216,879
Metering devices for rent	-85,109	-82,747
Interest rate instruments	-643	0
Calculation of effective interest	-603	-4,217
Work in progress	-20,701	-19,930
Finance leases	-2,047	-3,758
Costs to obtain a contract	-5,454	0
Other timing differences	-6,816	-5,295
Offsetting	132,032	158,199
Total deferred tax liabilities	**-199,102**	**-174,627**
Net deferred tax assets (+), deferred tax liabilities (-)	**-197,603**	**-171,832**

At the balance sheet date, tax losses carried forward of approximately EUR 811.2 million, thereof 234.4 million German corporate tax and 546.4 million German trade tax (March 31, 2017: EUR 945.0 million, thereof 308.7 million German corporate tax and 605.8 million German trade tax) exist, of which EUR 28.1 million (March 31, 2017: EUR 28.1 million) were not recognized as a deferred tax assets due to uncertain usability. The current estimate of the write-downs on the net losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

A tax group exists between TEMS KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH and bautec Energiemanagement GmbH.

The basis for the calculation of deferred taxes in Germany is the future tax rate of 30.01 percent (March 31, 2017: 29.96 percent).

Of the deferred tax assets resulting from provisions for pensions amounting to EUR 4,888 thousand (March 31, 2017: EUR 5,376 thousand), the amount of EUR 2,940 thousand (March 31, 2016: EUR 3,102 thousand) was directly recognized in equity.

The deferred taxes include non-current deferred tax assets of EUR 1,363 thousand and non-current deferred tax liabilities of EUR 171,873 thousand.

Deferred tax liabilities due to step-ups and recognition of assets as a result of purchase price allocations are reduced as a result of the depreciation of the assets over their useful life. They will not affect cash in future.

The unused tax losses of EUR 28.1 million for which no deferred tax asset has been recognized as at March 31, 2018, mainly relate to the following entities:

EUR thousand	Expiring within (years)	Amount as at Mar 31, 2018
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Germany	unlimited	10,645
Techem AB, Sweden	unlimited	5,124
Techem Energy Services S.L.U., Spain	unlimited	3,742
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	3,489
Techem Sverige AB, Sweden	unlimited	2,909
Techem Norge AS, Norway	unlimited	2,193
Total		**28,102**

11. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Contract liabilities[1]	**77,325**	**0**
Liabilities to shareholders[2]	**4,500**	**12,088**
Other taxes	9,051	11,169
Advances received	1,641	1,365
Deferred income[1]	115	70,549
Other	55	73
Sundry liabilities	**10,862**	**83,156**
Guarantee deposits received	4,781	4,769
Liabilities from swap interest	1,940	8,722
Commissions	272	406
Liabilities from hedging instruments[3]	0	14,954
Other	11,784	11,707
Other financial liabilities	**18,777**	**40,558**

1) See section E. Changes in accounting

2) For details see note 15 and section G. Other disclosures – "Transactions with related parties"

3) See section G. Other disclosures – "Concentration of risk"

The opening balance of current contract liabilities amounted to EUR 71,693 thousand as at April 1, 2017.

The current contract liabilities as at March 31, 2018 mainly result from additions based on new customer contracts and reclassifications from non-current contract liabilities, while the major part of current contract liabilities as at April 1, 2017 was released to revenue in the financial year 2017/2018 (see note 20).

The current liabilities to shareholders comprise interest liabilities to MEIF II Finance Holdings S.à r.l.

The other taxes primarily include payroll tax and value-added tax.

12. Financial liabilities – current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Loans[1]	0	328
Interest payable[1]	12,121	31,930
Financial liabilities[1]	**12,121**	**32,258**

1) See note 14

13. Other provisions – current

EUR thousand	Apr 1, 2016	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Mar 31, 2017
Personnel	26,113	-22,317	20,310	-2,453	-35	0	21,618
Maintenance services	6,758	-5,603	431	-50	0	4,219	5,755
Warranties	5,791	-2,753	2,951	-826	-1	0	5,162
Legal fees	464	-253	343	-86	0	0	468
Restructuring	10,290	-6,705	8,733	-1,269	0	0	11,049
Other	28,611	-25,785	2,839	-1,806	0	260	4,119
Other provisions	**78,027**	**-63,416**	**35,607**	**-6,490**	**-36**	**4,479**	**48,171**

EUR thousand	Apr 1, 2017	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Mar 31, 2018
Personnel	21,618	-17,778	18,861	-2,477	0	0	20,224
Maintenance services[1)]	780	-392	0	0	0	0	388
Warranties	5,162	-4,105	2,785	-555	0	0	3,287
Legal fees	468	-232	409	-332	0	0	313
Restructuring	11,049	-5,958	1,542	-2,705	0	5,860	9,788
Other[1)]	4,119	-2,073	5,268	-2,256	0	41	5,099
Other provisions	**43,196**	**-30,538**	**28,865**	**-8,325**	**0**	**5,901**	**39,099**

1) See section E. Changes in accounting

The personnel provisions mainly relate to provisions for variable remuneration and outstanding vacation entitlements. Additionally, provisions for time credits of employees are included, which result from overtime worked.

Maintenance service provisions have been recognized in order to allow for the exchange of equipment under maintenance agreements. Due to the conversion to IFRS 15 *Revenue from contracts with customers* in the financial year 2017/2018, the provisions from April 1, 2017 onwards only relate to cases where devices covered by maintenance agreements are defect or have exceeded their legal calibration term but have not yet been exchanged by the Company as at the balance sheet date.

The provision for warranties mainly relates to obligations due to defective devices, incorrect billing and faulty installation services.

In the current financial year, the restructuring provision mainly relates to a program to optimize the functional areas in Germany. These restructuring provisions for optimization of the operational processes are calculated on a certain number of full-time employees multiplied by the average personnel costs according to the social plan, which was agreed with the worker’s council. In the course of the various initiatives, especially the actual numbers of employees, the individual salaries or individual giving notices can deviate from the assumption above.

The increase of the amount reported under “Other” in the financial year 2017/2018 mainly results from an increase in provisions for interest on corporate trade tax, which is partially offset by a decrease of provisions for settlement payments and commissions to commercial representatives.

Net exchange differences are not disclosed separately because they are not material. They are included in the “Reversals” column.

14. Financial liabilities – non-current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Loans	1,587,997	611,964
Notes	0	724,552
Financial liabilities[1)]	**1,587,997**	**1,336,516**

1) In the Notes to the consolidated financial statements of the financial year 2016/2017 information regarding lease liabilities had been included in the notes "Financial liabilities – current" and "Financial liabilities – non-current". For further information regarding lease liabilities, see note 27.

On August 3, 2017, Techem Energy Metering Service GmbH & Co. KG and Techem GmbH in their capacity as borrowers executed a Senior Facilities Agreement ("SFA"). This new syndicated loan includes a Term Loan B of EUR 1,600,000 thousand (due in October 2024) and a Revolving Credit Facility of 150,000 thousand (due in October 2023). This new financing replaced the previous financing, which was originally executed in September 2012 and had been amended from time to time. After the last refinancing by way of amendment and extension in November 2015, the previous financing had included the Senior Secured Notes (EUR 410,000 thousand), the Senior Subordinated Notes (EUR 325,000 thousand) and the Facilities under the previous Senior Secured Facilities Agreement (Facility A: EUR 555,000 thousand; Capex Facilities I and II: EUR 210,000 thousand in total; Revolving Credit Facility: EUR 50,000 thousand).

The funds flow of the proceeds regarding the new Term Loan B as well as the repayment of the previous facilities and notes occurred on October 2, 2017. In this course proceeds regarding the new Term Loan B of EUR 1,588,712 thousand were received. The refinancing transaction costs of EUR 11,288 thousand were directly withheld by the banks. In addition, refinancing transaction costs of EUR 2,831 thousand were paid by the Company and recognized under "Transaction costs relating to Refinancing" in the cash flows from financing activities of the consolidated statement of cash flows in the financial year 2017/2018. In total, refinancing transaction costs amounting to EUR 14,119 thousand, were recognized in the consolidated statement of financial position. In addition to the cash flow movements resulting from the new refinancing as described above, the drawing of the previous Capex Facility II of EUR 50,000 thousand in April 2017 was a significant cash flow movement regarding proceeds from borrowings in the financial year 2017/2018.

On the other hand, the previous Facility A (EUR 555,000 thousand), the previous drawn down Capex Facilities I and II (EUR 110,000 thousand in total), the previous Senior Secured Notes (EUR 410,000 thousand) and the previous Senior Subordinated Notes (EUR 325,000 thousand) were repaid. Additionally, break fees of EUR 12,734 thousand, mainly relating to the previous notes, and repayment of a loan of an international subsidiary amounting to EUR 293 thousand led to repayments of borrowings of EUR 1,413,027 thousand in total.

As at March 31, 2018, the Company has the whole principal amount outstanding under the EUR 1,600,000 thousand Term Loan B of the Senior Facilities Agreement as well as EUR 146,833 thousand unutilized commitments under the EUR 150,000 thousand Revolving Credit Facility (utilized commitments being EUR 0 thousand drawn as cash and EUR 3,167 thousand drawn by way of guarantees).

For both facilities under the new Senior Facilities Agreement, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. Until July 2018, the relevant margin will be 300 basis points for both facilities. Afterwards, the relevant margin may vary between 300 basis points and 250 basis points regarding Term Loan B and between 300 basis points and 200 basis points regarding the Revolving Credit Facility, depending on the Priority Debt Net Leverage Ratio in respect of the most recently completed test period preceding the interest payment. In case of a negative EURIBOR the margin will not be reduced. The Company has entered into payer-swap-agreements with a nominal amount of EUR 1,600,000 thousand to hedge these interest rate risks. For the facilities under the previous Senior Secured Facilities Agreement the relevant margin was 275 basis points from April 1, 2017 until October 2, 2017. The previous Senior Secured Notes had a fixed coupon rate of 6.125% and the previous Senior Subordinated Notes had a fixed coupon rate of 7.875%.

The loan agreements specify certain limits for the Priority Debt Net Leverage Ratio. If the ratio lies above these limits, a certain percentage of an excess cash flow adjusted by extraordinary effects, which is also defined in the agreement, has to be used for mandatory prepayments of the Term Loan B. This excess cash flow has to be calculated yearly for the preceding twelve-month period. Interest payments on the Term Loan B are currently made on the basis of the three-month-EURIBOR. As at March 31, 2018, accrued interest on the loans of the Senior Facilities Agreement amounts to EUR 12,068 thousand.

The liabilities under the Senior Facilities Agreement and certain hedging arrangements are secured on a first priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The liabilities under the Senior Facilities Agreement are guaranteed on a senior basis by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and each subsidiary of Techem GmbH that is a guarantor under the Senior Facilities Agreement (each a "Subsidiary Guarantor"). These Subsidiary Guarantors are Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH and Techem Vermögensverwaltung GmbH & Co. KG.

MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and the Subsidiary Guarantors grant the following liens and security interests on an equal and ratable basis to secure the Senior Facilities:

(a) a first-priority pledge over the limited partnership interests of Techem Energy Metering Service GmbH & Co. KG and the shares of capital stock of Techem Energie GmbH, the general partner of Techem Energy Metering Service GmbH & Co. KG, held by MEIF II Germany Holdings S.à r.l. and the general partnership interests in Techem Energy Metering Service GmbH & Co. KG held by Techem Energie GmbH;

(b) a first-priority pledge over the shares of capital stock of each of Techem GmbH and the Subsidiary Guarantors;

(c) an assignment of intercompany receivables of MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and the Subsidiary Guarantors; and

(d) first-priority pledges of all the bank accounts held by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and the Subsidiary Guarantors.

The pledged shares had the following book values according to local GAAP before consolidation as at March 31, 2018: Techem Energie GmbH (EUR 59 thousand; directly owned by MEIF II Germany Holdings S.à r.l.), Techem Energy Metering Service GmbH & Co. KG (EUR 251,739 thousand; directly and indirectly owned by MEIF II Germany Holdings S.à r.l.), Techem GmbH (EUR 1,431,037 thousand; directly owned by Techem Energy Metering Service GmbH & Co. KG), Techem Energy Services GmbH (EUR 179,442 thousand; directly and indirectly owned by Techem GmbH), Techem Vermögensverwaltung GmbH & Co. KG (EUR 874,833 thousand; directly owned by Techem GmbH), Techem Energy Contracting GmbH (EUR 35,066 thousand; directly owned by Techem Energy Services GmbH), bautec Energiemanagement GmbH (EUR 16,055 thousand; directly owned by Techem Energy Services GmbH) and Techem Verwaltungs GmbH (EUR 45 thousand; directly owned by Techem GmbH).

In addition to the pledged shares, the obligations are secured by various assets which were assigned for security purposes. These assets are as follows:

EUR thousand	**Mar 31, 2018**
Intercompany receivables according to the SFA	25,653
Cash at bank	232,110
Total collateral (in addition to the pledged shares)	**257,763**

Under the financing arrangements, covenants have to be complied with and have to be reported to the participating banks as part of a bank reporting. For March 31, 2018, preliminary calculations indicate no issues.

In the financial year 2017/2018, the average interest rate for the financial year is 4.96 percent (2016/2017: 6.99 percent).

15. Contract liabilities, liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

EUR thousand	Mar 31, 2018	Mar 31, 2017
Contract liabilities[1)]	**5,118**	**0**
Liabilities to shareholders	**48,622**	**185,976**
Deferred income[1)]	478	1,433
Other	0	8
Sundry liabilities	**478**	**1,441**
Trade accounts payable	1,196	1,443
Guarantee deposits received	528	710
Other	59	149
Other financial liabilities	**1,783**	**2,302**

1) See section E. Changes in accounting

The opening balance of non-current contract liabilities amounted to EUR 4,890 thousand as at April 1, 2017.

The increase in non-current contract liabilities from April 1, 2017 to March 31, 2018 is mainly due to additions based on new customer contracts which exceed the reclassifications into current contract liabilities in the financial year 2017/2018.

Liabilities to shareholders of EUR 48,622 thousand (March 31, 2017: EUR 185,976 thousand) relate to loans owed to the parent company of MEIF II Germany.

The liabilities owed to the parent of MEIF II Germany consist of the following single loan agreements with the following conditions:

	Amount drawn down				
EUR thousand	Mar 31, 2018	Mar 31, 2017	Total facility	Interest rate	Repayment date
Shareholder loan agreement – entered into on Feb 13, 2007	22,813	87,260	360,000	13.0%	Dec 31, 2027
Shareholder loan agreement – entered into on Dec 20, 2007	25,809	98,716	400,000	13.0%	Dec 31, 2027
Liabilities to shareholders – non-current[1)]	**48,622**	**185,976**	**760,000**		

1) For further details, see section G. Events after the balance sheet date

Deferred income contains the deferred gain from the sale and leaseback of land and buildings of Techem Messtechnik Ges.m.b.H. The transaction had taken place in the financial year 2005/2006.

16. Provisions for pensions and other post-employment benefits

Post-employment benefit plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee’s period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage on insured salary.

The provisions for pensions and other post-employment benefits are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined in accordance with IAS 19 („Employee benefits“) using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2005 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions of IAS 19 for plan assets. Accordingly, plan assets are set off against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the movement in interest rates on capital markets. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension commitments. The reinsurances are not traded on an active market.

The following table shows the changes in post-employment benefit obligations in each reporting period:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Present value of funded obligations	19,151	21,586
Fair value of plan assets	-14,740	-15,649
Deficit	**4,411**	**5,937**
Present value of unfunded obligations	18,392	18,880
Balance as at Mar 31	**22,803**	**24,817**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

EUR thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Apr 1, 2016	**39,753**	**14,656**	**25,097**
Remeasurements[1]	645	678	-33
Exchange rate differences on foreign plans	409	263	146
Derecognition of obligations/plan assets covered by insurance companies	-205	-205	0
Employees moving from/to other companies	-321	-321	0
Disposal of subsidiaries	-16	0	-16
Current service costs[2]	1,415	0	1,415
Interest costs/income[2]	447	162	285
Pension payments	-1,661	-553	-1,108
Employer contributions to plan assets	0	507	-507
Employee contributions to plan assets	0	462	-462
Balance as at Mar 31, 2017	**40,466**	**15,649**	**24,817**
Balance as at Apr 1, 2017	**40,466**	**15,649**	**24,817**
Remeasurements[1]	-839	111	-950
Exchange rate differences on foreign plans	-1,636	-1,101	-535
Derecognition of obligations/plan assets covered by insurance companies	-337	-337	0
Employees moving from/to other companies	-560	-560	0
Disposal of subsidiaries	0	0	0
Current service costs[2]	1,321	0	1,321
Interest costs/income[2]	397	133	264
Pension payments	-1,269	-74	-1,195
Employer contributions to plan assets	0	470	-470
Employee contributions to plan assets	0	449	-449
Balance as at Mar 31, 2018	**37,543**	**14,740**	**22,803**

1) Positions recognized in other comprehensive income

2) Positions recognized in current income

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets were each reduced by EUR 337 thousand in 2017/2018 (2016/2017: EUR 205 thousand).

The current service costs are included in the personnel expenses. The interest costs and the return on plan assets are included in the financial result. Remeasurements are recognized in other comprehensive income.

The breakdown of remeasurements is as follows:

EUR thousand	2017/2018	2016/2017
Actuarial gains/losses from changes in financial assumptions	-1,002	-34
Actuarial gains/losses from changes in demographic assumptions	0	-561
Experience gains/losses	163	1,240
Gains/losses from changes related to plan assets	-111	-678
Remeasurements, recognized in other comprehensive income	**-950**	**-33**

The basic assumptions applied in the computation of the pension provisions are as follows (average values):

	Mar 31, 2018	Mar 31, 2017
Discount rate	1.21%	1.02%
Salary increases	1.97%	1.93%
Annuity increases	0.99%	0.95%

As at March 31, 2018, an average discount rate of 1.35 percent was applied to German defined benefit obligations. The discount rates applying to non-German defined benefit obligations in 2017/2018 were between 0.65 percent and 3.25 percent.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25 percentage points	Decrease by 3.2%
	Decrease by 0.25 percentage points	Increase by 3.7%
Salary increases	Increase by 1.0 percentage points	Increase by 0.9%
	Decrease by 1.0 percentage points	Decrease by 1.0%
Annuity increases	Increase by 1.0 percentage points	Increase by 8.5%
	Decrease by 1.0 percentage points	Decrease by 4.2%
Life expectancy	Increase by 1 year	Increase by 3.2%
	Decrease by 1 year	Decrease by 3.1%

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2017/2018, the expenses for contribution-based pension schemes amounted to EUR 11,184 thousand (2016/2017: EUR 11,459 thousand), thereof for the German entities EUR 10,137 thousand (2016/2017: EUR 10,743 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2018/2019, contributions to the plan assets are expected to amount to EUR 912 thousand. In the prior financial year, contributions to the plan assets in the financial year 2017/2018 were expected to amount to EUR 970 thousand.

The weighted average duration of the pension plans is 15.0 years (2016/2017: 15.6 years).

The maturity analysis of the benefit payments is as follows:

Maturity	< 1 year	1-2 years	2-5 years	> 5 years
EUR thousand	1,751	1,932	5,424	38,406

17. Other provisions – non-current

EUR thousand	Apr 1, 2016	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2017
Maintenance services	19,678	-1,546	6,215	-48	-4,219	395	20,475
Restructuring	0	0	7,963	0	0	33	7,996
Partial retirement and anniversary bonuses	5,725	-8	335	-448	0	120	5,724
Other	2,545	-15	371	-118	-260	66	2,589
Other provisions	**27,948**	**-1,569**	**14,884**	**-614**	**-4,479**	**614**	**36,784**

EUR thousand	Apr 1, 2017	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2018
Maintenance services[1)]	0	0	0	0	0	0	0
Restructuring	7,996	0	0	0	-5,860	115	2,251
Partial retirement and anniversary bonuses	5,724	-4	368	-324	0	129	5,893
Other[1)]	2,568	0	1,411	-48	0	-6	3,925
Other provisions	**16,288**	**-4**	**1,779**	**-372**	**-5,860**	**238**	**12,069**

1) See section E. Changes in accounting

Generally, a discount rate of 2.16 percent was applied to the provisions (the risk premium was taken into account in the measurement of future cash outflows).

The restructuring provision mainly relates to a program to optimize the functional areas in Germany.

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversal" column.

18. Equity

Share capital. As at March 31, 2018, the share capital of the Company was EUR 103,000 (March 31, 2017: EUR 103,000) consisting of 4,120 shares (March 31, 2017: 4,120 shares) having a nominal value of EUR 25 each.

Capital reserves. As at March 31, 2018, capital reserves were EUR 701,237,393 (March 31, 2017: EUR 789,054,506).

The decrease in capital reserve resulted from the partial reduction of the share premium of the Company amounting to a total of EUR 87,817,113 in April 2017.

Convertible loan. On December 20, 2007, MEIF II Germany (borrower) had entered into a convertible loan agreement with its parent company (lender). In September 2012, MEIF II Luxembourg Holdings S.à r.l. assigned the convertible loan agreement to the new parent company MEIF II Finance Holdings S.à r.l. The loan agreement had an indefinite term and bore no interest. With resolution dated December 9, 2016, the convertible loan was wholly converted into share capital and capital reserves.

Under IAS 32 this convertible loan was accounted for as equity, because the borrower did not have an obligation to deliver cash as a result of the borrower's unconditional right to avoid cash settlement. Furthermore, there was no obligation to deliver returns in cash as such returns were contingent upon dividends being declared on ordinary equity.

Capital management disclosures. Among its objectives, MEIF II Germany Group is endeavoring to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue, EBITDA and free cash flow are direct management criteria.

The following table shows the change in equity and financial liabilities:

EUR thousand	Mar 31, 2018	Mar 31, 2017	Change (%)	Apr 1, 2016
Equity attributable to owners of the parent	267,463	259,833		329,173
Non-controlling interest	36	0		0
Equity	**267,499**	**259,833**	**2.95**	**329,173**
as percentage of total equity and financial liabilities	13.83	15.90		20.06
Financial liabilities current	12,121	32,258		31,891
Financial liabilities non-current	1,587,997	1,336,516		1,272,809
Lease liabilities current	16,957	2,150		1,790
Lease liabilities (non-current)	49,725	3,198		4,871
Financial liabilities and lease liabilities	**1,666,800**	**1,374,122**	**21.30**	**1,311,361**
as percentage of total equity and financial liabilities	86.17	84.10		79.94
Total equity and financial liabilities	**1,934,299**	**1,633,955**	**18.38**	**1,640,534**

19. Categories of financial assets and financial liabilities

The following table provides an overview of carrying amounts and fair values of the financial instruments in the MEIF II Germany Group in accordance with IAS 39 and IFRS 7:

	Mar 31, 2018		Mar 31, 2017	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Category: Loans and receivables				
Measurement at amortized cost				
Cash and cash equivalents (excl. other investments)[1]	248,973	248,973	161,680	161,680
Trade accounts receivable (current)	181,310	181,310	276,119	276,119
Other financial assets (current)[2]	2,728	2,728	2,143	2,143
Other financial assets (non-current)	7,742	7,573	79,451	73,776
Category: Financial assets at fair value through profit or loss				
Measurement at fair value				
Cash equivalents (other investments)	3,152	3,152	3,755	3,755
Hedging instruments not subject to hedge accounting	2,701	2,701	0	0
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)	50,221	50,221	64,460	64,460
Trade accounts payable (non-current)	1,196	1,196	1,443	1,443
Other financial liabilities (current)[3]	18,777	18,777	25,604	25,604
Other financial liabilities (non-current)[4]	587	587	859	859
Financial liabilities (current)	12,121	12,121	32,258	32,258
Financial liabilities (non-current)	1,587,997	1,697,919	1,336,516	1,408,305
Lease liabilities (current)	16,957	16,957	2,150	2,150
Lease liabilities (non-current)	49,725	48,318	3,198	3,184
Liabilities to shareholders (current)[5]	4,500	4,500	12,088	12,088
Liabilities to shareholders (non-current)[5]	48,622	93,185	185,976	297,231
Category: Financial liabilities at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	0	0	14,954	14,954

1) As at March 31, 2018, other investments to the amount of EUR 3,152 thousand are reported in the category "Financial assets at fair value through profit or loss" (March 31, 2017: EUR 3,755 thousand).

2) As at March 31, 2018, the balance sheet item also includes interest rate instruments of EUR 2,701 thousand (March 31, 2017: EUR 0 thousand), which are reported in the category "Financial assets at fair value through profit or loss".

3) As at March 31, 2018, the balance sheet item also includes interest rate instruments of EUR 0 thousand (March 31, 2017: EUR 14,954 thousand), which are reported in the category "Financial liabilities at fair value through profit or loss".

4) As at March 31, 2018, the balance sheet item also includes non-current trade accounts payable of EUR 1,196 thousand (March 31, 2017: EUR 1,443 thousand). They are reported in the categories "Financial liabilities measured at amortized cost".

5) See section G. Events after the balance sheet date.

Non-current other financial assets consist of the following:

EUR thousand	Mar 31, 2018 Carrying amount	Mar 31, 2018 Fair value	Mar 31, 2017 Carrying amount	Mar 31, 2017 Fair value
Trade accounts receivable	3,211	3,211	6,070	6,070
Tax reserve account	0	0	38,300	34,553
Finance lease receivables	4,128	3,959	34,734	32,806
Receivables from investments accounted for using the equity method	153	153	153	153
Other	250	250	194	194
Total	**7,742**	**7,573**	**79,451**	**73,776**

Non-current financial liabilities consist of the following:

EUR thousand	Mar 31, 2018 Carrying amount	Mar 31, 2018 Fair value	Mar 31, 2017 Carrying amount	Mar 31, 2017 Fair value
Loans	1,587,997	1,697,919	611,964	644,558
Notes	0	0	724,552	763,747
Total	**1,587,997**	**1,697,919**	**1,336,516**	**1,408,305**

The following table shows the development of loans, notes, lease liabilities and shareholder loans in the financial year 2017/2018:

EUR thousand	Loans[1)]	Notes[1)]	Lease liabilities	Shareholder loans[2)]	Total
Carrying amount as at Apr 1, 2017	**612,292**[3)]	**724,552**	**79,586**[4)]	**185,976**	**1,602,406**
Proceeds from borrowings	1,638,709	0	0	0	1,638,709
Repayments of borrowings[5)]	-665,293	-735,000	0	0	-1,400,293
Repayments of lease liabilities	0	0	-20,130	0	-20,130
Repayment of non-current loans from shareholders	0	0	0	-137,354	-137,354
Transaction costs paid	-2,831	0	0	0	-2,831
Cash items	**970,585**	**-735,000**	**-20,130**	**-137,354**	**78,101**
Additions	0	0	8,749	0	8,749
Disposals	0	0	-1,152	0	-1,152
Currency translation	-35	0	-371	0	-406
Reversal of transaction costs	5,155	10,448	0	0	15,603
Non-cash items	**5,120**	**10,448**	**7,226**	**0**	**22,794**
Carrying amount as at Mar 31, 2018	**1,587,997**	**0**	**66,682**	**48,622**	**1,703,301**

1) Excluding interest payable, which are reported under current financial liabilities (see note 12) and solely depict cash items

2) Excluding interest payable, which are reported under current liabilities to shareholders (see note 11) and solely depict cash items

3) Including current loans (see note 12)

4) See section E. Changes in accounting

5) As at March 31, 2018, the "Repayments of borrowings" in the consolidated statement of cash flows amounts to EUR 1,413,027 thousand. The difference of EUR 12,734 thousand relates to the break fees, which were paid in the course of the refinancing in October 2017 (see note 14).

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

- level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement

- level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data

- level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

EUR thousand	Level 1	Level 2	Level 3	Total
Mar 31, 2018				
Cash equivalents (other investments)	3,152	0	0	3,152
Hedging instruments not subject to hedge accounting	0	2,701	0	2,701
Financial assets	**3,152**	**2,701**	**0**	**5,853**
Mar 31, 2017				
Cash equivalents (other investments)	3,755	0	0	3,755
Financial assets	**3,755**	**0**	**0**	**3,755**
Hedging instruments not subject to hedge accounting	0	14,954	0	14,954
Financial liabilities	**0**	**14,954**	**0**	**14,954**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2017/2018.

The fair value of all current items is approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets with the exception of the finance lease receivables and the tax reserve account (as at March 31, 2017), non-current trade accounts payable and non-current other financial liabilities, it is assumed that the carrying amounts are approximately equivalent to their fair values.

The fair value of other investments is based on quoted market prices on an active market at the balance sheet date.

The fair values of hedging instruments not subject to hedge accounting are determined using the mark-to-market valuation method (interest rate swaps) and the Black-Scholes option pricing model (embedded interest floor as at March 31, 2017). They are then adjusted by the own credit risk of MEIF II Germany Group (or the counterparty credit risk). The expected exposure to the credit risk is calculated on the basis of a simulation of a possible future market scenario. The simulation is performed based on parameters derived from observable market data at the balance sheet date. To calculate the probability of default and the loss given default, the Company's CDS spreads are used. The credit risk is discounted using term adequate risk-free interest rates.

The fair values of non-current financial assets (finance lease receivables) and non-current lease liabilities, measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate applied to these cash flows is the Company's cost of capital or the incremental borrowing rate. The discounted cash flows are then adjusted by the credit risk of MEIF II Germany Group based on its CDS spreads.

The fair values of the notes were their quoted market prices as at March 31, 2017.

The fair values of non-current financial liabilities (loans), non-current liabilities to shareholders and non-current financial assets (tax reserve account as at March 31, 2017), measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of the counterparty or the Company.

The fair values of the notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the tax reserve account, non-current finance lease receivables, non-current financial liabilities (excluding the notes), non-current lease liabilities as well as non-current liabilities to shareholders are attributed to Level 2.

Net gains or losses on financial instruments of MEIF II Germany Group consist of the following:

EUR thousand	Loans and receivables	Financial assets at fair value through profit and loss	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss
2017/2018				
Other expenses	**-725**[1)]	**0**	**0**	**0**
Financial income	**701**[2)]	**2,704**	**0**	**14,954**
Finance costs	**-194**	**-1,943**	**-94,025**[3)]	**-10,618**
Net result	**-218**	**761**	**-94,025**	**4,336**
2016/2017				
Other expenses	**-1,364**[1)]	**0**	**0**	**0**
Financial income	**3,017**[2)]	**3**	**0**	**20,662**
Finance costs	**0**	**0**	**-97,755**[3)]	**-21,922**
Net result	**1,653**	**3**	**-97,755**	**-1,260**

1) Other expenses include gains resulting from the reduction of valuation allowances on trade accounts receivable.

2) Financial income includes interest income, mainly resulting from installment-based business and from finance lease, which are measured using the effective interest method.

3) Finance costs include interest expenses, mainly resulting from loans and notes, which are measured using the effective interest method.

20. Revenue

EUR thousand	2017/2018	2016/2017
Geographical region		
Germany	577,757	576,010
Other countries	188,712	206,702
Major product and service lines		
Energy Services		
Reading and billing services	336,846	337,232
Rental and associated service revenue	219,551	212,120
Sales	89,468	110,808
Maintenance services	33,894	31,502
Other	1,798	1,587
Energy Contracting	84,912	89,463
Total revenue	**766,469**	**782,712**

In the financial year 2017/2018, revenue recognized over time amounted to EUR 654,689 thousand and revenue recognized at a point in time amounted to EUR 111,780 thousand.

The sources of revenue were as follows:

EUR thousand	2017/2018	2016/2017
Revenue from contracts with customers	765,211	775,603
Revenue from other sources	1,258	7,109
Total revenue	**766,469**	**782,712**

Revenue recognized in the financial year 2017/2018 that was included in the contract liability balance as at April 1, 2017 amounted to EUR 69,621 thousand.

The following table provides an overview of amounts of the transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at Mar 31, 2018:

EUR thousand	Up to one year	Between one year and five years	Between five years and ten years	Over ten years	Total
Mar 31, 2018					
Reading and billing services	104,185	158,486	33,385	365	296,421
Rental and associated service revenue	184,478	467,922	92,962	1,210	746,572
Other	15	47	20	0	82
Total	**288,678**	**626,455**	**126,367**	**1,575**	**1,043,075**

Techem has elected not to disclose transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) if they are part of a contract with an original expected duration of one year or less. This mainly relates to the product and service lines Sales and Maintenance services.

Furthermore, transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) of the product and service line Energy Contracting are not disclosed as permitted under IFRS 15. For these products and services, the Company recognizes revenue in the amount to which the Company has a right to invoice as it has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

21. Capitalized internal work

EUR thousand	2017/2018	2016/2017
Capitalized internal work from installation	6,116	5,985
Capitalized internal work from projects	5,918	3,637
Capitalized costs to obtain a contract and costs to fulfill a contract[1]	3,022	0
Capitalized internal work	**15,056**	**9,622**

1) See section E. Changes in accounting

Capitalized internal work from installation relates to the rental business and is capitalized within metering devices for rent.

Capitalized internal work from projects solely refers to intangible assets.

22. Other income

EUR thousand	2017/2018	2016/2017
Gains on foreign exchange	207	376
Gains on the disposal of fixed and intangible assets	942	391
Other	7,315	6,505
Other income	**8,464**	**7,272**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date. The position "Other" containes profit in conjunction with the cancellation of rental contracts amounting to EUR 4,005 thousand (2016/2017: EUR 4,145 thousand).

23. Product expenses and purchased services

EUR thousand	2017/2018	2016/2017
Material expenses	-91,245	-110,134
External workforce	-57,951	-69,884
Commercial representatives and other commissions	-2,248	-10,076
Replacement expenses	-2,092	-2,138
Research and development costs	-87	-125
Other	-5,842	-5,771
Product expenses and purchased services	**-159,465**	**-198,128**

24. Other expenses

EUR thousand	2017/2018	2016/2017
IT	-28,459	-24,732
Consultancy	-11,457	-13,816
Travel and car expenses	-8,135	-14,510
Advertising and promotion	-4,898	-5,782
Communication costs	-4,518	-5,210
Rent	-3,028	-17,440
Write-downs and valuation allowance on receivables	-725	-1,364
Research and development costs	-673	-918
Losses on foreign exchange	-432	-487
Losses on the disposal of fixed and intangible assets	-155	-89
Other	-12,875	-17,828
Other expenses	**-75,355**	**-102,176**

The losses on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date.

In addition to the above mentioned research and development costs amounting to EUR 673 thousand (2016/2017: EUR 918 thousand), further research and development costs are included in personnel expenses amounting EUR 3,307 thousand (2016/2017: EUR 3,511 thousand) and in product expenses amounting EUR 87 thousand (2016/2017: EUR 125 thousand).

25. Financial income and finance costs

EUR thousand	2017/2018	2016/2017
Interest income	731	3,063
Gains on foreign exchange resulting from intercompany loans	1,672	1,799
Gains on hedging instruments measured at fair value	17,655	20,662
Other financial income	28	18
Total financial income	**20,086**	**25,542**
Losses on hedging instruments measured at fair value	0	-1,057
Interest expense	-78,266	-40,748
Interest expense on notes	-26,992	-53,792
Interest expense on shareholder loans	-16,588	-24,177
Losses on foreign exchange resulting from intercompany loans	-1,680	-1,488
Interest expense on provisions	-635	-1,060
Total finance costs	**-124,161**	**-122,322**
Financial income and finance costs	**-104,075**	**-96,780**

In 2017/2018, interest income from installment-based business amounts to EUR 189 thousand (2016/2017: EUR 245 thousand).

In August 2017 the old financing structure was replaced by a new loan of EUR 1.6 billion and a Revolving Credit Facility of EUR 150,000 thousand (see note 14). As a result of the refinancing process the position "Interest expense" contains an additional expense amounting EUR 24,856 thousand in the financial year 2017/2018.

26. Income taxes

EUR thousand	2017/2018	2016/2017
Current income taxes		
Germany	-11,360	-2,549
Other countries	-10,113	-11,962
Total income taxes	**-21,473**	**-14,511**
Deferred taxes		
Utilization of tax losses carried forward	-19,818	-18,915
Tax effect from temporary differences	5,488	-6,424
Total deferred taxes	**-14,330**	**-25,339**
Total tax income/expense	**-35,803**	**-39,850**

According to German tax law, income taxes comprise corporate tax, trade tax and the solidarity surcharge.

In the financial year 2017/2018, the weighted average tax rate for the Company is 30.01 percent (2016/2017: 29.96 percent).

In 2012, a tax audit of TEMS KG, being the parent company of the tax group (since 2006), had commenced for the years 2006 to 2009. The tax audit report for the years 2006 to 2009 was finalised on February 23, 2018. All tax effects arising from the audit were reflected in the consolidated financial statements as per March 31, 2018.

In October 2015, the tax audit was extended for the period from 2010 to 2013. Subsequently, the tax authorities extended the tax audit for the periods 2014 and 2015. These filing periods, as well as all subsequent periods, may be subject to a re-audit.

Deferred taxes have been calculated using the relevant enacted tax rate.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2017/2018		2016/2017	
	EUR thousand	%	EUR thousand	%
Expected income tax	**-31,692**	**30.0**	**-19,684**	**30.0**
Differences from differing tax rates	2,509	-2.5	2,544	-3.9
Change in tax rate for deferred taxes	-385	0.4	-35	0.0
Permanent differences	-5,977	5.7	-5,822	8.9
Taxes unrelated to the reporting period	916	-0.9	21	0.0
Unrecognized deferred tax assets on tax losses carried forward	-1,332	1.3	-784	1.2
Derecognition of tax losses carried forward	0	0.0	-15,016	22.9
Other	158	-0.1	-1,074	1.6
Effective tax expense and tax rate	**-35.803**	**33.9**	**-39,850**	**60.7**

The changes in tax rate for deferred taxes in the financial year 2017/2018 results from changes in the trade tax rate from 14.13 percent to 14.18 percent.

The changes in tax rate for deferred taxes in the financial year 2016/2017 resulted from changes in the trade tax rate from 13.97 percent to 14.13 percent and a decrease in the tax rate in France.

In both financials years, the position “Permanent differences” mainly relates to the non-deductible portion of interest expense.

In the financial year 2017/2018, the increase of taxes unrelated to the reporting period resulted from the tax audit.

In the financial year 2016/2017, the derecognition of tax losses carried forward resulted from the tax audit.

27. Leases

The Company as lessee

The Company mainly leases various properties, IT equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, lease contracts are concluded for fixed periods with additional termination or prolongation options for one or both parties. In some cases, indefinite contract periods with certain termination options for one or both parties are agreed.

The lease agreements do not impose any restrictions or covenants.

The consolidated statement of profit or loss shows the following amounts relating to leases:

EUR thousand	2017/2018	2016/2017
Depreciation charge for right-of-use assets relating to:		
Land and buildings	13,190	0
Office furniture and equipment	7,749	0
Total depreciation charge for right-of-use assets	**20,939**	**0**
Interest expense on lease liabilities	2,135	266
Expense relating to variable lease payments not included in lease liabilities	362	0

The total cash outflow for leases in the financial year 2017/2018 was EUR 22,265 thousand.

The maturity analysis of lease liabilities as at March 31, 2018 is as follows:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Up to one year	16,957	2,150
Between one year and five years	39,316	1,182
Over five years	10,409	2,016
Total lease liabilities	**66,682**	**5,348**

During the financial year 2017/2018, there was no financial impact of revising lease terms to reflect the effect of exercising extension and termination options.

As at the balance sheet date, the Company is committed to some leases for property and vehicles not yet commenced at this date. Initial measurement of right-of-use assets and lease liabilities from these leases is expected to amount to EUR 10,820 thousand in the financial year 2018/2019, mainly relating to one property lease in Germany.

Furthermore, as at the balance sheet date, the Company has entered into an agreement with an external provider for various IT-services beginning in the financial year 2018/2019. At the date of this report, the possible effects from this agreement on lease accounting in the financial year 2018/2019 cannot be determined reliably as the detailed manner of provision of services is still under clarification between the Company and the external provider.

For further information regarding the right-of-use assets, we refer to note 7.

The Company as lessor

The Company enters into finance leases as lessor. These leases are primarily leases of heat generation plants and other technical equipment. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

The consolidated statement of profit or loss shows the following amounts relating to finance leases:

EUR thousand	2017/2018	2016/2017
Selling profit	280	1,156
Finance income on the net investment in the lease	258	2,672

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

EUR thousand	Mar 31, 2018	Mar 31, 2017
Total gross capital investment	5,804	54,032
Financial income not yet recognized	-911	-16,101
Net capital investment	**4,893**	**37,931**
Present value of the residual value	0	0
Present value of minimum lease payments	**4,893**	**37,931**
Finance lease receivables – current[1)]	-765	-3,197
Finance lease receivables – non-current[2)]	**4,128**	**34,734**

1) See note 1

2) See note 9

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

EUR thousand	Mar 31, 2018		Mar 31, 2017	
	Total gross capital investment	**Present value of minimum lease payments**	**Total gross capital investment**	**Present value of minimum lease payments**
Maturity				
Up to one year	989	765	5,641	3,197
Up to two years	1,237	1,004		
Up to three years	890	729		
Up to four years	731	611		
Up to five years	712	628		
Between one year and five years			21,702	13,843
More than five years	1,245	1,156	26,689	20,891
Total	**5,804**	**4,893**	**54,032**	**37,931**

The decrease in the amount of the net capital investment in the financial year 2017/2018 compared with the financial year 2016/2017 mainly results from the application of IFRS 15 and IFRS 16 in the financial year 2017/2018. For detailed information see section E. Changes in Accounting.

G. OTHER DISCLOSURES

Other financial obligations / Financial guarantees

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2018				
Financial obligations due to purchase of fixed assets	7,713	0	0	7,713
Financial obligations due to purchase of intangible assets	637	0	0	637
Financial obligations due to energy supply contracts	14,131	7,595	1,156	22,882
Other financial obligations	**22,481**	**7,595**	**1,156**	**31,232**

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2017				
Financial obligations due to purchase of fixed assets	4,475	115	0	4,590
Financial obligations due to purchase of intangible assets	704	0	0	704
Financial obligations due to energy supply contracts	17,084	19,688	1,975	38,747
Other financial obligations	**22,263**	**19,803**	**1,975**	**44,041**

As at March 31, 2018, financial guarantees in the amount of EUR 234 thousand have been issued (March 31, 2017: EUR 120 thousand).

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risks.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated.

As at March 31, 2018, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), was EUR 188.6 million (maximum default risk).

The maximum default risk arising from other investments and hedging instruments not subject to hedge accounting refers to their fair values and amounts to EUR 5,853 thousand as at March 31, 2018.

Liquidity risk. The Company has secured its financing by long-term loan agreements (Term Loan B due in October 2024 and the Revolving Credit Facility due in October 2023). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 14).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities as at March 31, 2018. The future cash flows are undiscounted cash flows including interest payments:

EUR thousand	Up to one year	Between one year and five years	More than five years	Total
Trade accounts payable	50,221	1,123	234	51,578
Other financial liabilities	18,777	9	578	19,364
Financial liabilities	49,055	194,800	1,685,200	1,929,055
Lease liabilities	18,524	42,525	10,924	71,973
Liabilities to shareholders	10,820	25,283	78,668	114,771
Total	**147,397**	**263,740**	**1,775,604**	**2,186,741**

Interest rate risk and interest rate management. Interest rate risks arise from the fact that the total amount of the loans are subject to a floating rate of interest (see note 14).

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the MEIF II Germany Group to hedge interest rate risks on variable cash flows. They are therefore cash flow hedges.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

Due to the previous refinancing by amendment and extension on November 5, 2015, an embedded option-based derivative was recognized as at March 31, 2017. It was an interest rate floor, which was embedded in the previous Senior Secured Facilities Agreement because of a regulation included in this agreement stating that the variable margin (EURIBOR) cannot be negative in any case. As a consequence, the fixed margin was always the minimum total margin in case of a negative EURIBOR. This aforementioned regulation is also included in the new Senior Facilities Agreement. Nevertheless, there is no embedded interest rate floor included in the new Senior Facilities Agreement because of the presumption that this floor would not be in-the-money and therefore must not be separated from the Term Loan B (see note 14).

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate swaps) and the Black-Scholes option pricing model (for the embedded interest rate floor), in both cases including a credit risk adjustment relating to the counterparty or the Company itself (see note 19). The market values of interest rate swaps and the embedded interest floor are reported as other financial assets or other financial liabilities.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

As at March 31, 2018, the Company has payer-swaps with a total nominal value of EUR 1,600,000 thousand related to the Term Loan B of the Senior Facilities Agreement. These interest rate instruments swap the three-month EURIBOR against a four-year fixed interest rate.

EUR thousand **Interest rate limited to (not subject to hedge accounting)**	**Nominal amount**
0.167% plus margin	700,000
0.167% plus margin	556,000
0.167% plus margin	344,000
	1,600,000

The aforementioned payer-swaps have the following market values and maturities:

EUR thousand	**Mar 31, 2018**		**Mar 31, 2017**	
	Nominal amount	**Market value**	**Nominal amount**	**Market value**
Interest rate swaps[1)]				
Up to one year	0	0	400,000	-10,584
Between one year and five years	1,600,000	2,701	0	0
Total	**1,600,000**	**2,701**	**400,000**	**-10,584**

1) In this table interest rate swaps are presented according to their contractual term. Receivables and liabilities from hedging instruments are shown under current other financial assets and current other financial liabilities because the instruments can be cancelled at any time.

As at March 31, 2017 the fair value of the embedded interest rate floor mentioned above amounted to EUR -4,370 thousand. Due to the new financing, there is no embedded interest rate floor as at March 31, 2018.

As at March 31, 2018, the total amount of the Term Loan B (EUR 1,600,000 thousand) has been drawn down and has been secured by interest rate swaps. The interest charge is based on the 3-month EURIBOR plus a margin. As at March 31, 2018 the Revolving Credit Facility has not been drawn down as unsecured loans.

Currency risk and currency management. A large part of the revenues were generated in the euro-area and were not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

As at March 31, 2018, there are no foreign exchange hedging instruments.

Transactions with related parties

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

Key management personnel of the Company are Rosa Villalobos, Philip Hogan, Cord von Lewinski and Charles Roemers. Rosa Villalobos, Philip Hogan and Cord Von Lewinski are not paid by the Company. Cord Von Lewinski is director of the managerial Techem Energie GmbH. Rosa Villalobos is managing director with Macquarie Infrastructure and Real Assets SARL, Luxembourg, and Philip Hogan is director of the MEIF Funds at Macquarie Group. Cord Von Lewinski has responsibility for the activities of several funds within the Macquarie Group. It is not possible to make a reasonable apportionment of their emoluments relating to their activities as managing directors. Accordingly, these emoluments are not reported. Charles Roemers has been paid EUR 7 thousand by the Company in the financial year being director fees 2017/2018. In the financial year 2016/2017 EUR 7 thousand have been paid to Charles Roemers being legal fees for acting as legal advisor to the Company and in this capacity as a director. In addition, there is a program for the managing directors within the TEMS KG Group, which is to be accounted for in accordance with IFRS 2. According to this program, an income component is intended to be paid subject to the sales price in the case of a potential disposal of the MEIF II Germany Group. The estimated relevant compensation amount is expected to be in the low to medium single-digit range of EUR million and it was not recognized as personnel expenses. The TEMS KG Group has no payment obligation towards the managing directors in this context.

As at March 31, 2016, MEIF II Germany Holdings S.à r.l. had three loan agreements with MEIF II Finance Holdings S.à r.l. consisting of two loan agreements and one convertible loan agreement of a total amount of EUR 392,513 thousand. In the financial year 2016/2017, the convertible loan was wholly converted into share capital and capital reserves (see note 18). The convertible loan agreement, which was classified as equity, had an indefinite term and it was interest-free. As at March 31, 2018, MEIF II Germany Holdings S.à r.l. has two loan agreements with MEIF II Finance Holdings S.à r.l. with a total amount of EUR 48,622 thousand. The two loan agreements have repayment dates in 2027. The interest rate of the two loans is 13.0 percent (see note 15). In the financial year 2017/2018, interest expenses in the amount of EUR 16,588 thousand (2016/2017: EUR 24,177 thousand) have been incurred related to the two shareholder loans (see note 25). As at March 31, 2018, interest expenses amounting to EUR 4,500 thousand are unpaid and shown as current liabilities to shareholders. As at March 31, 2017, interest expenses amounting to EUR 12,088 thousand are unpaid and shown as current liabilities to shareholders. (see note 11).

In April 2017, a total distribution of EUR 99,906 thousand (being a repayment of accrued interest and a reduction of share premium) and, in October 2017, a total distribution of EUR 149,442 thousand (being a repayment of accrued interest and repayments of shareholder loans) were made to MEIF II Finance Holdings S.à r.l. (see note 18). In the financial year 2016/2017, a total distribution of EUR 107,655 thousand had been made to MEIF II Finance Holdings S.à r.l.

As a result of the sale of TEC Hellas EPE in June 2016, Thermie Serres S. A., an investment accounted for using the equity method, had also been derecognized in the consolidated financial statements of the Company (see section C. ACCOUNTING PRINCIPLES "Changes to the basis of consolidation").

On March 31, 2018 and March 31, 2017 there are no current receivables from investments accounted for using the equity method. In the financial year 2017/2018, no revenue has been generated from investments accounted for using the equity method. In the financial year 2016/2017, revenue in the amount of EUR 68 thousand had been generated form a service contract with Thermie Serres S.A.

Non-current receivables from investments accounted for using the equity method relate to a loan to EKL amounting to EUR 153 thousand (March 31, 2017: EUR 153 thousand) (see note 9). In the financial year 2017/2018, interest income in the amount of EUR 11 thousand (2016/2017: EUR 11 thousand) has been generated related to this loan.

Events after the balance sheet date

In April 2018, the Company made a distribution to MEIF II Finance Holdings S.à r.l. amounting to EUR 53,561 thousand. This distribution was made by way of the full repayment of the shareholders loan principle as well as of payment of accrued interest regarding the shareholders loan.

On May 25, 2018, Macquarie Infrastructure and Real Assets, who are managing the Macquarie European Infrastructure Fund II Limited Partnership, St. Peter Port/Guernsey, (the ultimate parent company of MEIF II Germany) announced the sale of its 100% interest in MEIF II Germany and its subsidiaries to a consortium of investors led by Partners Group, Zug/Switzerland, (acting on behalf of its clients). The transaction is subject to customary regulatory and anti-trust approvals and is expected to be closed in the third quarter of 2018.

Luxembourg, June 26, 2018

MEIF II Germany Holdings S.à r.l.

The Board of Managers

MEIF II Germany Holdings S.à r.l., Luxembourg

46, Place Guillaume II
L-1648 Luxembourg
RCS Luxembourg: B120961

Consolidated financial statements

for the financial year from
April 1, 2016 to March 31, 2017

Audit report

To the Partners of
MEIF II Germany Holdings S.à r.l.

We. have audited the accompanying consolidated financial statements of MEIF II Germany Holdings S.à.r.l., which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, 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 of the consolidated financial position of MEIF II Germany Holdings S.à r.l. as of 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 3 July 2017
Represented by

Pierre Mallet

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B65 477 - TVA LU25482518

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of financial position as at March 31, 2017

	Note	March 31, 2017 EUR thousand	March 31, 2016 EUR thousand
Cash and cash equivalents		165,435	182,110
Trade accounts receivable	1	276,119	252,435
Other assets	2	7,844	7,801
Other financial assets	2	2,143	2,636
Inventories	3	35,077	40,321
Income tax receivables		777	640
Total current assets		**487,395**	**485,943**
Metering devices for rent	4	339,851	308,251
Property, plant and equipment	5	39,405	37,206
Intangible assets	6	1,369,454	1,395,771
Investments accounted for using the equity method	7	4,895	4,424
Other assets	8	623	1,054
Other financial assets	8	79,451	75,902
Deferred tax assets	9	2,795	2,762
Total non-current assets		**1,836,474**	**1,825,370**
Total assets		**2,323,869**	**2,311,313**
Trade accounts payable		64,460	48,889
Liabilities to shareholders	10	12,088	0
Sundry liabilities	10	83,156	82,763
Other financial liabilities	10	40,558	59,605
Financial liabilities	11	34,408	33,681
Other provisions	12	48,171	78,027
Income tax liabilities		15,534	9,679
Total current liabilities		**298,375**	**312,644**
Financial liabilities	13	1,339,714	1,277,680
Liabilities to shareholders	14	185,976	185,976
Sundry liabilities	14	1,441	1,266
Other financial liabilities	14	2,302	2,293
Provisions for pensions	15	24,817	25,097
Other provisions	16	36,784	27,948
Deferred tax liabilities	9	174,627	149,236
Total non-current liabilities		**1,765,661**	**1,669,496**
Share capital	17	103	102
Capital reserves	17	789,054	678,085
Convertible loans	17	0	206,537
Retained earnings		-529,324	-555,551
Total equity		**259,833**	**329,173**
Total liabilities and equity		**2,323,869**	**2,311,313**

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from April 1, 2016 to March 31, 2017

	Note	April 1, 2016 - March 31, 2017 EUR thousand	April 1, 2015 - March 31, 2016 EUR thousand
Revenue	**19**	782,712	744,549
Capitalized internal work	**20**	9,622	10,954
Other income	**21**	7,272	2,760
Product expenses and purchased services	**22**	-198,128	-215,574
Personnel expenses		-215,448	-207,223
Depreciation on metering devices for rent, property, plant and equipment and intangible assets		-122,315	-205,709
Other expenses	**23**	-102,176	-100,331
Earnings before interest and tax (EBIT)		**161,539**	**29,426**
Share of profit / (loss) of investments accounted for using the equity method	**7**	941	-7,499
Financial income	**24**	25,542	23,096
Finance costs	**24**	-122,322	-146,378
Profit / (loss) before tax		**65,700**	**-101,355**
Income taxes	**25**	-39,850	9,909
Net profit / (loss)[1]		**25,850**	**-91,446**
Other comprehensive income			
Net profit / (loss)		**25,850**	**-91,446**
Exchange differences		328	-1,025
Other comprehensive income that is recycled through the statement of profit or loss on specified event		**328**	**-1,025**
Remeasurements of provisions for pensions		33	-544
Income taxes on other comprehensive income		16	141
Other comprehensive income that is not recycled through the statement of profit or loss on specified event		**49**	**-403**
Total other comprehensive income		**377**	**-1,428**
Total comprehensive income		**26,227**	**-92,874**

1) As at March 31, 2017 and as at March 31, 2016 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of cash flows for the financial year from April 1, 2016 to March 31, 2017

	Note	April 1, 2016 - March 31, 2017 EUR thousand	April 1, 2015 - March 31, 2016 EUR thousand
Cash flows from operating activities			
Profit / (loss) before tax		**65,700**	**-101,355**
Share of profit / (loss) of investments accounted for using the equity method		-941	7,499
Financial income		-25,542	-23,096
Finance costs		122,322	146,378
Earnings before interest and tax (EBIT)		**161,539**	**29,426**
Depreciation on metering devices for rent, property, plant and equipment and intangible assets		115,031	109,699
Impairment losses on metering devices for rent, property, plant and equipment and intangible assets		7,284	96,010
EBITDA		**283,854**	**235,135**
Adjusted for:			
Gains on disposal of fixed and intangible assets		-302	-270
Loss on sale of subsidiaries		310	1,400
Subtotal		**283,862**	**236,265**
Changes in working capital		**-2,296**	**-15,438**
Changes in trade accounts receivable		-21,549	-4,107
Changes in unbilled receivables		-1,897	8,895
Changes in inventories		5,271	-5,311
Changes in trade accounts payable		15,879	-14,915
Changes in other receivables		**-3,138**	**-6,321**
Changes in tax claims (energy tax)		129	-68
Changes in tax claims (VAT)		107	32
Changes in prepaid expenses		-320	-725
Changes in non-current operating receivables		-3,520	-5,196
Changes in other receivables		466	-364
Changes in other liabilities		**1,834**	**12,523**
Changes in commission liabilities		-1,864	-323
Changes in salaries and wages		66	-73
Changes in other tax liabilities		-6,791	3,793
Changes in deferred income		6,913	10,036
Changes in other liabilities		3,510	-910
Changes in provisions		**-22,182**	**14,653**
Changes in maintenance service provisions		-671	-3,504
Changes in provisions for personnel expenses		-4,524	945
Changes in pension provisions		-648	-1,029
Changes in warranty provisions		-628	3,232
Changes in provisions for restructuring		8,722	6,536
Changes in provisions for legal fees		4	76
Changes in other provisions		-24,437	8,397
Cash generated by operating activities		**258,080**	**241,682**
Income taxes paid		-8,839	-8,341
Net cash generated by operating activities		**249,241**	**233,341**

	Note	April 1, 2016 - March 31, 2017 EUR thousand	April 1, 2015 - March 31, 2016 EUR thousand
Cash flows from investing activities			
Change in fixed and intangible assets		**-128,063**	**-124,577**
Purchase of fixed and intangible assets		-129,386	-125,182
Proceeds from disposal of fixed and intangible assets		1,323	605
Changes in investments and loans		**-31,735**	**266**
Changes in other investments and loans [1]		-32,000	0
Dividends and interest from other investments and loans		15	16
Dividends received from investments accounted for using the equity method		250	250
Changes in the scope of consolidation		**-1,117**	**1,608**
Cash outflow from acquisition of subsidiaries		-403	-130
Cash outflow / inflow from disposal of subsidiaries		-714	1,738
Cash flows used in investing activities		**-160,915**	**-122,703**
Free Cash Flow		**88,326**	**110,638**
Cash flows from financing activities			
Net change in debt		**57,999**	**39,739**
Proceeds from borrowings		82,290	77,224
Repayments of borrowings		-22,250	-757
Payments of finance leases	**13**	-2,041	-1,728
Repayment of non-current loans from shareholders		0	-35,000
Finance cost paid / financial income received		**-99,452**	**-108,709**
Interest paid		-90,295	-83,879
Interest paid to shareholders		-12,088	-25,825
Interest received		3,001	3,082
Transaction costs relating to Refinancing		-70	-2,087
Changes in equity		**-95,567**	**-15,731**
Capital reduction		-95,567	-15,731
Net cash used in financing activities		**-137,020**	**-84,701**
Change in cash and cash equivalents		**-48,694**	**25,937**
Cash and cash equivalents at the beginning of the period		**220,410**	**194,819**
Currency effects of cash and cash equivalents		19	-346
Cash and cash equivalents at the end of the period		**171,735**	**220,410**
Cash and cash equivalents as per the statement of financial position		**165,435**	**182,110**
Balance as per tax reserve account		6,300	38,300
Cash and cash equivalents as per the statement of cash flows		**171,735**	**220,410**

(The accompanying notes are an integral part of these financial statements.)

1) The balance of cash and cash equivalents as per the statement of financial position is different from that as per the statement of cash flows due to the following reason: In accordance with the Senior Secured Facilities Agreement, we have paid EUR 38,300 thousand into a Tax Reserve Account (see note 8). As the use of the Tax Reserve Account is restricted, it is not included in cash and cash equivalents in the statement of financial position but in other financial assets (non-current). However, as the Tax Reserve Account was readily convertible into cash it represented cash and cash equivalents as per statement of cash flows. In December 2016, EUR 32,000 thousand have been invested in a fixed deposit with a maturity larger than three months (i.e. no longer readily convertible into cash). Therefore, this amount is shown in the cash flows from investing activities.

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of changes in equity for the financial year from April 1, 2016 to March 31, 2017

	Share capital EUR thousand	Capital reserves EUR thousand	Convertible loan EUR thousand	Retained earnings EUR thousand	Equity attributable to owners of the parent EUR thousand	Non-controlling interest[1)] EUR thousand	Total equity EUR thousand
Balance as at April 1, 2015	**101**	**553,817**	**206,537**	**-462,677**	**297,778**	**1**	**297,779**
Net loss	0	0	0	-91,446	***-91,446***	0	**-91,446**
Other comprehensive income	0	0	0	-1,428	***-1,428***	0	**-1,428**
Exchange differences	*0*	*0*	*0*	*-1,025*	***-1,025***	*0*	***-1,025***
Remeasurements of provisions for pensions	*0*	*0*	*0*	*-544*	***-544***	*0*	***-544***
Income taxes on other comprehensive income	*0*	*0*	*0*	*141*	***141***	*0*	***141***
Increase/ Reduction in capital	1	124,268	0	0	**124,269**	0	**124,269**
Derecognition of non-controlling interest	0	0	0	0	**0**	-1	**-1**
Balance as at March 31, 2016	**102**	**678,085**	**206,537**	**-555,551**	**329,173**	**0**	**329,173**
Balance as at April 1, 2016	**102**	**678,085**	**206,537**	**-555,551**	**329,173**	**0**	**329,173**
Net profit	0	0	0	25,850	**25,850**	0	**25,850**
Other comprehensive income	0	0	0	377	**377**	0	**377**
Exchange differences	*0*	*0*	*0*	*328*	***328***	*0*	***328***
Remeasurements of provisions for pensions	*0*	*0*	*0*	*33*	***33***	*0*	***33***
Income taxes on other comprehensive income	*0*	*0*	*0*	*16*	***16***	*0*	***16***
Increase/ Reduction in capital	1	110,969	-206,537	0	**-95,567**	0	**-95,567**
Balance as at March 31, 2017	**103**	**789,054**	**0**	**-529,324**	**259,833**	**0**	**259,833**

1) As at March 31, 2017 and as at March 31, 2016 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Notes to the consolidated financial statements

for the financial year from
April 1, 2016 to March 31, 2017

A. THE COMPANY

MEIF II Germany Holdings S.à r.l. (hereinafter also referred to as "MEIF II Germany") object is the holding, the purchase, the administration and the sale of participations in other companies or their assets as well as the execution of all actions and transactions associated herewith.

The head office of MEIF II Germany is situated in Luxembourg (46, Place Guillaume II, L-1648 Luxembourg).

The business activities of the MEIF II Germany Holdings S.à r.l. Group (hereinafter also referred to as "Company" or "MEIF II Germany Group") comprise the two business segments Energy Services and Energy Contracting. The business segment Energy Services specializes in services for submetering, allocating and billing of energy and of water consumption mainly to service providers to the housing and real-estate industry. The business segment Energy Contracting provides solutions for professional energy management in the market segments of housing and commercial property.

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of MEIF II Germany and its subsidiaries.

The consolidated financial statements of MEIF II Germany Group for the year ended March 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of other investments, financial instruments, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless otherwise stated, all amounts are shown in thousands of Euros. Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at March 31, 2017, have been applied by the Company in its consolidated financial statements.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The following amendments and annual improvements to standards are to be applied for the first time in the financial year 2016/2017:

Standard/ interpretation		Date of mandatory application[1]	Adopted by EU Commission[2]	Impact
IAS 1	Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative	Jan 1, 2016	Yes	no significant impact
IAS 16/ IAS 38	Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of acceptable methods of depreciation and amortization	Jan 1, 2016	Yes	N.A.
IAS 16/ IAS 41	Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants	Jan 1, 2016	Yes	N.A.
IAS 27	Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements	Jan 1, 2016	Yes	N.A.
IFRS 10/ IFRS 12/ IAS 28	Amendments to IFRS 10 *Consolidated Financial Statements* / IFRS 12 *Disclosure of Interests in Other Entities* / IAS 28 *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception	Jan 1, 2016	Yes	N.A.
IFRS 11	Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations	Jan 1, 2016	Yes	N. A.
	Annual Improvements 2012-2014	Jan 1, 2016	Yes	no significant impact

1) For financial years commencing on or after this date

2) As at June 7, 2017

All the above mentioned amendments and annual improvements to standards have no or no significant impact on the financial statements of the Company in the financial year 2016/2017.

The following amendments and annual improvements to standards and new standards/interpretations have been published. However, they are to be applied for the first time for financial years beginning on or after January 1, 2017:

Standard/ interpretation		Date of mandatory application[1]	Adopted by EU Commission[2]	Expected impact
IAS 7	Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative	Jan 1, 2017	Outstanding	no significant impact
IAS 12	Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses	Jan 1, 2017	Outstanding	N.A.
IAS 40	Amendments to IAS 40 Investment Property – Transfers of Investment Property	Jan 1, 2018	Outstanding	N.A.
IFRS 2	Amendments to IFRS 2 *Share-based Payment* – Classification and Measurement of Share-based Payment Transactions	Jan 1, 2018	Outstanding	N.A.
IFRS 4	Amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*	Jan 1, 2018	Outstanding	N.A.
IFRS 9	Financial Instruments	Jan 1, 2018	Yes	see below
IFRS 10/ IAS 28	Amendments to IFRS 10 *Consolidated Financial Statements* / IAS 28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Outstanding[3]	Outstanding	N.A.
IFRS 15	Revenue from Contracts with Customers	Jan 1, 2018	Yes	see below
IFRS 15	Clarifications to IFRS 15 *Revenue from* Contracts with Customers	Jan 1, 2018	Outstanding	see below
IFRS 16	Leases	Jan 1, 2019	Outstanding	see below
IFRS 17	Insurance Contracts	Jan 1, 2021	Outstanding	N.A.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan 1, 2018	Outstanding	no significant impact
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 1, 2019	Outstanding	no significant impact
	Annual Improvements 2014-2016	Jan 1, 2017/ Jan 1, 2018	Outstanding	N.A.

1) For financial years commencing on or after this date

2) As at June 7, 2017

3) The effective date was indefinitely postponed by the amendments made in December 2015.

All the above mentioned new or revised standards/interpretations and annual improvements to standards, which have an impact on the Company will be applied by the Company as soon as application is mandatory (except for IFRS 16 *Leases* – see details below).

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB has published the final version of IFRS 9 *Financial Instruments*. Therefore, the long-term project to replace IAS 39 *Financial Instruments: Recognition and Measurement* has been completed.

Significant changes mainly relate to new rules of classification and measurement of financial assets, the introduction of a new expected loss impairment model as well as a closer alignment with the entity's risk management strategy when accounting for hedging instruments.

The application of IFRS 9 is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has elected to make no use of a voluntary early application and will apply IFRS 9 for the first time in the consolidated financial statements for the financial year from April 1, 2018 to March 31, 2019.

The impact of IFRS 9 is being analyzed by the Company as part of an ongoing project. IFRS 9 will substantially have the following main impact on the consolidated financial statements of the Company:

- The new impairment model used for the determination of expected losses of financial assets measured at amortised cost will result in future changes in respect of the amount of impairment losses as well as the timing of their recognition.

IFRS 15 *Revenue from Contracts with Customers* / Clarifications to IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, a new standard on revenue recognition IFRS 15 *Revenue from Contracts with Customers* was published. IFRS 15 is applied for all revenue transactions across all industries and contains a core principle for revenue recognition using a five-step-model. IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements of the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 provides detailed guidance on various issues of revenue recognition such as identifying of separate performance obligations in contracts with customers, accounting for multiple-element contracts, accounting for contract modifications, accounting for the time value of money, timing of revenue recognition as well as capitalization of costs to fulfil and obtain a contract. In addition, IFRS 15 contains guidelines for the recognition of the new balance sheet items "Contract Asset" and "Contract Liability" and new comprehensive requirements for disclosure of qualitative and quantitative information in the notes to the consolidated financial statements.

The application of IFRS 15 is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has elected to make use of a voluntary early application and will retrospectively apply IFRS 15 for the first time in the consolidated financial statements as at March 31, 2018.

The impact of IFRS 15 was analyzed by the Company as part of an ongoing project. IFRS 15 will substantially have the following main impacts on the consolidated financial statements of the Company:

- The Company will initially apply IFRS 15 by recognizing the cumulative effect as an adjustment to equity, with a retrospective effect as at April 1, 2017 (modified retrospective approach), as at March 31, 2018;

- Based on the contractual arrangement, energy supply contracts of Techem Energy Contracting GmbH, Eschborn/Germany, contain a lease under current accounting standards. Under IFRS 16, these contracts do not contain a lease, but are within the scope of IFRS 15. As a result, the timing of revenue recognition of the contractual consideration changes in such cases that have been or would have been classified as a finance lease under IAS 17;

- The Company introduces the new balance sheet items "Contract Asset" and "Contract Liability";

- In the circumstances, in which the criteria for the capitalization of costs to fulfil or obtain a contract are met, these costs will be recognised in the consolidated statement of financial position and amortized on a straight-line basis in the consolidated statement of profit or loss. In these cases, the expenses will be recognized later than currently;

- For some products of the Company, the new requirements for the identification of performance obligations in a contract with a customer will result in a change in respect of timing of revenue recognition;

- The disclosure requirements of IFRS 15 regarding the notes to the consolidated financial statements will need to be implemented by the Company.

IFRS 16 *Leases*

On January 13, 2016, the new standard IFRS 16 *Leases* was issued. IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease,* SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For lessees, significant changes in accounting of leases result due to the elimination of the current classification of lease contracts as operating leases and finance leases. Instead, IFRS 16 introduces a single accounting model for lessees that principally obliges lessees to account for right-of-use assets and lease liabilities for lease contracts with a term of more than twelve months. As a result, leases currently shown off-balance will prospectively – widely comparable with the accounting of finance leases under IAS 17 – be recognized on balance sheet. In contrast, lessors continue to differentiate between operating leases and finance leases for accounting purposes, applying widely identical regulations pursuant to IFRS 16 in comparison to IAS 17.

The application of IFRS 16 is mandatory for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 *Revenue from Contracts with Customers* is already applied. The Company has elected to make use of a voluntary early application and will retrospectively apply IFRS 16 for the first time in the consolidated financial statements as at March 31, 2018.

The impact of IFRS 16 was analyzed by the Company as part of an ongoing project. IFRS 16 will substantially have the following main impacts on the consolidated financial statements of the Company:

- The Company will initially apply IFRS 16 by recognizing the cumulative effect as an adjustment to equity, with a retrospective effect as at April 1, 2017 (modified retrospective approach), as at March 31, 2018;
- Principally, assets and liabilities will be recognized on balance sheet for leases, where the Company is a lessee;
- Based on the contractual arrangement, energy supply contracts of Techem Energy Contracting GmbH, Eschborn/Germany, contain a lease under current accounting standards. Under IFRS 16, these contracts do not contain a lease, but are within the scope of IFRS 15. As a result, the timing of revenue recognition of the contractual consideration changes in such cases that have been or would have been classified as a finance lease under IAS 17;
- The disclosure requirements of IFRS 16 regarding the notes to the consolidated financial statements will need to be implemented by the Company.

C. ACCOUNTING PRINCIPLES

Principles of consolidation. MEIF II Germany and all German and non-German subsidiaries which can be controlled directly or indirectly by MEIF II Germany are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the MEIF II Germany Group. The MEIF II Germany Group controls an entity when it has power over the entity, when it has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into MEIF II Germany Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when MEIF II Germany Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax base and their carrying amounts.

Basis of consolidation and shareholdings	**Shareholding (%)**
Techem Energy Metering Service GmbH & Co. KG, Eschborn/Germany1)	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Energy Contracting GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Eschborn/Germany	100.0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany2)	33.33
Techem Messtechnik Ges.m.b.H., Innsbruck/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
"Techem" Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s r.o., Bratislava/Slovakia	100.0
Techem Calorlux S.à r.l., Bereldange/Luxembourg	100.0

Basis of consolidation and shareholdings	Shareholding (%)
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Enerji Hizmetleri Sanayi ve Ticaret Limited Şirketi, Istanbul/Turkey	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates	100.0
Techem Energy Services India Private Limited, Pune/India	100.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Sverige AB, Malmö/Sweden	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Services Sp. z o.o., Katowice/Poland	100.0
Danuvius EOOD, Sofia/Bulgaria	100.0
Techem Energy Services S.L.U., Madrid/Spain	100.0
BYTTHERM spol. s r.o., Trutnov/Czech Republic	100.0

1) Hereinafter also referred to as "TEMS KG"

2) Consolidated using the equity method

Both as at March 31, 2017 and March 31, 2016, there is no non-controlling interest in the MEIF II Germany Group.

Changes to the basis of consolidation

During the financial year 2016/2017 the Company has made the following changes to the basis of consolidation:

- Effective June 16, 2016, all shares in the subsidiary Techem Energy Contracting Hellas EPE, Athens/Greece (hereinafter also referred to as "TEC Hellas EPE"), were sold. The sales price amounted to EUR 1. As a result of the sale, a gain of EUR 318 thousand was recognized in the financial year 2016/2017. TEC Hellas EPE was previously part of the Energy Contracting segment. In addition, TEC Hellas EPE held 50.24 percent of the shares in Thermie Serres Societe Anonyme of Co-Generation of Power and Heat, Glyfada/Greece (hereinafter also referred to as "Thermie Serres S. A."); International Technological Application S. A. (ITA) held the remaining shares. Based on the articles of association, as well as the Shareholders Agreement and Business Collaboration entered into between TEC Hellas EPE and ITA, as well as considering Greek law, Thermie Serres S. A. was a jointly controlled company that was accounted for using the equity method in the MEIF II Germany Group (see note 7). As a result of the sale, both TEC Hellas EPE and Thermie Serres S. A. were derecognized in the consolidated financial statements of the Company.

- Effective December 7, 2016, all shares in the subsidiary Techem OOO, Moscow/Russia, were sold. The sales price amounted to EUR 75 thousand. As a result of the sale, a loss of EUR 628 thousand was recognized in the financial year 2016/2017.

- With a purchase contract dated January 6, 2017, Techem Energy Services GmbH, Eschborn/Germany acquired all the shares in BYTTHERM spol. s r.o., Trutnov/Czech Republic. The purchase price amounted to EUR 800 thousand and shall be paid in three installments. The first one was already paid. The last two installments are subject to certain conditions, the fulfillment of which is considered highly probable.

The Company had made the following changes to the basis of consolidation during the financial year 2015/2016:

- Effective November 27, 2015, the ownership of the subsidiary Techem d.o.o., Belgrade/Serbia had passed to the purchaser without consideration. As a result of the sale, a loss of EUR 468 thousand had been recognized in the financial year 2015/2016.

- With an agreement dated November 30, 2015, between Danuvius EOOD, Sofia/Bulgaria and ista Polska Sp. z o.o., Krakow/Poland, the consortium Danuvius Services DZZD had terminated its existence. The respective service agreement is continued by Techem Services EOOD, Sofia/Bulgaria.

- Effective December 8, 2015, the liquidation of Techem Energy Services Korea Co., Ltd., Seoul/South Korea had been completed.

- With a purchase agreement dated March 31, 2016, all the shares of Techem Water Services Inc., Delaware/ USA had been sold. The purchase price had amounted to USD 1. As a result of the sale, a loss of EUR 932 thousand, mainly related to the derecognition of the fixed assets, had been recognized in the financial year 2015/2016.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and statements of profit or loss are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, other investments are included in cash equivalents. These are recognized at fair value through profit or loss (market value), as they were acquired with intent to sell. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred.

Trade and other accounts receivable. Current receivables (trade accounts receivable, other assets and other financial assets) are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). Imminent or actual irrecoverable receivables are accounted for by means of write-downs based on the age of the receivable concerned.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering devices for rent and property, plant and equipment. Metering devices for rent are recognized at cost plus installation costs; property, plant and equipment are recognized at cost; both are reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation (pro rata temporis) are as follows:

	Estimated useful life (years)
Metering devices for rent	6 to 12
Office furniture and equipment, machinery	2 to 23
Buildings	20 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

If a customer acquires, by corresponding payment, legal title of the metering devices for rent within the context of a cancellation of the rental contract, resulting gains or losses on this disposal are accounted for as other income or other expenses.

Compensatory payments made by the customer within the context of a cancellation of the rental contract are recognized as other income, if the legal title on the metering devices for rent is not transferred to the customer. Provided that the Company does not have any alternative use for the metering devices, their residual values are impaired.

Leases. Leases, where the Group is the lessee and where substantially all the risks and rewards associated with the use of the leased equipment are transferred to the Group, are classified as finance leases. Such leases are reported at the inception of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. A corresponding liability is recognized. The leased asset is depreciated over the term of the lease or over its useful life. Part of the lease payment is recognized as interest cost; the remainder reduces the liability.

In the case of sale and leaseback transactions resulting in a finance lease, any excess of sale proceeds over the carrying amount is deferred and recognized as income over the lease term.

In addition to finance leases, the Company has entered into other leases classified as operating leases. In this case, the lease payments are recognized as an expense in the statement of profit or loss.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are primarily amortized on a straight-line basis (pro rata temporis) over the following useful lives:

	Estimated useful life (years)
Software and licenses	2 to 24
Customer relationships/customer agreements	2 to 33

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem as a trademark exists since 1952. Brand awareness of Techem is very high in the market and it is not planned to abandon this trademark. Nevertheless, this classification is verified once a year.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill as well as the trademark are subject to an impairment test at least once a year and not subject to straight-line amortization. The impairment test is carried out on a CGU basis. Goodwill and trademark are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Non-current accounts receivable and other financial assets. Non-current non-interest-bearing accounts receivable are recognized at present value. Where market prices cannot be determined, other financial investments are recognized at amortized cost.

Investments accounted for using the equity method. Joint ventures and associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company's share of the result from a joint venture or an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company's share of the result from a joint venture or an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company's share of losses in a joint venture or an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the joint venture/associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the joint venture/associate.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable that there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19, the remeasurements of the provisions for pensions are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IAS 39, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

Changes in the fair value of the interest rate instruments and the foreign exchange hedging instruments of the Company are recognized as financial income and finance costs.

In these financial statements, the term "hedging instrument" is used from a purely economic perspective and not based on the definition of IAS 39.

Fair value of financial instruments. The fair value of cash and cash equivalents and of current receivables and current liabilities is the same as their respective carrying amounts. The fair value of non-current other financial assets (except for the finance lease receivables and the tax reserve account), non-current trade accounts payable and non-current other financial liabilities is approximately equivalent to their carrying amounts. The fair value of the other investments and the notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their market value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of non-current finance lease receivables, of the tax reserve account, the non-current financial liabilities (except for the notes) and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 18).

Borrowing costs. In accordance with IAS 23, borrowing costs are capitalized and thereafter amortized over the useful life of the asset. Borrowing costs, which are not subject to IAS 23, are expensed in the period in which they are incurred.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue and expense. Rental and maintenance agreements are billed as part of fixed-price agreements and recognized on a straight-line basis over the term of the agreement in accordance with IAS 18.

Revenue for billing services is accrued, using the percentage-of-completion method, to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the buildings as at the balance sheet date.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

Revenue from the delivery of energy (e.g. heat and cooling) is recognized to the amount of the services already rendered plus a profit margin. Accrued revenues are recognized for services not yet billed.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) have been recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can impact the valuation of the assets and liabilities recognized, the income and expenses, as well as the disclosure of contingent liabilities.

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience.

The recoverability of goodwill and the trademark Techem is assessed based on the plan of the cash flows of the cash generating units using a discount rate adjusted for the business risk. For further information see note 6.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 6.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 18.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

E. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable

EUR thousand	Mar 31, 2017	Mar 31, 2016
Billed receivables	111,996	90,674
Finance lease receivables[1)]	3,197	3,384
Valuation allowances	-3,671	-4,310
Unbilled receivables	164,597	162,687
Trade accounts receivable	**276,119**	**252,435**

1) See note 8

Unbilled receivables mainly represent revenue from equipment rental, billing and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

In the financial year 2016/2017, receivables of EUR 1,689 thousand (2015/2016: EUR 1,544 thousand) were written off. These are included in other expenses.

The following table shows the maturity breakdown for the billed receivables:

EUR thousand	Mar 31, 2017	Mar 31, 2016
Not yet due	82,216	54,758
Overdue but not written down		
Less than 30 days overdue	15,617	18,870
30 to 90 days overdue	9,526	9,065
Overdue and written down	4,637	7,981
Billed receivables	**111,996**	**90,674**

In the financial years 2016/2017 and 2015/2016, the changes in the valuation allowances on trade accounts receivable were as follows:

EUR thousand	2016/2017	2015/2016
Valuation allowances at the beginning of the period	**-4,310**	**-3,763**
Additions to valuation allowances	-2,469	-3,196
Reduction of valuation allowances	2,794	2,225
Change in scope	319	372
Currency translation	-5	52
Valuation allowances at the end of the period	**-3,671**	**-4,310**

The valuation allowances amounting to EUR 3,671 thousand (March 31, 2016: EUR 4,310 thousand) relate to the segment Energy Services EUR 2,789 thousand (March 31, 2016: EUR 3,273 thousand) and to the segment Energy Contracting EUR 882 thousand (March 31, 2016: EUR 1,037 thousand).

2. Other assets and other financial assets – current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Prepaid expenses	4,654	4,377
Energy tax	2,140	2,270
Other tax receivables	351	359
Advances paid	224	206
Value-added tax reclaims	140	251
Other	335	338
Other assets	**7,844**	**7,801**
Receivables from advances	1,103	1,355
Receivables from guarantee claims	260	641
Accounts payable with debit balance	81	149
Receivables from investments accounted for using the equity method	0	56
Other	699	435
Other financial assets	**2,143**	**2,636**

3. Inventories

EUR thousand	Mar 31, 2017	Mar 31, 2016
Raw materials and supplies	965	947
Merchandise	36,609	43,321
Inventories, gross	**37,574**	**44,268**
Valuation allowances	-2,497	-3,947
Inventories, net	**35,077**	**40,321**

In the financial year 2016/2017, a total of EUR 1,427 thousand (2015/2016: EUR 2,941 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

4. Metering devices for rent

EUR thousand	
Cost	
Cost, balance as at Apr 1, 2015	**432,572**
Additions	101,559
Currency translation	-499
Disposals	-32,739
Cost, balance as at Mar 31, 2016	**500,893**
Additions	101,601
Change in scope	-13
Currency translation	173
Disposals	-45,572
Cost, balance as at Mar 31, 2017	**557,082**
Depreciation and impairment	
Depreciation and impairment, balance as at Apr 1, 2015	**164,550**
Additions	55,102
Impairment losses	3,932
Currency translation	-202
Disposals	-30,740
Depreciation and impairment, balance as at Mar 31, 2016	**192,642**
Additions	62,604
Impairment losses	6,882
Change in scope	-8
Currency translation	85
Disposals	-44,974
Depreciation and impairment, balance as at Mar 31, 2017	**217,231**
Carrying amounts	
Metering devices for rent carrying amount as at Apr 1, 2015	268,022
Metering devices for rent carrying amount as at Mar 31, 2016	308,251
Metering devices for rent carrying amount as at Mar 31, 2017	339,851

Metering devices for rent relate to metering devices on long-term rental to customers.

The impairment losses in the amount of EUR 6,882 thousand (2015/2016: EUR 3,932 thousand) relate to the impairment of the remaining carrying amount of metering devices for rent when exchanging these; furthermore the impairment losses also relate to rental contract cancellations during the financial year 2016/2017. Impairment losses in the amount of EUR 6,882 thousand relate to the segment Energy Services (2015/2016: EUR 3,909 thousand) and in the amount of EUR 0 thousand to the segment Energy Contracting (2015/2016: EUR 23 thousand).

All impairment losses relating to metering devices for rent are included in the position "Depreciation on metering devices for rent, property, plant and equipment and intangible assets" of the statement of profit or loss.

In the current period there are no metering devices for rent, which have been capitalized as a result of finance leases.

5. Property, plant and equipment

EUR thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Apr 1, 2015	**4,057**	**35,252**	**31,226**	**2,289**	**-563**	**72,261**
Additions	27	2,881	6,174	5,059	-194	13,947
Change in scope	0	-754	-101	0	0	-855
Reclassifications	0	1,727	195	-1,922	0	0
Currency translation	-3	-25	-310	0	0	-338
Disposals	0	-4,506	-4,707	-45	6	-9,252
Cost, balance as at Mar 31, 2016	**4,081**	**34,575**	**32,477**	**5,381**	**-751**	**75,763**
Additions	65	4,706	4,594	3,881	0	13,246
Change in scope	122	-4	-107	0	0	11
Reclassifications	6	3,809	554	-4,369	0	0
Currency translation	1	-9	95	-1	0	86
Disposals	-31	-2,801	-3,726	-175	57	-6,676
Cost, balance as at Mar 31, 2017	**4,244**	**40,276**	**33,887**	**4,717**	**-694**	**82,430**
Depreciation and impairment						
Depreciation and impairment, balance as at Apr 1, 2015	**623**	**21,505**	**15,356**	**0**	**-335**	**37,149**
Additions	117	3,331	7,147	0	-78	10,517
Impairment losses	0	103	104	0	0	207
Change in scope	0	-62	-45	0	0	-107
Currency translation	-1	-13	-217	0	0	-231
Disposals	0	-4,372	-4,612	0	6	-8,978
Depreciation and impairment, balance as at Mar 31, 2016	**739**	**20,492**	**17,733**	**0**	**-407**	**38,557**
Additions	123	3,352	7,047	0	-71	10,451
Impairment losses	0	358	29	0	0	387
Change in scope	0	-2	-103	0	0	-105
Currency translation	0	-3	67	0	0	64
Disposals	-9	-2,731	-3,646	0	57	-6,329
Depreciation and impairment, balance as at Mar 31, 2017	**853**	**21,466**	**21,127**	**0**	**-421**	**43,025**
Carrying amounts						
PPE carrying amount as at Apr 1, 2015	3,434	13,747	15,870	2,289	-228	35,112
PPE carrying amount as at Mar 31, 2016	3,342	14,083	14,744	5,381	-344	37,206
PPE carrying amount as at Mar 31, 2017	3,391	18,810	12,760	4,717	-273	39,405
Thereof finance leases						
Finance leases carrying amount as at Apr 1, 2015	2,730	96	5,036	0	0	7,862
Finance leases carrying amount as at Mar 31, 2016	2,667	28	3,701	0	0	6,396
Finance leases carrying amount as at Mar 31, 2017	2,603	7	2,573	0	0	5,183

The subsidies include investment subsidies, grants and construction subsidies paid to Techem Energy Contracting GmbH.

In the financial year 2016/2017, impairment losses amount to EUR 387 thousand, of which EUR 29 thousand relate to the segment Energy Services and EUR 358 thousand relate to the segment Energy Contracting.

In the financial year 2015/2016, impairment losses amounted to EUR 207 thousand, of which EUR 98 thousand related to the segment Energy Services and EUR 109 thousand related to the segment Energy Contracting.

All impairment losses relating to property, plant and equipment are included in the position "Depreciation on metering devices for rent, property, plant and equipment and intangible assets" of the statement of profit or loss.

6. Intangible assets

EUR thousand	Software, licenses and other intangible assets	Goodwill	Software in development	Total
Cost				
Cost, balance as at Apr 1, 2015	**1,148,379**	**655,396**	**5,939**	**1,809,714**
Additions	7,686	0	2,304	9,990
Change in scope	-2	0	0	-2
Reclassifications	5,414	0	-5,414	0
Currency translation	-148	-229	-3	-380
Disposals	-6,170	-44,487	-12	-50,669
Cost, balance as at Mar 31, 2016	**1,155,159**	**610,680**	**2,814**	**1,768,653**
Additions	9,135	0	6,127	15,262
Change in scope	-19	470	0	451
Reclassifications	2,023	0	-2,023	0
Currency translation	29	-22	2	9
Disposals	-3,366	0	-27	-3,393
Cost, balance as at Mar 31, 2017	**1,162,961**	**611,128**	**6,893**	**1,780,982**
Amortization and impairment				
Amortization and impairment, balance as at Apr 1, 2015	**287,647**	**0**	**0**	**287,647**
Additions	44,080	0	0	44,080
Impairment losses	47,384	44,487	0	91,871
Change in scope	-2	0	0	-2
Currency translation	-106	0	0	-106
Disposals	-6,121	-44,487	0	-50,608
Amortization and impairment, balance as at Mar 31, 2016	**372,882**	**0**	**0**	**372,882**
Additions	41,976	0	0	41,976
Impairment losses	15	0	0	15
Change in scope	-55	0	0	-55
Currency translation	25	0	0	25
Disposals	-3,315	0	0	-3,315
Amortization and impairment, balance as at Mar 31, 2017	**411,528**	**0**	**0**	**411,528**
Carrying amounts				
Intangible assets carrying amount as at Apr 1, 2015	860,732	655,396	5,939	1,522,067
Intangible assets carrying amount as at Mar 31, 2016	782,277	610,680	2,814	1,395,771
Intangible assets carrying amount as at Mar 31, 2017	751,433	611,128	6,893	1,369,454

As at March 31, 2017, the carrying amount of internally generated intangible assets was EUR 19,137 thousand (additions: EUR 4,549 thousand; disposals: EUR -10 thousand; cumulative historical cost: EUR 37,654 thousand; amortization and impairment: EUR 2,954 thousand; disposal amortization: EUR 0 thousand; cumulative amortization: EUR 18,517 thousand).

The carrying amount of internally generated intangible assets as at March 31, 2016 had been EUR 17,552 thousand (additions: EUR 4,625 thousand; disposals: EUR -17 thousand; cumulative historical cost: EUR 33,115 thousand; amortization and impairment: EUR 3,014 thousand; disposal amortization: EUR 0 thousand; cumulative amortization: EUR 15,563 thousand).

The position goodwill includes a change in scope of EUR 470 thousand in the financial year 2016/2017 that results from the acquisition of BYTTHERM spol. s r.o.

The position software, licenses and other intangible assets also includes customer relationships. In addition, it also includes the trademark Techem. The trademark has a book value of EUR 54,015 thousand and has an indefinite useful life.

The customer relationships, recognized in the financial statements of the Group, arose from the following companies:

EUR thousand	Remaining useful life (years)	Carrying amount as at Mar 31, 2017
Techem Energy Services GmbH, Germany	approx. 24 to 28	522,407
Techem Energy Contracting GmbH, Germany	approx. 8 to 24	43,923
Techem Messtechnik Ges.m.b.H., Austria	approx. 24	18,532
Caloribel S. A., Belgium	approx. 7 to 24	10,489
bautec Energiemanagement GmbH, Germany	approx. 24	10,410
Techem (Schweiz) AG, Switzerland	approx. 24	9,090
Other companies	approx. 4 to 24	35,405
Total		**650,256**

The useful life of the customer relationships is between 5 to 33 years, based on historical customer loyalty.

Impairment losses in the financial year 2016/2017 amount to EUR 15 thousand and relate to the segment Energy Contracting.

Impairment losses in the financial year 2015/2016 amounted to EUR 91,871 thousand. Thereof EUR 90,416 thousand related to the segment Energy Contracting (goodwill: EUR 44,459 thousand; customer relationships: EUR 38,126 thousand; trademark: EUR 7,803 thousand and other intangible assets: EUR 28 thousand) and EUR 1,455 thousand related to the segment Energy Services (goodwill: EUR 28 thousand; other intangible assets: EUR 1,427 thousand).

All impairment losses relating to intangible assets are included in the position "Depreciation on metering devices for rent, property, plant and equipment and intangible assets" of the statement of profit or loss.

In accordance with IAS 36, goodwill as well as other intangible assets with an indefinite useful life (trademark Techem) are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a CGU („cash generating unit") may be impaired, an additional impairment test is carried out for this CGU.

Impairment tests are carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate CGUs. Energy Services Germany, Energy Services International and Energy Contracting each represent one CGU. The classification of CGU's follows the internal control structure of management and the reporting to the holders of the bonds that have been issued by Techem GmbH and TEMS KG in September 2012.

For each CGU, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a CGU exceeds the calculated recoverable amount an impairment loss must be recognized.

CGU Energy Services Germany. The recoverable amount of the CGU Energy Services Germany is determined on the basis of value in use. The future cash flows of this CGU are calculated based on the five-year plan of the CGU Energy Services Germany. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (the historical growth rate). These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in an average rate before tax of 9.04 percent (2015/2016: 8.83 percent) for the CGU Energy Services Germany.

The five-year plan of the CGU Energy Services Germany is based on the following assumptions:

- The growth in revenue results from a systematic further development of the existing products as well as from an extension of the existing product portfolio.

- This growth is slowed down by a contract termination rate that corresponds to the market conditions. The average increase in prices of services is in line with moderate market developments.
- In addition to the increasing revenue, cost savings have a positive impact on EBITDA as a result of optimization of internal activities and digitalization of operating processes.
- The planned investments are based on a regular replacement of metering devices and a moderate increase in metering devices resulting from new business.

CGU Energy Services International. The recoverable amount of the CGU Energy Services International is determined on the basis of value in use. The future cash flows of this CGU are calculated based on the five-year plan of the CGU Energy Services International. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (the historical growth rate). These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in an average rate before tax of 10.98 percent (2015/2016: 10.70 percent) for the CGU Energy Services International.

The five-year plan of the CGU Energy Services International is based on the following assumptions:

- In the mature international markets, a slight constant growth is expected. This growth is based on an extension of the existing product portfolio in those countries and is similar to the development of the CGU Energy Services Germany.
- For some countries, a stronger growth is expected in the subsequent five years as a result of introduction of the European Energy Efficiency Directive (EED).
- The development of prices is planned in accordance with the market developments. For some markets, declining service prices are expected in the subsequent five years.
- The main driver of the growth in EBITDA is the market growth in the EU countries as a result of introduction of the EED.
- The planned investments are based on a regular replacement of metering devices in the respective countries and the growth in business in the light of the introduction of the EED.

CGU Energy Contracting. The recoverable amount of the CGU Energy Contracting is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. To calculate the fair value of this CGU, the future cash flows are based on the five-year plan of the CGU Energy Contracting. Additionally, expansion investments are included in the calculation. Cash flows beyond the five-year period are extrapolated using a historical growth rate of 1.5 percent. The total future cash flows are then discounted using the WACC after tax of 6.99 percent (2015/2016: 6.67 percent).

The five-year plan of the CGU Energy Contracting is based on the following assumptions:

- The growth in EBITDA is mainly based on the growth of new business. This growth is expected to be at the level of the last year budget for the next five financial years. This is mainly due to the declining energy prices, which makes the switch from the own energy supply by the landlord to energy contracting (new business for TEC) considerably more difficult, as cost-neutrality for the tenant is prescribed by law in Germany. In addition, the outsourcing of financing activities has become unattractive due to the long-lasting low interest rates. The volume of new business is based on a new market analysis for the products of TEC as well as historical sales rates. Moreover, the extension of the portfolio of services ensures the growth.
- Additionally, the growth of EBITDA in the new five-year plan is reduced as a result of a decrease in the average duration of existing contracts. The adjusted average contract duration is based on the current assessment of the actual contract portfolio.
- Additionally, moderate cost savings are expected as a result of digitalization of operating processes.
- It is assumed that the prices of the main energy source, i.e. natural gas, will remain nearly constant whereas the prices of oil and long-distance heating will increase slightly.
- The planned investments are based on the new business acquired and are derived from the historical investment ratios.

As at March 31, 2017, the recoverable amount of the CGU Energy Contracting exceeds its carrying amount by EUR 1,418 thousand (March 31, 2016: EUR 813 thousand).

The key assumptions, on the basis of which the recoverable amount of the CGU Energy Contracting was determined, are as follows:

%	Mar 31, 2017	Mar 31, 2016
WACC after tax	6.99	6.67
Sustainable growth rate	1.50	1.50
Planned growth in EBITDA (average in the five-year plan)	27	14

The following table provides an amount by which each key assumption must change, in order for the recoverable amount to be equal to the carrying amount as at March 31, 2017 and March 31, 2016. The sensitivity analysis assumes that only one key assumption changes while the other key assumptions remain unchanged.

Percentage points	Mar 31, 2017	Mar 31, 2016
WACC after tax	+0.05	+0.03
Sustainable growth rate	-0.06	-0.04
Planned growth in EBITDA (average in the five-year plan)	-0.20	-0.10

The fair value measurement for the CGU Energy Contracting is to some extent based on unobservable inputs and is overall categorized as Level 3 of the fair value hierarchy in accordance with IFRS 13.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the CGUs as follows:

	Mar 31, 2017		Mar 31, 2016	
EUR thousand	Goodwill	Trademark	Goodwill	Trademark
Energy Services Germany	543,291	35,044	543,291	35,044
Energy Services International	67,837	9,650	67,389	9,650
Energy Contracting	0	9,321	0	9,321
Total	**611,128**	**54,015**	**610,680**	**54,015**

7. Investments accounted for using the equity method

The Group financial statements include an investment accounted for using the equity method: the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL). As a result of the sale of TEC Hellas EPE, the joint venture Thermie Serres S. A. has left the Group effective June 16, 2016 (see part C. Accounting principles).

The breakdown of the investments accounted for using the equity method is as follows:

EUR thousand	Mar 31, 2017	Mar 31, 2016
Balance at the beginning of the period	**4,424**	**4,173**
Net share of gain from associated company EKL	721	501
Dividend received	-250	-250
Balance at the end of the period	**4,895**	**4,424**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

EUR thousand	2016/2017	2015/2016
Net share of gain from associated company EKL	721	501
Reversal of/ addition to a provision regarding credit guarantee Thermie Serres S. A.	220	-8,000
Share of profit / (loss) of investments accounted for using the equity method	**941**	**-7.499**

The following table provides an overview of the financial information resulting from the associated company EKL.

EUR thousand	Mar 31, 2017	Mar 31, 2016
Share of gain of investments accounted for using the equity method (post-tax)	721	501
Other comprehensive income	0	0
Total comprehensive income	**721**	**501**
Carrying amount of investment	**4,895**	**4,424**

The attributable negative result of Thermie Serres S. A. of EUR 255 thousand was not recognized in the financial year 2016/2017 (2015/2016: EUR 591 thousand), because the company had been fully impaired in the financial year 2011/2012. The attributable cumulative loss when leaving the Group in June 2016 was EUR 3,256 thousand.

Techem Energy Services GmbH had issued a EUR 10,000 thousand credit guarantee for Thermie Serres S. A. This credit guarantee was part of the Revolving Credit Facility, drawn down by way of guarantees (see note 13). Due to the payment default in January 2016 on the part of Thermie Serres S. A. to the financing bank, the negotiations between the joint venture partners and the financing bank regarding the refinancing of Thermie Serres S. A., which involved the exit of the Company as a shareholder of Thermie Serres S. A., had been intensified. As the likelihood of the guarantee issued being drawn upon had increased, a provision of EUR 8,000 thousand had been recorded. This amount had represented the most likely financial outcome of a mutual agreement with respect to the guarantee. In the financial year 2016/2017, the provision of EUR 7,780 thousand was utilized. The remaining amount was reversed. At the balance sheet date, no further claims exist against the Company.

8. Other assets and other financial assets – non-current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Other assets	**623**	**1,054**
Trade accounts receivable	6,070	6,040
Tax reserve account	38,300	38,300
Finance lease receivables	34,734	31,232
Receivables from investments accounted for using the equity method	153	153
Other	194	177
Other financial assets	**79,451**	**75,902**

Non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, each agreement having a term of more than one and up to ten years. In addition, non-current trade accounts receivable include receivables from new long-term heat supply contracts of Techem Energy Contracting GmbH relating to heat generation plants which are still under construction. Once construction is completed, these receivables are reclassified to finance lease receivables.

The tax reserve account results from requirements of the Senior Secured Facilities Agreement and is intended as a reserve to cover potential tax risks that might arise in a tax audit related to the interest barrier rule.

Finance lease receivables. These are finance leases mainly relating to heat generation plants.

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

EUR thousand	Mar 31, 2017	Mar 31, 2016
Total gross capital investment	54,032	49,746
Financial income not yet recognized	-16,101	-15,130
Net capital investment	**37,931**	**34,616**
Present value of the residual value	0	0
Present value of minimum lease payments	**37,931**	**34,616**
Finance lease receivables – current[1)]	-3,197	-3,384
Finance lease receivables – non-current	**34,734**	**31,232**

1) See note 1

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

EUR thousand	Mar 31, 2017 Total gross capital investment	Mar 31, 2017 Present value of minimum lease payments	Mar 31, 2016 Total gross capital investment	Mar 31, 2016 Present value of minimum lease payments
Maturity				
Up to one year	5,641	3,197	5,734	3,384
Between one year and five years	21,702	13,843	19,611	12,302
More than five years	26,689	20,891	24,401	18,930
Total	**54,032**	**37,931**	**49,746**	**34,616**

9. Deferred taxes

Deferred taxes are broken down as follows:

EUR thousand	Mar 31, 2017	Mar 31, 2016
Deferred tax assets resulting from:		
Tax losses carried forward	147,088	164,771
Interest rate instruments	4,480	10,299
Provisions for pensions	5,376	5,517
Other timing differences	10,751	6,618
Finance leases	291	211
Write-down on net losses carried forward	-6,992	-5,760
Offsetting	-158,199	-178,894
Total deferred tax assets	**2,795**	**2,762**
Deferred tax liabilities resulting from:		
Step-ups and recognition of assets as a result of purchase price allocations	-216,879	-224,332
Metering devices for rent	-82,747	-72,264
Calculation of effective interest	-4,217	-5,445
Work in progress	-19,930	-18,029
Finance leases	-3,758	-3,388
Other timing differences	-5,295	-4,672
Offsetting	158,199	178,894
Total deferred tax liabilities	**-174,627**	**-149,236**
Net deferred tax assets (+), deferred tax liabilities (-)	**-171,832**	**-146,474**

At the balance sheet date, tax losses carried forward of approximately EUR 945.0 million (March 31, 2016: EUR 1,067.8 million) exist, of which EUR 28.1 million (March 31, 2016: EUR 22.8 million) were not recognized as a deferred tax assets due to uncertain usability. The current estimate of the write-downs on the net losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

A tax group exists between TEMS KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH and bautec Energiemanagement GmbH.

The basis for the calculation of deferred taxes in Germany is the future tax rate of 29.96 percent (March 31, 2016: 29.80 percent).

Of the deferred tax assets resulting from provisions for pensions amounting to EUR 5,376 thousand (March 31, 2016: EUR 5,517 thousand), the amount of EUR 3,102 thousand (March 31, 2016: EUR 3,086 thousand) was directly recognized in equity.

The deferred taxes include non-current deferred tax assets of EUR 2,638 thousand and non-current deferred tax liabilities of EUR 151,163 thousand.

Deferred tax liabilities due to step-ups and recognition of assets as a result of purchase price allocations are reduced as a result of the depreciation of the assets over their useful life. They will not affect cash in future.

The unused tax losses of EUR 28.1 million for which no deferred tax asset has been recognized as at March 31, 2017, mainly relate to the following entities:

EUR thousand	Expiring within (years)	Amount as at Mar 31, 2017
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Germany	unlimited	10,662
Techem AB, Sweden	unlimited	5,524
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	4,180
Techem Energy Services S.L.U., Spain	unlimited	2,904
Techem Sverige AB, Sweden	unlimited	2,832
Techem Norge AS, Norway	unlimited	2,020
Total		**28,122**

10. Liabilities to shareholders, sundry liabilities and other financial liabilities – current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Liabilities to shareholders[1]	**12,088**	**0**
Deferred income	70,549	63,752
Other taxes	11,169	17,957
Advances received	1,365	953
Other	73	101
Sundry liabilities	**83,156**	**82,763**
Liabilities from hedging instruments[2) 3)]	14,954	34,559
Liabilities from swap interest	8,722	8,474
Guarantee deposits received	4,769	5,041
Commissions	406	2,270
Liabilities to investments accounted for using the equity method	0	957
Other	11,707	8,304
Other financial liabilities	**40,558**	**59,605**

1) For details see note 14 and part F. Other disclosures – "Transactions with related parties"

2) Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

3) See part F. Other disclosures – "Concentration of risk"

The current liabilities to shareholders comprise interest liabilities to MEIF II Finance Holdings S.à r.l.

The other taxes primarily include payroll tax and value-added tax.

11. Financial liabilities – current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Loans[1]	328	235
Interest payable[1]	31,930	31,656
Lease liabilities[1]	2,150	1,790
Financial liabilities	**34,408**	**33,681**

1) See note 13

12. Other provisions – current

EUR thousand	Apr 1, 2015	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Mar 31, 2016
Personnel	25,258	-21,553	24,234	-1,826	0	0	26,113
Maintenance services	8,265	-7,537	12	-54	0	6,072	6,758
Warranties	2,572	-1,621	5,687	-847	0	0	5,791
Legal fees	389	-210	380	-95	0	0	464
Restructuring	3,753	-1,326	8,899	-1,036	0	0	10,290
Other	12,092	-8,539	25,610	-1,161	0	609	28,611
Other provisions	**52,329**	**-40,786**	**64,822**	**-5,019**	**0**	**6,681**	**78,027**

EUR thousand	Apr 1, 2016	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Mar 31, 2017
Personnel	26,113	-22,317	20,310	-2,453	-35	0	21,618
Maintenance services	6,758	-5,603	431	-50	0	4,219	5,755
Warranties	5,791	-2,753	2,951	-826	-1	0	5,162
Legal fees	464	-253	343	-86	0	0	468
Restructuring	10,290	-6,705	8,733	-1,269	0	0	11,049
Other	28,611	-25,785	2,839	-1,806	0	260	4,119
Other provisions	**78,027**	**-63,416**	**35,607**	**-6,490**	**-36**	**4,479**	**48,171**

The personnel provisions mainly relate to provisions for variable remuneration and outstanding vacation entitlements. Additionally, provisions for time credits of employees are included, which result from overtime worked.

Maintenance service provisions have been recognized in order to allow for the exchange of equipment under maintenance agreements. The breakdown of the provisions into non-current and current elements is based on the age structure of the equipment covered by the agreements. The planned date for regular replacement of the equipment under an agreement is the relevant date in this consideration. The current portion relates to equipment with a planned date for regular replacement within one year from the balance sheet date.

The provision for warranties mainly relates to obligations due to defective devices, incorrect billing and faulty installation services.

In the current financial year, the restructuring provision mainly relates to a program to optimize the functional areas in Germany.

The decrease of the amount reported under "Other" in the financial year 2016/2017 mainly results from a decrease of provisions for settlement payments and commissions to commercial representatives as well as from the decrease of the provision relating to the credit guarantee issued for the joint venture Thermie Serres S. A. At the balance sheet date, no ongoing contracts with commercial representatives exist.

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversals" column.

13. Financial liabilities – non-current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Loans	611,964	551,343
Notes	724,552	721,466
Lease liabilities	3,198	4,871
Financial liabilities	**1,339,714**	**1,277,680**

In September 2012, Techem GmbH in its capacity as borrower had executed a Senior Secured Facilities Agreement. In the same month, Techem GmbH had issued 6.125% Senior Secured Notes (EUR 410,000 thousand) and Techem Energy Metering Service GmbH & Co. KG had issued 7.875% Senior Subordinated Notes (EUR 325,000 thousand). The Senior Secured Notes are due on October 1, 2019 and the Senior Subordinated Notes are due on October 1, 2020.

The most recent refinancing of the facilities under the Senior Secured Facilities Agreement by way of an amendment and extension from November 5, 2015, extended the maturity of the Facility A, the Capex and Acquisition Facility, the Revolving Credit Facility and the Additional Facility to June 30, 2020 (or June 30, 2019 if the Company's Senior Secured Notes are not refinanced by that time) and amended and improved certain other terms of these facilities. The Company also agreed to combine its existing Facility A and its Capex and Acquisition Facility and to increase this newly established Facility A to an amount of EUR 555,000 thousand. Furthermore, an additional EUR 150,000 thousand Capex Facility (Capex Facility II) was agreed under the Senior Secured Facilities Agreement in addition to the existing EUR 60,000 thousand Additional Facility (now defined as Capex Facility I). Both facilities serve to fund business growth going forward. The Revolving Credit Facility of EUR 50,000 thousand remained unchanged.

As at March 31, 2017, the Company has the whole principal amount outstanding under the EUR 555,000 thousand Facility A of the Senior Secured Facilities Agreement as well as EUR 45,611 thousand unutilized commitments under the EUR 50,000 thousand Revolving Credit Facility (utilized commitments being EUR 0 thousand drawn as cash and EUR 4,389 thousand drawn by way of guarantees). The Capex Facilities are drawn down in an amount of EUR 60,000 thousand as at March 31, 2017.

For all facilities, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. Since April 1, 2016, the relevant margin may vary between 400 basis points and 275 basis points, depending on the senior secured net debt to adjusted EBITDA ratio in respect of the most recently completed twelve-month test period preceding the interest payment. During the whole financial year 2016/2017 the margin was 275 basis points. The Company has entered into payer-swap-agreements with a nominal amount of EUR 400,000 thousand to hedge these interest rate risks.

The loan agreements specify certain limits for the ratio of senior secured net debt to adjusted EBITDA. If the ratio lies above these limits, a certain percentage of an excess cash flow adjusted by extraordinary effects, which is also defined in the agreement, has to be used for mandatory prepayments of the Facility A. This excess cash flow has to be calculated half yearly for the preceding six-month period. The cash-drawings of the Revolving Credit Facility have to be repaid based on previous determination after one or two months. Interest payments on the Facility A are currently made on the basis of the six-month-EURIBOR. As at March 31, 2017, accrued interest on the loans of the Senior Secured Facilities Agreement amounts to EUR 6,577 thousand.

Interest payments for the Senior Secured Notes and the Senior Subordinated Notes are each due on April 1 and October 1. As at March 31, 2017, accrued interest on the notes amounts to EUR 25,353 thousand. The notes can be repaid at par beginning October 1, 2018.

The liabilities under the Senior Secured Facilities Agreement, the Senior Secured Notes and certain hedging arrangements are secured on a first priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The Senior Secured Notes and the liabilities under the Senior Secured Facilities Agreement are guaranteed on a senior basis by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG and each subsidiary of Techem GmbH (except for Techem SAS that is a guarantor on a subordinated basis) that is a guarantor under the Senior Secured Facilities Agreement (each a "Subsidiary Guarantor"). These Subsidiary Guarantors are Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Messtechnik Ges.m.b.H., Caloribel S.A., Techem Danmark A/S, Techem SAS, Techem S.r.l., Techem Energy Services B.V. and "Techem" Techniki Pomiarowe Sp. z o.o.

MEIF II Finance Holdings S.à r.l. (parent company of MEIF II Germany Holdings S.à r.l.), MEIF II Germany Holdings S.à r.l., Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and the Subsidiary Guarantors grant the following liens and security interests on an equal and ratable basis to secure the Senior Secured Facilities and the Senior Secured Notes:

(a) a first-priority pledge over the shares of MEIF II Germany Holdings S.à r.l. held by MEIF II Finance Holdings S.à r.l.;

(b) a first-priority pledge over the limited partnership interests of Techem Energy Metering Service GmbH & Co. KG and the shares of capital stock of Techem Energie GmbH, the general partner of Techem Energy Metering Service GmbH & Co. KG, held by MEIF II Germany Holdings S.à r.l. and the general partnership interests in Techem Energy Metering Service GmbH & Co. KG held by Techem Energie GmbH;

(c) a first-priority pledge over the shares of capital stock of each of Techem GmbH and the Subsidiary Guarantors (except for Techem SAS), and a second-priority pledge over the shares of capital stock of Techem SAS;

(d) a global assignment of all receivables of Techem Energy Metering Service GmbH & Co. KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG and Techem Energie GmbH;

(e) an assignment of receivables under any intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. and its subsidiaries and an assignment of receivables under any intercompany loans from MEIF II Germany Holdings S.à r.l. to Techem Energy Metering Service GmbH & Co. KG; and

(f) first-priority pledges of all the bank accounts held by Techem Energy Metering Service GmbH & Co. KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG and Techem Energie GmbH.

The Senior Subordinated Notes are guaranteed on a senior subordinated basis by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem GmbH and each Subsidiary Guarantor under the Senior Secured Facilities Agreement (see above, but excluding Techem Danmark A/S).

MEIF II Finance Holdings S.à r.l., MEIF II Germany Holdings S.à r.l., Techem Energie GmbH and Techem Energy Metering Service GmbH & Co. KG grant the following liens and security interests on an equal and ratable basis to secure the Senior Subordinated Notes:

(a) a second-priority pledge over the shares of MEIF II Germany Holdings S.à r.l. held by MEIF II Finance Holdings S.à r.l.;

(b) a second-priority pledge over the limited partnership interests of Techem Energy Metering Service GmbH & Co. KG and the shares of capital stock of Techem Energie GmbH, the general partner of Techem Energy Metering Service GmbH & Co. KG, held by MEIF II Germany Holdings S.à r.l. and the general partnership interests in Techem Energy Metering Service GmbH & Co. KG held by Techem Energie GmbH;

(c) a second-priority pledge over the shares of capital stock of Techem GmbH held by Techem Energy Metering Service GmbH & Co. KG;

(d) a global assignment of all receivables of Techem Energy Metering Service GmbH & Co. KG and Techem Energie GmbH (subject to subordination on enforcement in accordance with the intercreditor agreement);

(e) an assignment of receivables under any intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. and its subsidiaries and an assignment of receivables under any intercompany loans from MEIF II Germany Holdings S.à r.l. to Techem Energy Metering Service GmbH & Co. KG (in each case subject to subordination on enforcement in accordance with the intercreditor agreement); and

(f) second-priority pledges of all the bank accounts held by Techem Energy Metering Service GmbH & Co. KG and Techem Energie GmbH.

The pledged shares had the following book values according to local GAAP before consolidation as at March 31, 2017: MEIF II Germany Holdings S.à r.l. (EUR 789,156 thousand; directly owned by MEIF II Finance Holdings S.à r.l.), Techem Energie GmbH (EUR 59 thousand; directly owned by MEIF II Germany Holdings S.à r.l.), Techem Energy Metering Service GmbH & Co. KG (EUR 501,739 thousand; directly and indirectly owned by MEIF II Germany Holdings S.à r.l.), Techem GmbH (EUR 1,431,037 thousand; directly owned by Techem Energy Metering Service GmbH & Co. KG), Techem Energy Services GmbH (EUR 179,442 thousand; directly and indirectly owned by Techem GmbH), Techem Vermögensverwaltung GmbH & Co. KG (EUR 874,833 thousand; directly owned by Techem GmbH), Techem Energy Contracting GmbH (EUR 35,066 thousand; directly owned by Techem Energy Services GmbH), bautec Energiemanagement GmbH (EUR 16,055 thousand; directly owned by Techem Energy Services GmbH), Techem Verwaltungs GmbH (EUR 45 thousand; directly owned by Techem GmbH), Techem Messtechnik Ges.m.b.H. (EUR 6,498 thousand; directly owned by Techem Energy Services GmbH), Techem Danmark A/S (EUR 23,346 thousand; directly owned by Techem Energy Services GmbH), Techem SAS (EUR 40,364 thousand; directly owned by Techem Energy Services GmbH), "Techem" Techniki Pomiarowe Sp. z o.o. (EUR 4,119 thousand; directly owned by Techem Energy Services GmbH), Techem S.r.l. (EUR 1,063 thousand; directly owned by Techem Energy Services GmbH), Techem Energy Services B.V. (EUR 3,696 thousand; directly owned by Techem Energy Services GmbH) and Caloribel S.A. (EUR 16,019 thousand; directly and indirectly owned by Techem GmbH).

As at March 31, 2017, the receivables under intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. had an outstanding balance of EUR 198,064 thousand (incl. outstanding interest). There was no intercompany loan from MEIF II Germany Holdings S.à r.l to Techem Energy Metering Service GmbH & Co. KG.

In addition, the obligations are secured by various assets which were assigned for security purposes. The secured assets reported to the banks are as follows:

EUR thousand	Mar 31, 2017
Trade accounts receivable	47,423
Cash at bank	143,198
Tax reserve account[1)]	38,300
Total collateral	**228,921**

1) See note 8

Under the financing arrangements, covenants have to be complied with and have to be reported to the participating banks as part of a bank reporting. For March 31, 2017, preliminary calculations indicate no issues.

In addition, one subsidiary has bank debt amounting to a total of EUR 328 thousand with a facility EUR 1,487 thousand (March 31, 2016: bank debt of EUR 235 thousand; facility: EUR 1,222 thousand). For further information see note 11.

In the financial year 2016/2017, the average interest rate for the financial year is 6.99 percent (2015/2016: 7.08 percent).

The breakdown of lease liabilities is as follows:

	Mar 31, 2017		Mar 31, 2016	
EUR thousand	Nominal amount of lease liabilities	Present value of minimum lease payments	Nominal amount of lease liabilities	Present value of minimum lease payments
Up to one year	2,238	2,150	2,027	1,790
Between one year and five years	1,208	1,182	2,949	2,828
More than five years	2,350	2,016	2,465	2,043
Total	**5,796**	**5,348**	**7,441**	**6,661**
Less: discounting	-448		-780	
Net present value	**5,348**		**6,661**	
Lease liabilities – current[1)]	-2,150	-2,150	-1,790	-1,790
Lease liabilities – non-current	**3,198**	**3,198**	**4,871**	**4,871**

1) See note 11

The Company has entered into leases for office equipment, hardware, machinery and land and buildings.

The repayment of lease liabilities (in accordance with the statement of cash flows) is computed as follows:

EUR thousand	Mar 31, 2017	Mar 31, 2016
Present value of lease liabilities	5,348	6,661
Less:		
Additions in year under review	-728	-293
Opening balance as at Apr 1	-6,661	-8,096
Repayment of lease liabilities	**-2,041**	**-1,728**

14. Liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

EUR thousand	Mar 31, 2017	Mar 31, 2016
Liabilities to shareholders	**185,976**	**185,976**
Deferred income	1,433	1,266
Other	8	0
Sundry liabilities	**1,441**	**1,266**
Trade accounts payable	1,443	1,501
Guarantee deposits received	710	740
Other	149	52
Other financial liabilities	**2,302**	**2,293**

Liabilities to shareholders of EUR 185,976 thousand (March 31, 2016: EUR 185,976 thousand) relate to loans owed to the parent company of MEIF II Germany.

The liabilities owed to the parent of MEIF II Germany consist of the following single loan agreements with the following conditions:

	Amount drawn down				
EUR thousand	**Mar 31, 2017**	**Mar 31, 2016**	**Total facility**	**Interest rate**	**Repayment date**
Shareholder loan agreement – entered into on Feb 13, 2007	87,260	87,260	360,000	13.0%	Dec 31, 2027
Shareholder loan agreement – entered into on Dec 20, 2007	98,716	98,716	400,000	13.0%	Dec 31, 2027
Liabilities to shareholders – non-current	**185,976**	**185,976**	**760,000**		

Deferred income contains the deferred gain from the sale and leaseback of land and buildings of Techem Messtechnik Ges.m.b.H. The transaction had taken place in the financial year 2005/2006.

15. Provisions for pensions and other post-employment benefits

Post-employment benefit plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee's period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage on insured salary.

The provisions for pensions and other post-employment benefits are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined in accordance with IAS 19 („Employee benefits") using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2005 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions of IAS 19 for plan assets. Accordingly, plan assets are set off against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the movement in interest rates on capital markets. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension commitments. The reinsurances are not traded on an active market.

The following table shows the changes in post-employment benefit obligations in each reporting period:

EUR thousand	**Mar 31, 2017**	**Mar 31, 2016**
Present value of funded obligations	21,586	20,448
Fair value of plan assets	-15,649	-14,656
Deficit	**5,937**	**5,792**
Present value of unfunded obligations	18,880	19,305
Balance as at Mar 31	**24,817**	**25,097**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

EUR thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Apr 1, 2015	**39,614**	**14,043**	**25,571**
Remeasurements[1]	532	-13	545
Exchange rate differences on foreign plans	-714	-453	-261
Derecognition of obligations/plan assets covered by insurance companies	-400	-400	0
Employees moving from/to other companies	429	429	0
Disposal of subsidiaries	-14	0	-14
Current service costs[2]	1,377	0	1,377
Past service costs[2]	-280	0	-280
Interest costs/income[2]	408	146	262
Pension payments	-1,199	-71	-1,128
Employer contributions to plan assets	0	522	-522
Employee contributions to plan assets	0	453	-453
Balance as at Mar 31, 2016	**39,753**	**14,656**	**25,097**
Balance as at Apr 1, 2016	**39,753**	**14,656**	**25,097**
Remeasurements[1]	645	678	-33
Exchange rate differences on foreign plans	409	263	146
Derecognition of obligations/plan assets covered by insurance companies	-205	-205	0
Employees moving from/to other companies	-321	-321	0
Disposal of subsidiaries	-16	0	-16
Current service costs[2]	1,415	0	1,415
Past service costs[2]	0	0	0
Interest costs/income[2]	447	162	285
Pension payments	-1,661	-553	-1,108
Employer contributions to plan assets	0	507	-507
Employee contributions to plan assets	0	462	-462
Balance as at Mar 31, 2017	**40,466**	**15,649**	**24,817**

1) Positions recognized in other comprehensive income

2) Positions recognized in current income

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets were each reduced by EUR 205 thousand in 2016/2017 (2015/2016: EUR 400 thousand).

The current service costs and past service costs are included in the personnel expenses. The interest costs and the return on plan assets are included in the financial result. Remeasurements are recognized in other comprehensive income.

The breakdown of remeasurements is as follows:

EUR thousand	2016/2017	2015/2016
Actuarial gains/losses from changes in financial assumptions	-34	17
Actuarial gains/losses from changes in demographic assumptions	-561	0
Experience gains/losses	1,240	515
Gains/losses from changes related to plan assets	-678	13
Remeasurements, recognized in other comprehensive income	**-33**	**545**

The basic assumptions applied in the computation of the pension provisions are as follows (average values):

	Mar 31, 2017	Mar 31, 2016
Discount rate	1.02%	1.14%
Salary increases	1.93%	2.04%
Annuity increases	0.95%	1.01%

As at March 31, 2017, an average discount rate of 1.30 percent was applied to German defined benefit obligations. The discount rates applying to non-German defined benefit obligations in 2016/2017 were between 0.60 percent and 3.50 percent.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25 percentage points	Decrease by 3.4%
	Decrease by 0.25 percentage points	Increase by 3.8%
Salary increases	Increase by 1.0 percentage points	Increase by 1.1%
	Decrease by 1.0 percentage points	Decrease by 1.1%
Annuity increases	Increase by 1.0 percentage points	Increase by 8.8%
	Decrease by 1.0 percentage points	Decrease by 4.0%
Life expectancy	Increase by 1 year	Increase by 3.1%
	Decrease by 1 year	Decrease by 3.1%

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2016/2017, the expenses for contribution-based pension schemes amounted to EUR 11,459 thousand (2015/2016: EUR 10,891 thousand), thereof for the German entities EUR 10,743 thousand (2015/2016: EUR 10,180 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2017/2018, contributions to the plan assets are expected to amount to EUR 970 thousand. In the prior financial year, contributions to the plan assets in the financial year 2016/2017 were expected to amount to EUR 928 thousand.

The weighted average duration of the pension plans is 15.6 years (2015/2016: 15.7 years).

The maturity analysis of the benefit payments is as follows:

Maturity	< 1 year	1-2 years	2-5 years	> 5 years
EUR thousand	1,840	1,758	5,266	40,317

16. Other provisions – non-current

EUR thousand	Apr 1, 2015	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2016
Maintenance services	21,603	-89	5,961	-1,853	-6,072	128	19,678
Restructuring	0	0	0	0	0	0	0
Partial retirement and anniversary bonuses	5,463	-7	376	-213	0	106	5,725
Other	2,824	0	350	-47	-609	27	2,545
Other provisions	**29,890**	**-96**	**6,687**	**-2,113**	**-6,681**	**261**	**27,948**

EUR thousand	Apr 1, 2016	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2017
Maintenance services	19,678	-1,546	6,215	-48	-4,219	395	20,475
Restructuring	0	0	7,963	0	0	33	7,996
Partial retirement and anniversary bonuses	5,725	-8	335	-448	0	120	5,724
Other	2,545	-15	371	-118	-260	66	2,589
Other provisions	**27,948**	**-1,569**	**14,884**	**-614**	**-4,479**	**614**	**36,784**

Generally, a discount rate of 1.87 percent was applied to the provisions (the risk premium was taken into account in the measurement of future cash outflows).

The restructuring provision mainly relates to a program to optimize the functional areas in Germany.

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversal" column.

17. Equity

Share capital. As at March 31, 2017, the share capital of the Company was EUR 103,000 (March 31, 2016: EUR 102,000) consisting of 4,120 shares (March 31, 2016: 4,080 shares) having a nominal value of EUR 25 each.

With resolution dated December 9, 2016, an increase in the share capital of the Company amounting to EUR 1,000 has been resolved. The share capital was increased by creating and issuing 40 new shares having a nominal value of EUR 25 each, subject to a share premium of EUR 206,535,972. The increase in share capital and share premium took place by way of contribution in kind (convertible loan was wholly converted into share capital and capital reserves).

Capital reserves. As at March 31, 2017, capital reserves were EUR 789,054,506 (March 31, 2016: EUR 678,085,375).

The increase in capital reserve resulted from the share premium as mentioned under "Share capital". Furthermore, partial repayments of the share premium of the Company amounting to a total of EUR 95,566,842 have been resolved on April 26, 2016 and October 19, 2016. The partial repayments of the share premium are part of total distributions made to MEIF II Finance Holdings S.à r.l. in April 2016 amounting to EUR 49,869,121 (being a reduction of share premium) and in October 2016 amounting to EUR 57,786,138 (being a repayment of accrued interest and a reduction of share premium).

Convertible loan. On December 20, 2007, MEIF II Germany (borrower) had entered into a convertible loan agreement with its parent company (lender). In September 2012, MEIF II Luxembourg Holdings S.à r.l. assigned the convertible loan agreement to the new parent company MEIF II Finance Holdings S.à r.l. The loan agreement had an indefinite term and bore no interest. As at March 31, 2016, EUR 206,636,972 were drawn down. With resolution dated December 9, 2016, the convertible loan was wholly converted into share capital and capital reserves as mentioned under "Share capital".

Under IAS 32 this convertible loan was accounted for as equity, because the borrower did not have an obligation to deliver cash as a result of the borrower's unconditional right to avoid cash settlement. Furthermore, there was no obligation to deliver returns in cash as such returns were contingent upon dividends being declared on ordinary equity.

Capital management disclosures. Among its objectives, MEIF II Germany Group is endeavoring to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue, EBITDA and free cash flow are direct management criteria.

The following table shows the change in equity and financial liabilities:

EUR thousand	Mar 31, 2017	Mar 31, 2016	Change (%)	Apr 1, 2015
Equity attributable to owners of the parent	259,833	329,173		297,778
Non-controlling interest	0	0		1
Equity	**259,833**	**329,173**	**-21.06**	**297,779**
as percentage of total equity and financial liabilities	15.90	20.06		19.59
Financial liabilities current	34,408	33,681		30,532
Financial liabilities non-current	1,339,714	1,277,680		1,191,459
Financial liabilities	**1,374,122**	**1,311,361**	**4.79**	**1,221,991**
as percentage of total equity and financial liabilities	84.10	79.94		80.41
Total equity and financial liabilities	**1,633,955**	**1,640,534**	**-0.40**	**1,519,770**

18. Categories of financial assets and financial liabilities

The following table provides an overview of carrying amounts and fair values of the financial instruments in the MEIF II Germany Group in accordance with IAS 39 and IFRS 7:

	Mar 31, 2017		Mar 31, 2016	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Category: Loans and receivables				
Measurement at amortized cost				
Cash and cash equivalents (excl. other investments)[1]	161,680	161,680	179,499	179,499
Trade accounts receivable (current)	276,119	276,119	252,435	252,435
Other financial assets (current)	2,143	2,143	2,636	2,636
Other financial assets (non-current)	79,451	73,776	75,902	70,085
Category: Financial assets at fair value through profit or loss				
Measurement at fair value				
Cash equivalents (other investments)	3,755	3,755	2,611	2,611
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)	64,460	64,460	48,889	48,889
Trade accounts payable (non-current)	1,443	1,443	1,501	1,501
Other financial liabilities (current)[2]	25,604	25,604	25,046	25,046
Other financial liabilities (non-current)[3]	859	859	792	792
Financial liabilities (current)	34,408	34,408	33,681	33,681
Financial liabilities (non-current)	1,339,714	1,411,489	1,277,680	1,378,267
Liabilities to shareholders (current)	12,088	12,088	0	0
Liabilities to shareholders (non-current)	185,976	297,231	185,976	382,800
Category: Financial liabilities at fair value through profit or loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	14,954	14,954	34,559	34,559

1) As at March 31, 2017, other investments to the amount of EUR 3,755 thousand are reported in the category "Financial assets at fair value through profit or loss" (March 31, 2016: EUR 2,611 thousand).

2) As at March 31, 2017, the balance sheet item also includes interest rate instruments of EUR 14,954 thousand (March 31, 2016: EUR 34,559 thousand), which are reported in the category "Financial liabilities at fair value through profit or loss".

3) As at March 31, 2017, the balance sheet item also includes non-current trade accounts payable of EUR 1,443 thousand (March 31, 2016: EUR 1,501 thousand). They are reported in the categories "Financial liabilities measured at amortized cost".

Non-current other financial assets consist of the following:

EUR thousand	Mar 31, 2017 Carrying amount	Mar 31, 2017 Fair value	Mar 31, 2016 Carrying amount	Mar 31, 2016 Fair value
Trade accounts receivable	6,070	6,070	6,040	6,040
Tax reserve account	38,300	34,553	38,300	34,969
Finance lease receivables	34,734	32,806	31,232	28,746
Receivables from investments accounted for using the equity method	153	153	153	153
Other	194	194	177	177
Total	**79,451**	**73,776**	**75,902**	**70,085**

Non-current financial liabilities consist of the following:

EUR thousand	Mar 31, 2017 Carrying amount	Mar 31, 2017 Fair value	Mar 31, 2016 Carrying amount	Mar 31, 2016 Fair value
Loans	611,964	644,558	551,343	593,389
Notes	724,552	763,747	721,466	780,033
Lease liabilities	3,198	3,184	4,871	4,845
Total	**1,339,714**	**1,411,489**	**1,277,680**	**1,378,267**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

- level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
- level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
- level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

EUR thousand	Level 1	Level 2	Level 3	Total
Mar 31, 2017				
Cash equivalents (other investments)	3,755	0	0	3,755
Financial assets	**3,755**	**0**	**0**	**3,755**
Hedging instruments not subject to hedge accounting	0	14,954	0	14,954
Financial liabilities	**0**	**14,954**	**0**	**14,954**
Mar 31, 2016				
Cash equivalents (other investments)	2,611	0	0	2,611
Financial assets	**2,611**	**0**	**0**	**2,611**
Hedging instruments not subject to hedge accounting	0	34,559	0	34,559
Financial liabilities	**0**	**34,559**	**0**	**34,559**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2016/2017.

The fair value of all current items is approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets (with the exception of the tax reserve account and finance lease receivables), non-current trade accounts payable and non-current other financial liabilities, it is assumed that the carrying amounts are approximately equivalent to their fair values.

The fair value of other investments is based on quoted market prices on an active market at the balance sheet date.

The fair values of hedging instruments not subject to hedge accounting are determined using the mark-to-market valuation method (interest rate swaps) and the Black-Scholes option pricing model (embedded interest floor). They are then adjusted by the own credit risk of MEIF II Germany Group (or the counterparty credit risk). The expected exposure to the credit risk is calculated on the basis of a simulation of a possible future market scenario. The simulation is performed based on parameters derived from observable market data at the balance sheet date. To calculate the probability of default and the loss given default, the Company's CDS spreads are used. The credit risk is discounted using term adequate risk-free interest rates.

The fair values of non-current financial assets (finance lease receivables) and non-current financial liabilities (lease liabilities), measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate applied to these cash flows is the Company's cost of capital. The discounted cash flows are then adjusted by the counterparty credit risk or the own credit risk of MEIF II Germany Group. The counterparty credit risk is derived from credit insurance premiums. The own risk is based on the Company's CDS spreads.

The fair values of the notes are their quoted market prices at the balance sheet date.

The fair values of non-current financial assets (tax reserve account), non-current financial liabilities (loans) and non-current liabilities to shareholders, measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of the counterparty or the Company.

The fair values of the notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the tax reserve account, non-current financial liabilities (excluding the notes) as well as non-current liabilities to shareholders are attributed to Level 2. The fair values of finance lease receivables comply with Level 3.

Net gains or losses on financial instruments of MEIF II Germany Group consist of the following:

EUR thousand	Loans and receivables	Financial assets at fair value through profit and loss	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss
2016/2017				
Other expenses	**-1,364**[1)]	**0**	**0**	**0**
Financial income	**3,017**[2)]	**3**	**0**	**20,662**
Finance costs	**0**	**0**	**-97,755**[3)]	**-21,922**
Net result	**1,653**	**3**	**-97,755**	**-1,260**
2015/2016				
Other expenses	**-2,515**[1)]	**0**	**0**	**0**
Financial income	**3,089**[2)]	**2**	**0**	**18,156**
Finance costs	**-5**	**0**	**-120,453**[3)]	**-22,862**
Net result	**569**	**2**	**-120,453**	**-4,706**

1) Other expenses include gains resulting from the reduction of valuation allowances on trade accounts receivable.

2) Financial income includes interest income, mainly resulting from installment-based business and from finance lease, which are measured using the effective interest method.

3) Finance costs include interest expenses, mainly resulting from loans and notes, which are measured using the effective interest method.

19. Revenue

EUR thousand	**2016/2017**	**2015/2016**
Energy Services		
Billing services	337,232	320,322
Rental and associated service revenue	212,120	206,379
Sales	110,808	83,610
Maintenance	31,502	30,659
Other	1,587	1,815
Energy Contracting	89,463	101,764
Revenue	**782,712**	**744,549**

20. Capitalized internal work

EUR thousand	2016/2017	2015/2016
Capitalized internal work from installation	5,985	7,216
Capitalized internal work from projects	3,637	3,738
Capitalized internal work	**9,622**	**10,954**

Capitalized internal work from installation relates to the rental business and is capitalized within metering devices for rent.

Capitalized internal work from projects solely refers to intangible assets.

21. Other income

EUR thousand	2016/2017	2015/2016
Gains on foreign exchange	376	815
Gains on the disposal of fixed and intangible assets	391	329
Other	6,505	1,616
Other income	**7,272**	**2,760**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date. The increase in the position "Other" in the financial year 2016/2017 is mainly due to the change in presentation of gains in the statement of profit or loss in conjunction with the cancellation of rental contracts.

22. Product expenses and purchased services

EUR thousand	2016/2017	2015/2016
Material expenses	-110,134	-118,618
External workforce	-69,884	-51,143
Commercial representatives and other commissions	-10,076	-31,933
Replacement expenses	-2,138	-1,521
Research and development costs	-125	-112
Other	-5,771	-12,247
Product expenses and purchased services	**-198,128**	**-215,574**

23. Other expenses

EUR thousand	2016/2017	2015/2016
IT	-24,732	-23,352
Rent	-17,440	-17,854
Travel and car expenses	-14,510	-13,780
Consultancy	-13,816	-9,239
Advertising and promotion	-5,782	-6,395
Communication costs	-5,210	-4,771
Write-downs and valuation allowance on receivables	-1,364	-2,515
Research and development costs	-918	-1,096
Losses on foreign exchange	-487	-1,539
Losses on the disposal of fixed and intangible assets	-89	-59
Other	-17,828	-19,731
Other expenses	**-102,176**	**-100,331**

The losses on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date.

In addition to the above mentioned research and development costs amounting to EUR 918 thousand (2015/2016: EUR 1,096 thousand), further research and development costs are included in personnel expenses amounting EUR 3,511 thousand (2015/2016: EUR 3,466 thousand) and in product expenses amounting EUR 125 thousand (2015/2016: EUR 112 thousand).

24. Financial income and finance costs

EUR thousand	2016/2017	2015/2016
Interest income	3,063	3,120
Gains on foreign exchange resulting from intercompany loans	1,799	1,802
Gains on hedging instruments measured at fair value	20,662	18,156
Other financial income	18	18
Total financial income	**25,542**	**23,096**
Losses on hedging instruments measured at fair value	-1,057	-2,748
Interest expense	-40,748	-47,238
Interest expense on notes	-53,792	-53,573
Interest expense on shareholder loans	-24,177	-40,051
Losses on foreign exchange resulting from intercompany loans	-1,488	-2,099
Interest expense on provisions	-1,060	-669
Total finance costs	**-122,322**	**-146,378**
Financial income and finance costs	**-96,780**	**-123,282**

In 2016/2017, interest income from installment-based business amounts to EUR 245 thousand (2015/2016: EUR 672 thousand).

As a result of refinancing the Senior Secured Facilities Agreement in the financial year 2015/2016, expenses of EUR 6,994 thousand, relating to prior refinancing, had been recognized under interest expense.

25. Income taxes

EUR thousand	2016/2017	2015/2016
Current income taxes		
Germany	-2,549	5
Other countries	-11,962	-8,446
Total income taxes	**-14,511**	**-8,441**
Deferred taxes		
Derecognition/ Recognition of tax losses carried forward	-18,915	17,309
Tax effect from temporary differences	-6,424	1,041
Total deferred taxes	**-25,339**	**18,350**
Total tax income/expense	**-39,850**	**9,909**

According to German tax law, income taxes comprise corporate tax, trade tax and the solidarity surcharge.

In the financial year 2016/2017, the weighted average tax rate for the Company is 29.96 percent (2015/2016: 29.80 percent).

In 2012, a tax audit of TEMS KG, being the parent company of the tax group (since 2006), had commenced for the years 2006 to 2009. In October 2015, the tax audit was extended for the period from 2010 to 2013. Subsequently, the tax authorities extended the tax audit for the periods 2014 and 2015. These filing periods, as well as all subsequent periods, may be subject to a re-audit.

Deferred taxes have been calculated using the relevant enacted tax rate.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2016/2017		2015/2016	
	EUR thousand	%	EUR thousand	%
Expected income tax	**-19,684**	**30.0**	**30,204**	**29.8**
Differences from differing tax rates	2,544	-3.9	1,895	1.9
Change in tax rate for deferred taxes	-35	0.0	-5,503	-5.4
Permanent differences	-5,822	8.9	-7,893	-7.8
Permanent differences TEC Impairment[1)]	0	0.0	-13,249	-13.1
Taxes unrelated to the reporting period	21	0.0	-95	-0.1
Unrecognized deferred tax assets on tax losses carried forward	-784	1.2	-1,164	-1.1
Derecognition/ Recognition of tax losses carried forward	-15,016	22.9	5,115	5.0
Other	-1,074	1.6	599	0.6
Effective tax income/expense and tax rate	**-39,850**	**60.7**	**9,909**	**9.8**

1) See note 6

The changes in tax rate for deferred taxes in the financial year 2016/2017 results from changes in the trade tax rate from 13.97 percent to 14.13 percent and a decrease in the tax rate in France.

The changes in tax rate for deferred taxes in the financial year 2015/2016 mainly resulted from changes in the trade tax rate from 13.18 percent to 13.97 percent.

In the financial year 2016/2017, the derecognition of tax losses carried forward results from the tax audit. In the financial year 2015/2016, the recognition was a result of an adjustment for the year 2013.

26. Acquisition of BYTTHERM spol. s r.o.

With an effective date of January 6, 2017, Techem Energy Services GmbH acquired all the shares in BYTTHERM spol. s r.o., Trutnov/Czech Republic (hereinafter also referred to as "BYTTHERM"). The purchase price was EUR 800 thousand.

The business of BYTTHERM comprises primarily the reading, allocation and billing of energy and water consumption as well as the selling of the respective devices.

The breakdown of the net assets acquired is as follows:

EUR thousand	Carrying amount	Adjustment of carrying amount to fair value	Fair value
Cash and cash equivalents	97	0	97
Current receivables and inventories	101	0	101
Land and building	89	33	122
Property, plant and equipment	6	0	6
Customer contracts	0	111	111
Deferred tax assets	36	0	36
Current liabilities	-116	0	-116
Deferred tax liabilities	0	-27	-27
Total net assets acquired	**213**	**117**	**330**
Goodwill			470
Total purchase price			**800**
Total purchase price			-800
Outstanding purchase price liability			300
Less cash and cash equivalents acquired			97
Net cash outflow relating to the acquisition			**-403**

Due to the acquisition, customer relationships amounting to EUR 111 thousand were identified as intangible assets (amortization period 5 years).

The goodwill of EUR 470 thousand mainly comprises intangible assets which cannot be determined separately and mainly reflect expected future growth of earnings as a result of synergies as well as of the resulting complete regional coverage of our business in the Czech Republic.

The purchase price is a conditional purchase price, which includes a retained guarantee reserve of EUR 300 thousand, which has not been paid yet at the balance sheet date. It is assumed, with a high probability, that the retained guarantee reserve has to be paid: tranche 1 amounting to EUR 200 thousand one year after acquisition date and tranche 2 amounting to EUR 100 thousand two years after acquisition date.

In the financial year 2015/2016, a net cash outflow of EUR 130 thousand relating to acquisitions of subsidiaries had been recognized in the cashflow statement. This relates to the payment of the retained guarantee reserve from the acquisition of Building Service Liégois S. A. (hereinafter also referred to as "BSL") in the financial year 2013/2014. In March 2014, BSL had been merged into Caloribel S. A. with retrospective effect from January 1, 2014.

If the acquired company had been part of the MEIF II Germany Group since April 1, 2016, Group revenues would have amounted to EUR 783,443 thousand and the net profit to EUR 25,864 thousand.

Costs directly attributable to the purchase of BYTTHERM are EUR 86 thousand, which have been recognized in other expenses.

F. OTHER DISCLOSURES

Operating leases

The Group as lessee. The Company has entered into leases for buildings (head office in Eschborn – fixed term until January 31, 2024, as well as other leases for subsidiaries and field organizations), vehicles and office equipment. The leases have renewal options and various terms. The total expense for these leases in 2016/2017 was EUR 22,540 thousand (2015/2016: EUR 21,700 thousand).

The minimum lease obligations as at March 31, 2017 were as follows:

EUR thousand	Mar 31, 2017	Mar 31, 2016
2016/2017	—	19,453
2017/2018	19,372	16,407
2018/2019	15,915	12,798
2019/2020	13,208	10,325
2020/2021	11,000	8,558
2021/2022	8,741	6,803
After 2021/2022	14,142	11,007
Total minimum lease obligations	**82,378**	**85,351**

Other financial obligations / Financial guarantees

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2017				
Financial obligations due to purchase of fixed assets	4,475	115	0	4,590
Financial obligations due to purchase of intangible assets	704	0	0	704
Financial obligations due to energy supply contracts	17,084	19,688	1,975	38,747
Other financial obligations	**22,263**	**19,803**	**1,975**	**44,041**

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2016				
Financial obligations due to purchase of fixed assets	2,718	0	0	2,718
Financial obligations due to purchase of intangible assets	468	0	0	468
Financial obligations due to energy supply contracts	22,194	32,753	2,826	57,773
Other financial obligations	**25,380**	**32,753**	**2,826**	**60,959**

As at March 31, 2017, financial guarantees in the amount of EUR 120 thousand have been issued (March 31, 2016: EUR 146 thousand).

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared due to the issuance of notes in September 2012 by TEMS KG and Techem GmbH, which are traded in a public market.

Within the segment Energy Services the Company provides its customers, which mainly comprise service providers of the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The Company rents and sells heat and water sub-meters as well as heat cost allocators, which are necessary to provide the services. Rental contracts for the metering devices mainly have a term of five to ten years.

The Company also offers maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts.

Furthermore, the Company's supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented out to customers. In addition, the Company offers a smoke detector service.

In addition, the Company in cooperation with SGS Institut Fresenius offers services of legionella analysis in Germany.

The services offered by the segment Energy Contracting are the planning, financing, construction and operation of heat generation plants for its customers. Gas, oil, long-distance heating and electricity is provided, the plants are maintained continuously. Furthermore, a heat and electricity generating plant was operated by the joint venture Thermie Serres S. A. until the disposal of the subsidiary Techem Energy Contracting Hellas EPE, Athens/ Greece, on June 16, 2016, which held 50.24 percent of the shares in Thermie Serres S. A.

"Others" mainly comprise the activities of the parent company MEIF II Germany and of other non-operating companies.

The accounting principles applied are the same as those applied for the Group. Management evaluates each of the segments using the measure EBITDA. EBITDA is defined as earnings before interest, tax and depreciation/amortization.

Investments are cash-effective additions to metering devices for rent, to property, plant and equipment and to intangible assets, excluding additions as a result of finance leases.

Intragroup transactions are carried out at market prices.

The Company has no customer with a share in revenue exceeding 10 percent.

To obtain external segment revenues by geographical area the revenues are allocated to the region where they were recognized. Non-current assets are reported based on their location. Non-current assets comprise metering devices for rent, property, plant and equipment, intangible assets, non-current other assets and investments accounted for using the equity method.

As a result of similar economic characteristics in the form of similar margins for products and services, similar products and services as well as similar distribution and customer structures, the operating segments Energy Services Germany and Energy Services International are aggregated into a single reportable segment.

Segment information for the financial years 2016/2017 and 2015/2016 is as follows:

EUR thousand	Energy Services	Energy Contracting	Others	Consolidation	Group
2016/2017					
External revenue	693,249	89,463	0	0	782,712
Intragroup revenue	4,639	548	2,608	-7,795	0
Revenue	**697,888**	**90,011**	**2,608**	**-7,795**	**782,712**
EBITDA	**286,226**	**7,459**	**-9,040**	**-791**	**283,854**
Depreciation/amortization of fixed and intangible assets	**-115,699**	**-6,515**	**-101**	**0**	**-122,315**
thereof impairment losses	-6,911	-373	0	0	-7,284
Earnings before interest and tax (EBIT)					**161,539**
Share of profit of investments accounted for using the equity method					941
Financial income					25,542
Finance costs					-122,322
Profit before tax					**65,700**
Investments	**-118,080**	**-11,306**	**0**	**0**	**-129,386**
2015/2016					
External revenue	642,785	101,764	0	0	744,549
Intragroup revenue	4,536	598	2,549	-7,683	0
Revenue	**647,321**	**102,362**	**2,549**	**-7,683**	**744,549**
EBITDA	**233,540**	**8,029**	**-6,475**	**41**	**235,135**
Depreciation/amortization of fixed and intangible assets	**-107,430**	**-98,227**	**-52**	**0**	**-205,709**
thereof impairment losses	-5,462	-90,548	0	0	-96,010
Earnings before interest and tax (EBIT)					**29,426**
Share of loss of investments accounted for using the equity method					-7,499
Financial income					23,096
Finance costs					-146,378
Loss before tax					**-101,355**
Investments	**-118,071**	**-6,911**	**-200**	**0**	**-125,182**

Revenue and non-current assets by region:

EUR thousand	Germany	Other countries	Group
Mar 31, 2017			
Revenue	**576,010**	**206,702**	**782,712**
Segmental non-current assets	**1,545,427**	**208,801**	**1,754,228**
Other financial assets			79,451
Deferred tax assets			2,795
Total non-current assets			**1,836,474**
Mar 31, 2016			
Revenue	**575,005**	**169,544**	**744,549**
Segmental non-current assets	**1,539,301**	**207,405**	**1,746,706**
Other financial assets			75,902
Deferred tax assets			2,762
Total non-current assets			**1,825,370**

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risks.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated.

As at March 31, 2017, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), was EUR 316.9 million (maximum default risk).

The maximum default risk arising from other investments refers to their fair values and amounts to EUR 3,755 thousand as at March 31, 2017.

Liquidity risk. The Company has secured its financing by long-term loan agreements (due in June 2020) and by the issuance of senior secured and subordinated notes (due in 2019 and 2020). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 13).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities as at March 31, 2017. The future cash flows are undiscounted cash flows including interest payments:

EUR thousand	Up to one year	Between one year and five years	More than five years	Total
Trade accounts payable	64,460	1,125	515	66,100
Financial liabilities	70,423	1,523,400	2,350	1,596,173
Hedging instruments not subject to hedge accounting	19,340	0	0	19,340
Other financial liabilities	16,882	100	759	17,741
Liabilities to shareholders	24,177	177,689	144,445	346,311
Total	**195,282**	**1,702,314**	**148,069**	**2,045,665**

Interest rate risk and interest rate management. Interest rate risks arise from the fact that the major part of the loans are subject to a floating rate of interest (see note 13).

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps and caps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the MEIF II Germany Group to hedge interest rate risks on variable cash flows. They are therefore cash flow hedges.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

Due to refinancing by amendment and extension on November 5, 2015, an embedded option-based derivative was identified (see note 13). It is an interest rate floor, which is embedded in the Senior Secured Facilities Agreement because of a new regulation included in this agreement stating that the variable margin (6-month EURIBOR) cannot be negative in any case. As a consequence, the fixed margin is always the minimum total margin in case of a negative 6-month EURIBOR.

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate swaps) and the Black-Scholes option pricing model (for the embedded interest rate floor), in both cases including a credit risk adjustment relating to the counterparty or the Company itself (see note 18). The market values of interest rate swaps, interest rate caps and the embedded interest floor are reported as other financial assets or other financial liabilities.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

As at March 31, 2017, the Company has payer-swaps with a total nominal value of EUR 400,000 thousand related to the Facility A of the Senior Secured Facilities Agreement. These interest rate instruments swap the six-month EURIBOR against a five-year fixed interest rate.

EUR thousand **Interest rate limited to (not subject to hedge accounting)**	**Nominal amount**
4.835% plus margin	70,000
4.929% plus margin	70,000
5.033% plus margin	85,000
5.045% plus margin	175,000
	400,000

The aforementioned payer-swaps have the following market values and maturities:

	Mar 31, 2017		**Mar 31, 2016**	
EUR thousand	**Nominal amount**	**Market value**	**Nominal amount**	**Market value**
Interest rate swaps[1)]				
Up to one year	400,000	-10,584	0	0
Between one year and five years	0	0	400,000	-31,245
Total	**400,000**	**-10,584**	**400,000**	**-31,245**

1) In this table interest rate swaps are presented according to their contractual term. Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

As at March 31, 2017, the fair value of the embedded interest rate floor mentioned above amounts to EUR -4,370 thousand (March 31, 2016: EUR -3,314 thousand).

As at March 31, 2017, EUR 155,000 thousand of the Facility A and EUR 60,000 thousand of the Capex Facilities have been drawn down and have not been secured by an interest rate swap. The interest charge is based on the 6-month EURIBOR plus a margin. As at March 31, 2017, the Revolving Credit Facility has not been drawn down as unsecured loans. If the 6-month EURIBOR had been higher by one percentage point in the positive range in the financial year 2016/2017, the profit after tax would have been lower by EUR 1,156 thousand (all other variables remaining constant).

As at March 31, 2016, the Company had also entered into an interest rate cap outside Germany with a positive market value of EUR 0 thousand and a nominal amount of EUR 3,260 thousand. The interest cap has terminated on November 28, 2016.

Currency risk and currency management. A large part of the revenues were generated in the euro-area and were not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

As at March 31, 2017, there are no foreign exchange hedging instruments.

Transactions with related parties

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

Key management personnel of the Company are Rosa Villalobos, Philip Hogan, Cord Von Lewinski and Charles Roemers. Rosa Villalobos, Philip Hogan and Cord Von Lewinski are not paid by the Company. Cord Von Lewinski is director of the managerial Techem Energie GmbH. Rosa Villalobos is managing director with Macquarie Infrastructure and Real Assets SARL, Luxembourg, and Philip Hogan is director of the MEIF Funds at Macquarie Group. Cord Von Lewinski has responsibility for the activities of several funds within the Macquarie Group. It is not possible to make a reasonable apportionment of their emoluments relating to their activities as managing directors. Accordingly, these emoluments are not reported. Charles Roemers is a lawyer. Other than being member of the board of the Company, he also act as legal advisor to the Company and in this capacity he has been paid EUR 7 thousand by the Company in the financial year 2016/2017 (2015/2016: EUR 9 thousand).

On September 13, 2012, MEIF II Luxembourg Holdings S.à r.l. assigned all loan facilities and all relevant claims and accessory rights to MEIF II Finance Holdings S.à r.l. As at March 31, 2016, MEIF II Germany Holdings S.à r.l. had three loan agreements with MEIF II Finance Holdings S.à r.l. consisting of two loan agreements and one convertible loan agreement of a total amount of EUR 392,513 thousand. In the financial year 2016/2017, the convertible loan was wholly converted into share capital and capital reserves (see note 17). The convertible loan agreement, which was classified as equity, had an indefinite term and it was interest-free. As at March 31, 2017, MEIF II Germany Holdings S.à r.l. has two loan agreements with MEIF II Finance Holdings S.à r.l. with a total amount of EUR 185,976 thousand. The two loan agreements have repayment dates in 2027. Interest rates of the two loans are 13.0 percent (see note 14). In the financial year 2016/2017, interest expenses in the amount of EUR 24,177 thousand (2015/2016: EUR 40,051 thousand) have been incurred related to the two shareholder loans (see note 24). As at March 31, 2017, interest expenses amounting to EUR 12,088 thousand are unpaid and shown as current liabilities to shareholders. As at March 31, 2016, there were no interest expenses resulting from the two shareholders loans that were unpaid (see note 10).

In April 2016, a total distribution of EUR 49,869 thousand (being a reduction of share premium) and, in October 2016, a total distribution of EUR 57,786 thousand (being a repayment of accrued interest and a reduction of share premium) were made to MEIF II Finance Holdings S.à r.l. (see note 17).

As a result of the sale of TEC Hellas EPE, Thermie Serres S. A., an investment accounted for using the equity method, was also derecognized in the consolidated financial statements of the Company (see part C. ACCOUNTING PRINCIPLES "Changes to the basis of consolidation").

On March 31, 2017, there are no current receivables from investments accounted for using the equity method. On March 31, 2016, the current receivables from Thermie Serres S. A. amounted to EUR 56 thousand resulting from a service contract (see note 2). In the financial year 2016/2017, revenue in the amount of EUR 68 thousand (2015/2016: EUR 494 thousand) has been generated related to this contract.

Non-current receivables from investments accounted for using the equity method relate a loan to EKL amounting to EUR 153 thousand (March 31, 2016: EUR 153 thousand) (see note 8). In the financial year 2016/2017, interest income in the amount of EUR 11 thousand (2015/2016: EUR 11 thousand) has been generated related to this loan.

On March 31, 2017, there are no current liabilities to investments accounted for using the equity method. On March 31, 2016, the current liabilities to investments accounted for using the equity method amounted to EUR 957 thousand, mainly resulting from a heat supply contract with Thermie Serres S. A. amounting to EUR 948 thousand (see note 10). In the financial year 2016/2017, no product expenses and purchased services (2015/2016: EUR 1,445 thousand) resulted from this supply contract.

Events after the balance sheet date

In April 2017, the Company made a distribution to MEIF II Finance Holdings S.à r.l. amounting to EUR 99,906 thousand. This distribution was made by way of a partial repayment of the share premium reserve as well as of payment of accrued interest regarding the shareholders loan.

Luxembourg, July 3, 2017

MEIF II Germany Holdings S.à r.l.
The Board of Directors

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated financial statements

for the financial year from

April 1, 2015 to March 31, 2016

Audit report

To the Partner of
MEIF II Germany Holdings S.à r.l.

We have audited the accompanying consolidated financial statements of MEIF II Germany Holdings S.à r.l., which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, 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 of the consolidated financial position of MEIF II Germany Holdings S.à r.l. as of 31 March 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 June 2018

Pierre Mallet

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B65 477 - TVA LU25482518

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of financial position as at March 31, 2016

	Note	March 31, 2016 EUR thousand	March 31, 2015 EUR thousand
Cash and cash equivalents		182,110	156,519
Trade accounts receivable	1	252,435	258,066
Other assets	2	7,801	7,769
Other financial assets	2	2,636	3,646
Inventories	3	40,321	33,451
Income tax receivables		640	857
Total current assets		**485,943**	**460,308**
Metering devices for rent	4	308,251	268,022
Property, plant and equipment	5	37,206	35,112
Intangible assets	6	1,395,771	1,522,067
Investments accounted for using the equity method	7	4,424	4,173
Other assets	8	1,054	458
Other financial assets	8	75,902	70,966
Deferred tax assets	9	2,762	3,064
Total non-current assets		**1,825,370**	**1,903,862**
Total assets		**2,311,313**	**2,364,170**
Trade accounts payable		48,889	63,838
Liabilities to shareholders	10	0	15,045
Sundry liabilities	10	82,763	69,601
Other financial liabilities	10	59,605	74,035
Financial liabilities	11	33,681	30,532
Other provisions	12	78,027	52,329
Income tax liabilities		9,679	9,851
Total current liabilities		**312,644**	**315,231**
Financial liabilities	13	1,277,680	1,191,459
Liabilities to shareholders	14	185,976	331,706
Sundry liabilities	14	1,266	885
Other financial liabilities	14	2,293	3,852
Provisions for pensions	15	25,097	25,571
Other provisions	16	27,948	29,890
Deferred tax liabilities	9	149,236	167,797
Total non-current liabilities		**1,669,496**	**1,751,160**
Share capital	17	102	101
Capital reserves	17	678,085	553,817
Convertible loans	17	206,537	206,537
Retained earnings		-555,551	-462,677
Equity attributable to owners of the parent		**329,173**	**297,778**
Non-controlling interest[1)]		**0**	**1**
Total equity		**329,173**	**297,779**
Total liabilities and equity		**2,311,313**	**2,364,170**

1) As at March 31, 2016 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of profit or loss and other comprehensive income (consolidated statement of comprehensive income) for the financial year from April 1, 2015 to March 31, 2016

	Note	April 1, 2015 - March 31, 2016 EUR thousand	April 1, 2014 - March 31, 2015 EUR thousand
Revenue	19	744,549	721,715
Capitalized internal work	20	10,954	8,445
Other income	21	2,760	2,765
Product expenses and purchased services	22	-215,574	-210,416
Personnel expenses		-207,223	-183,558
Depreciation on metering devices for rent, property, plant and equipment and intangible assets		-205,709	-106,425
Other expenses	23	-100,331	-93,708
Earnings before interest and tax (EBIT)		**29,426**	**138,818**
Share of loss of investments accounted for using the equity method	7	-7,499	0
Financial income	24	23,096	13,433
Finance costs	24	-146,378	-143,137
(Loss) / profit before tax		**-101,355**	**9,114**
Income taxes	25	9,909	-7,773
Net (loss) / net profit from continuing operations		**-91,446**	**1,341**
Net loss from discontinued operations	26	**0**	**-4,057**
Net loss		**-91,446**	**-2,716**
Attributable to:			
– Owners of the parent		-91,446	-2,716
– Non-controlling interest[1)]		0	0
Other comprehensive income			
Net loss		**-91,446**	**-2,716**
Exchange differences		-1,025	365
Changes in fair value of interest rate instruments subject to hedge accounting		0	-664
Disposal of interest rate instruments subject to hedge accounting		0	3,145
Income taxes on other comprehensive income		0	-735
Other comprehensive income that is recycled through the statement of profit or loss on specified event		**-1,025**	**2,111**
Changes in value of actuarial losses		-544	-5,301
Income taxes on other comprehensive income		141	1,383
Other comprehensive income that is not recycled through the statement of profit or loss on specified event		**-403**	**-3,918**
Total other comprehensive income		**-1,428**	**-1,807**
Total comprehensive income		**-92,874**	**-4,523**
Attributable to:			
– Owners of the parent		-92,874	-4,523
– Non-controlling interest[1)]		0	0
Total other comprehensive income attributable to owners of the parent arises from:			
– Continuing operations		-92,874	-2,212
– Discontinued operations		0	-2,311
Total comprehensive income		**-92,874**	**-4,523**

1) As at March 31, 2016 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of cash flows for the financial year from April 1, 2015 to March 31, 2016

	Note	April 1, 2015 - March 31, 2016 EUR thousand	April 1, 2014 - March 31, 2015 EUR thousand
Cash flows from operating activities			
(Loss) / profit before tax		**-101,355**	**9,114**
Share of loss of investments accounted for using the equity method		7,499	0
Financial income		-23,096	-13,433
Finance costs		146,378	143,137
Earnings before interest and tax (EBIT)		**29,426**	**138,818**
Depreciation on metering devices for rent, property, plant and equipment and intangible assets		109,699	103,507
Impairment losses on metering devices for rent, property, plant and equipment and intangible assets		96,010	2,918
EBITDA from continuing operations		**235,135**	**245,243**
EBITDA from discontinued operations		**0**	**2,002**
EBITDA		**235,135**	**247,245**
Adjusted for:			
Gains on disposal of fixed and intangible assets		-270	-69
Loss / (gain) on sale/acquisition of subsidiary		1,400	-200
Subtotal		**236,265**	**246,976**
Changes in working capital		**-15,438**	**18,401**
Changes in trade accounts receivable		-4,107	1,729
Changes in unbilled receivables		8,895	1,344
Changes in inventories		-5,311	5,618
Changes in trade accounts payable		-14,915	9,710
Changes in other receivables		**-6,321**	**-3,188**
Changes in tax claims (energy tax)		-68	1,819
Changes in tax claims (VAT)		32	-34
Changes in prepaid expenses		-725	-94
Changes in non-current operating receivables		-5,196	-5,595
Changes in other receivables		-364	716
Changes in other liabilities		**12,523**	**42,513**
Changes in commission liabilities		-323	-1,889
Changes in salaries and wages		-73	214
Changes in other tax liabilities		3,793	-925
Changes in deferred income		10,036	40,568
Changes in other liabilities		-910	4,545
Changes in provisions		**14,653**	**-14,310**
Changes in maintenance service provisions		-3,504	-4,081
Changes in provisions for personnel expenses		945	711
Changes in pension provisions		-1,029	-1,059
Changes in warranty provisions		3,232	-602
Changes in provisions for restructuring		6,536	-4,194
Changes in provisions for legal fees		76	-209
Changes in other provisions		8,397	-4,876
Cash generated by operating activities		**241,682**	**290,392**
Income taxes paid		-8,341	-5,548
Net cash generated by operating activities		**233,341**	**284,844**
thereof from discontinued operations		*0*	*2,289*

	Note	April 1, 2015 - March 31, 2016 EUR thousand	April 1, 2014 - March 31, 2015 EUR thousand
Cash flows from investing activities			
Change in fixed and intangible assets		**-124,577**	**-107,015**
Purchase of fixed and intangible assets		-125,182	-109,098
Changes in non-current assets held for sale		0	1,615
Proceeds from disposal of fixed and intangible assets		605	468
Changes in investments and loans		**266**	**217**
Changes in other investments and loans[1)]		0	1
Dividends and interest from other investments and loans		16	16
Dividends received from investments accounted for using the equity method		250	200
Changes in the scope of consolidation		**1,608**	**3,845**
Cash outflow from acquisition of subsidiaries		-130	-7,471
Cash inflow from disposal of subsidiaries		1,738	11,316
Cash flows used in investing activities		**-122,703**	**-102,953**
thereof from discontinued operations		*0*	*11,312*
Free Cash Flow		**110,638**	**181,891**
thereof from discontinued operations		*0*	*13,601*
Cash flows from financing activities			
Net change in debt		**39,739**	**-11,285**
Proceeds from borrowings		77,224	1,733
Repayments of borrowings		-757	-11,385
Payments of finance leases	**13**	-1,728	-1,633
Repayment of non-current loans from shareholders		-35,000	0
Finance cost paid / financial income received		**-108,709**	**-125,805**
Interest paid		-83,879	-89,944
Interest paid to shareholders		-25,825	-36,775
Interest received		3,082	2,421
Transaction costs relating to Refinancing		-2,087	-1,507
Changes in equity		**-15,731**	**-13,048**
Capital reduction		-15,731	-13,048
Net cash used in financing activities		**-84,701**	**-150,138**
thereof from discontinued operations		*0*	*-532*
Change in cash and cash equivalents		**25,937**	**31,753**
Cash and cash equivalents at the beginning of the period		**194,819**	**162,822**
Currency effects of cash and cash equivalents		-346	244
Cash and cash equivalents at the end of the period		**220,410**	**194,819**
Cash and cash equivalents as per the statement of financial position		**182,110**	**156,519**
Balance as per tax reserve account		38,300	38,300
Cash and cash equivalents as per the statement of cash flows		**220,410**	**194,819**

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Consolidated statement of changes in equity for the financial year from April 1, 2015 to March 31, 2016

	Share capital EUR thousand	Capital reserves EUR thousand	Convertible loan EUR thousand	Retained earnings EUR thousand	Equity attributable to owners of the parent EUR thousand	Non-controlling interest[1)] EUR thousand	Total equity EUR thousand
Balance as at April 1, 2014	**101**	**566,865**	**206,537**	**-458,154**	**315,349**	**0**	**315,349**
Net loss	0	0	0	-2,716	**-2,716**	0	**-2,716**
Other comprehensive income	0	0	0	-1,807	**-1,807**	0	**-1,807**
Exchange differences	*0*	*0*	*0*	*365*	**365**	*0*	***365***
Changes in fair value of interest rate instruments subject to hedge accounting	*0*	*0*	*0*	*-664*	**-664**	*0*	***-664***
Disposal of interest rate instruments subject to hedge accounting	*0*	*0*	*0*	*3,145*	**3,145**	*0*	***3,145***
Changes in value of actuarial losses	*0*	*0*	*0*	*-5,301*	**-5,301**	*0*	***-5,301***
Income taxes on other comprehensive income	*0*	*0*	*0*	*648*	**648**	*0*	***648***
Reduction in capital	0	-13,048	0	0	**-13,048**	0	**-13,048**
Non-controlling interest arising on business combination	0	0	0	0	**0**	1	**1**
Balance as at March 31, 2015	**101**	**553,817**	**206,537**	**-462,677**	**297,778**	**1**	**297,779**
Balance as at April 1, 2015	**101**	**553,817**	**206,537**	**-462,677**	**297,778**	**1**	**297,779**
Net loss	0	0	0	-91,446	**-91,446**	0	**-91,446**
Other comprehensive income	0	0	0	-1,428	**-1,428**	0	**-1,428**
Exchange differences	*0*	*0*	*0*	*-1,025*	***-1,025***	*0*	***-1,025***
Changes in value of actuarial losses	*0*	*0*	*0*	*-544*	***-544***	*0*	***-544***
Income taxes on other comprehensive income	*0*	*0*	*0*	*141*	***141***	*0*	***141***
Increase/ Reduction in capital	1	124,268	0	0	**124,269**	0	**124,269**
Derecognition of non-controlling interest	0	0	0	0	**0**	-1	**-1**
Balance as at March 31, 2016	**102**	**678,085**	**206,537**	**-555,551**	**329,173**	**0**	**329,173**

1) As at March 31, 2016 there was no non-controlling interest in the Group.

(The accompanying notes are an integral part of these financial statements.)

MEIF II Germany Holdings S.à r.l., Luxembourg

Notes to the consolidated financial statements

for the financial year from
April 1, 2015 to March 31, 2016

A. THE COMPANY

MEIF II Germany Holdings S.à r.l. (hereinafter also referred to as "MEIF II Germany") object is the holding, the purchase, the administration and the sale of participations in other companies or their assets as well as the execution of all actions and transactions associated herewith.

The head office of MEIF II Germany is situated in Luxembourg (46, Place Guillaume II, L-1648 Luxembourg).

The business activities of the MEIF II Germany Holdings S.à r.l. Group (hereinafter also referred to as "Company" or "MEIF II Germany Group") comprise the two business segments Energy Services and Energy Contracting. The business segment Energy Services specializes in services for submetering, allocating and billing of energy and of water consumption mainly to service providers to the housing and real-estate industry. The business segment Energy Contracting provides solutions for professional energy management in the market segments of housing and commercial property. Furthermore, a heat and electricity generating plant is operated by the joint venture Thermie Serres Societe Anonyme of Co-Generation of Power and Heat (hereinafter also referred to as "Thermie Serres S. A.").

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

B. BASIS OF PRESENTATION

These consolidated financial statements incorporate the financial statements of MEIF II Germany and its subsidiaries.

The consolidated financial statements of MEIF II Germany Group for the year ended March 31, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In accordance with IFRS, the consolidated financial statements have generally been prepared using the historical cost measurement basis. In line with IFRS, a different basis has been used in the measurement of other investments, financial instruments, provisions for pensions and other post-employment benefits.

The measurement of assets and liabilities and the disclosure of contingent assets and liabilities at the relevant balance sheet dates, as well as the amount of income and expenses for the period under review, are influenced by estimates and assumptions made in the preparation of the consolidated financial statements in accordance with IFRS. Although these estimates and assumptions have been made with the best knowledge of the management of the Company (specifically in the case of provisions and intangible assets), actual figures may ultimately vary from these estimates.

Unless otherwise stated, all amounts are shown in thousands of Euros. Rounding may lead to discrepancies of ± one unit in the tables.

All standards of the IASB and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which have to be applied in the EU, that were subject to mandatory application as at March 31, 2016, have been applied by the Company in its consolidated financial statements.

An amendment of the authorized consolidated financial statements after issue is possible in case of major errors.

The impact of the application of new or revised standards is shown below:

Standard/ interpretation		**Date of mandatory application[1]**	**Adopted by EU Commission[2]**	**Impact**
IAS 19	Amendments to IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions	Feb 1, 2015	Yes	no significant impact
	Annual Improvements 2010-2012	Feb 1, 2015	Yes	no significant impact
	Annual Improvements 2011-2013	Jan 1, 2015	Yes	no significant impact

1) For financial years commencing on or after this date

2) As at June 8, 2016

Amendments to IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions

The amendment proposes an adjustment to the accounting for contributions from employees or third parties, when the requirement for such contributions is set out in the formal terms of a defined benefit plan. Such contributions may be recognized as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee’s service rendered in that period. No significant impact on the financial statements is expected.

Annual Improvements 2010-2012

The IASB issued the annual improvements 2010-2012 on December 12, 2013, amending the following pronouncements:

IFRS 2	*Share-based Payment* • Clarifies the definition of "vesting condition".
IFRS 3	*Business Combinations* • Accounting of contingent consideration at fair value.
IFRS 8	*Operating Segments* • Disclosure of judgments made in applying the aggregation criteria to operating segments. • A reconciliation of the total of the reportable segments' assets to the entity's assets only has to be provided, if the segment assets are reported regularly.
IFRS 13	*Fair Value Measurement* • Clarifies that it is still possible to measure short-term receivables and payables without discounting, if the effect of not discounting is immaterial.
IAS 16	*Property, Plant and Equipment* • When revaluing property, plant and equipment the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
IAS 24	*Related Party Disclosures* • An entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
IAS 38	*Intangible Assets* • When revaluing intangible assets the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendments have no significant impact on the financial statements of the Company.

Annual Improvements 2011-2013

The IASB issued the annual improvements 2011-2013 on December 12, 2013, amending the following pronouncements:

IFRS 1	*First-time Adoption of IFRS* • Entities have the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective. • Application of the same version of the IFRS throughout the periods covered by those first IFRS financial statements.
IFRS 3	*Business Combinations* • Exclusion of accounting for the formation of joint arrangements in the financial statements of the joint arrangements themselves from the scope of IFRS 3.
IFRS 13	*Fair Value Measurement* • The scope of the portfolio exception defined in IFRS 13.52 includes all contracts accounted for within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32.
IAS 40	*Investment Property* • For a specific transaction, that meets the definition of both a business combination as defined in IFRS 3 and investment property as defined in IAS 40, both standards are applied independently of each other.

The amendments have no significant impact on the financial statements of the Company.

The following new or revised standards have not been applied:

Standard/ interpretation		Date of mandatory application[1)]	Adopted by EU Commission[2)]	Expected impact
IAS 1	Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative	Jan 1, 2016	Yes	no significant impact
IAS 7	Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative	Jan 1, 2017	Outstanding	no significant impact
IAS 12	Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses	Jan 1, 2017	Outstanding	N.A.
IAS 16/ IAS 38	Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of acceptable methods of depreciation and amortization	Jan 1, 2016	Yes	N.A.
IAS 16/ IAS 41	Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants	Jan 1, 2016	Yes	N.A.
IAS 27	Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements	Jan 1, 2016	Yes	N.A.
IFRS 9	*Financial Instruments*	Jan 1, 2018	Outstanding	see below
IFRS 10/ IAS 28	Amendments to IFRS 10 *Consolidated Financial Statements* / IAS 28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Outstanding[3)]	Outstanding	N.A.
IFRS 10/ IFRS 12/ IAS 28	Amendments to IFRS 10 *Consolidated Financial Statements* / IFRS 12 *Disclosure of Interests in Other Entities* / IAS 28 *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception	Jan 1, 2016	Outstanding	N.A.
IFRS 11	Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations	Jan 1, 2016	Yes	N. A.
IFRS 14	Interim Standard IFRS 14 *Regulatory Deferral Accounts*	Jan 1, 2016	Outstanding	N.A.
IFRS 15	*Revenue from Contracts with Customers*	Jan 1, 2018	Outstanding	see below
IFRS 15	Clarifications to IFRS 15 *Revenue from Contracts with Customers*	Jan 1, 2018	Outstanding	see below
IFRS 16	*Leases*	Jan 1, 2019	Outstanding	see below
	Annual Improvements 2012-2014	Jan 1, 2016	Yes	no significant impact

1) For financial years commencing on or after this date

2) As at June 8, 2016

3) The effective date was indefinitely postponed by the amendments made in December 2015.

All the above mentioned new or revised standards/interpretations which have an impact on the Company will be applied by the Company as soon as application is mandatory.

Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative

The amendments comprise various disclosure requirements. Among other things, they clarify that information in the notes needs to be disclosed only if it is material, even when a standard requires a specific disclosure. In addition, clarification regarding the aggregation of line items in the statement of financial position and the statement of comprehensive income is provided. Furthermore, the amendments clarify how an entity's share of the other comprehensive income attributable to associates and joint ventures accounted for using the equity method has to be presented in the statement of comprehensive income. No significant impact on the financial statements is expected.

Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative

The amendments are intended to improve information provided to the users of financial statements relating to financing activities of an entity. The amendments comprise disclosure requirements of the following changes in liabilities arising from financing activities of the entity: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair value and other changes. No significant impact on the financial statements is expected.

Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify when a deferred tax asset should be recognized for unrealized losses. In particular it is clarified that unrealized losses on debt instruments measured at fair value for accounting purposes but measured at cost for tax purposes give rise to a deductible temporary difference. No impact on the financial statements is expected.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of acceptable methods of depreciation and amortization

The amendments clarify which methods can be used for the depreciation of property, plant and equipment and the amortization of intangible assets. Following these amendments the revenue-based method is not an appropriate depreciation/amortization method according to IAS 16 and IAS 38 and can only be used rarely under certain circumstances. No impact on the financial statements is expected.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants

The amendments relate to bearer plants, which no longer undergo significant biological transformation and are used solely to grow produce. After the amendments these fall into the scope of IAS 16. No impact on the financial statements is expected.

Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. No impact on the financial statements is expected.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB has published the final version of IFRS 9 *Financial Instruments*. Therefore, the long-term project to replace IAS 39 *Financial Instruments: Recognition and Measurement* has been completed. IFRS 9 introduces new requirements for the classification and measurement of financial instruments, the recognition of impairment losses on financial assets as well as hedge accounting. The future impact of IFRS 9 on the financial statements is currently under review.

Amendments to IFRS 10 *Consolidated Financial Statements* / IAS 28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify to what extent gains or losses resulting from a transaction between an investor and its associate or joint venture should be recognized. They clarify that a partial gain or loss is recognized when a transaction involves assets that do not constitute a business under IFRS 3 *Business Combinations*. Conversely, a full gain or loss is recognized when a transaction constitutes a business. No impact on the financial statements is expected.

Amendments to IFRS 10 *Consolidated Financial Statements* / IFRS 12 *Disclosure of Interests in Other Entities* / IAS 28 *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception

The amendments include an exemption from preparing consolidated financial statements for a parent entity that is a subsidiary of an investment entity. Furthermore, a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. The amendments also include a simplification for the application of the equity method by a non-investment entity that has interests in an associate or joint venture that is an investment entity. Finally, the amendments clarify that an investment entity that measures all of its subsidiaries at fair value should make disclosures relating to investment entities in accordance with IFRS 12. No impact on the financial statements is expected.

Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations

The amendments clarify, that the acquisition of an interest in a joint operation that constitutes a business, as defined in IFRS 3, should be accounted in accordance with IFRS 3 as well as other relevant standards. No impact on the financial statements is expected.

Interim Standard IFRS 14 *Regulatory Deferral Accounts*

When adopting IFRS for the first time, entities are permitted to continue to use their previous GAAP accounting policies for their rate-regulated activities. The application of the Standard is not mandatory. The Standard is applicable for first-time adopters only when applying IFRS 1 and has no impact on the financial statements of the Company.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, a new standard on revenue recognition was published. IFRS 15 is applied for all revenue transactions across all industries and contains a core principle for revenue recognition using a five-step-model. IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements of the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The future impact of IFRS 15 on the financial statements is currently under review.

Clarifications to IFRS 15 *Revenue from Contracts with Customers*

The amendments include clarifications on three topics: identifying performance obligations, principal versus agent considerations and licensing. The Clarifications to IFRS 15 also provide transition relief for modified contracts and completed contracts. The future impact of the Clarifications to IFRS 15 on the financial statements is currently under review.

IFRS 16 *Leases*

On January 13, 2016, the new standard IFRS 16 *Leases* was issued. IFRS 16 provides a single model for lessees eliminating the distinction between finance leases and operating leases. For lessors, the accounting requirements of the current IAS 17 *Leases* remain largely unchanged and the distinction between finance leases and operating leases is retained. IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The future impact of IFRS 16 on the financial statements is currently under review.

Annual Improvements 2012-2014

The IASB issued the annual improvements 2012-2014 on September 25, 2014, amending the following pronouncements:

IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
	• Adds specific guidance for reclassifying an asset from "held for sale" to "held for distribution" and vice versa.
	• Adds specific guidance for cases in which the accounting of an asset classified as "held for distribution" is discontinued.
IFRS 7	*Financial Instruments: Disclosures*
	• A servicing contract is a continuing involvement in a transferred asset and should be disclosed.
	• Clarifies disclosure requirements relating to offsetting of financial assets and liabilities in the interim financial statements.
IAS 19	*Employee Benefits*
	• Clarifies that the corporate bonds used in estimating a discount rate should be denominated in the same currency as benefits to be paid.
IAS 34	*Interim Financial Reporting*
	• Clarifies the meaning of "elsewhere in the interim report" and requires a cross-reference.

The amendments will have no significant impact on the financial statements of the Company.

C. ACCOUNTING PRINCIPLES

Principles of consolidation. MEIF II Germany and all German and non-German subsidiaries which can be controlled directly or indirectly by MEIF II Germany are included in the consolidated financial statements. Subsidiaries are all entities which are controlled by the MEIF II Germany Group. The MEIF II Germany Group controls an entity when it has power over the entity, when it has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the variable returns.

Investments in associates over which the Company has significant influence are accounted for using the equity method.

All single-entity financial statements fully consolidated into MEIF II Germany Group are prepared in accordance with uniform accounting policies.

Subsidiaries acquired by the Company are accounted for using the acquisition method. The acquisition costs are equivalent to the fair value of the assets given up on the date of acquisition. For each business combination the assets, liabilities and contingent liabilities identified as part of the business combination are measured at their fair values on the date of acquisition regardless of the extent of the non-controlling interest. The excess of acquisition costs over the Group's share in the fair value of the net assets is recognized as goodwill. If the Group's share in the fair value of the net assets exceeds the acquisition cost, the remaining excess from a bargain purchase is recognized in the statement of profit or loss. Costs directly attributable to the acquisition are recognized in the statement of profit or loss.

When the Group sells all the shares in a subsidiary and ceases to have control, the difference between the book value of the subsidiary (from a Group perspective) and the disposal proceeds (after deducting costs of disposal) are recognized in the statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income relating to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

Consolidation of an entity begins on the date on which control over the entity is obtained by the Company. It ceases when MEIF II Germany Group loses that control.

All intercompany gains and losses, revenue, income and expenses, loans, receivables and payables, provisions, contingent liabilities and other financial obligations are eliminated. Deferred taxes are recognized using the liabilities method for all temporary differences between the assets and liabilities tax base and their carrying amounts.

Basis of consolidation and shareholdings	Shareholding (%)
Techem Energy Metering Service GmbH & Co. KG, Eschborn/Germany[1]	100.0
Techem Energie GmbH, Eschborn/Germany	100.0
Techem GmbH, Eschborn/Germany	100.0
Techem Energy Services GmbH, Eschborn/Germany	100.0
Techem Energy Contracting GmbH, Eschborn/Germany	100.0
bautec Energiemanagement GmbH, Eschborn/Germany	100.0
Techem Verwaltungs GmbH, Eschborn/Germany	100.0
Techem Vermögensverwaltung GmbH & Co. KG, Eschborn/Germany	100.0
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Eschborn/Germany[3]	100.0
Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH, Ludwigsburg/Germany[2),3]	33.33
Techem Messtechnik Ges.m.b.H., Innsbruck/Austria	100.0
Techem Wassertechnik Ges.m.b.H., Wels/Austria	100.0
Techem Energy Services B.V., Breda/Netherlands	100.0
Techem (Schweiz) AG, Urdorf/Switzerland	100.0
"Techem" Techniki Pomiarowe Sp. z o.o., Poznan/Poland	100.0
Techem S.r.l., Rome/Italy	100.0
Techem Kft., Budapest/Hungary	100.0
Techem Services EOOD, Sofia/Bulgaria	100.0
Techem spol. s.r.o., Prague/Czech Republic	100.0
Techem AB, Helsingborg/Sweden	100.0
Techem spol. s.r.o., Bratislava/Slovakia	100.0
Techem Energy Contracting Hellas EPE, Athens/Greece	100.0

Basis of consolidation and shareholdings	Shareholding (%)
Thermie Serres Societe Anonyme of Co-Generation of Power and Heat, Glyfada/Greece[2]	50.24
Techem Calorlux S.à r.l., Bereldange/Luxembourg	100.0
Caloribel S. A., Brussels/Belgium	100.0
Techem Energy Services S.R.L., Bucharest/Romania	100.0
Techem OOO, Moscow/Russia	100.0
Techem do Brasil Serviços de Medição de Àgua Ltda., São Paulo/Brazil	100.0
Techem Enerji Hizmetleri Sanayi ve Ticaret Limited Şirketi, Istanbul/Turkey	100.0
Techem Danmark A/S, Aarhus/Denmark	100.0
Techem Energy Services Middle East FZCO, Dubai Silicon Oasis, Dubai/United Arab Emirates	100.0
Techem Energy Services India Private Limited, Pune/India	100.0
Techem SAS, Le Plessis Robinson/France	100.0
Techem Sverige AB, Malmö/Sweden	100.0
Techem Norge AS, Oslo/Norway	100.0
Techem Services Sp. z o.o., Katowice/ Poland	100.0
Danuvius EOOD, Sofia/ Bulgaria	100.0
Techem Energy Services S.L.U., Madrid/Spain	100.0

1) Hereinafter also referred to as "TEMS KG"

2) Consolidated using the equity method

3) Hereinafter these companies are referred to as "GWE Group".

As at March 31, 2016, there is no non-controlling interest in the Group. As at March 31, 2015, a non-controlling interest of 1 percent was included in the Group that had resulted from the acquisition of Danuvius Services DZZD (formerly: ista Services DZZD), Sofia/Bulgaria (hereinafter also referred to as "Danuvius Services DZZD") in August 2014. The subsidiary was deconsolidated from the Group in the financial year 2015/2016. The total non-controlling interest had not been material for the MEIF II Germany Group.

Techem Energy Contracting Hellas EPE (hereinafter also referred to as "TEC Hellas EPE") holds 50.24 percent of the shares in Thermie Serres S. A.; International Technological Application S. A. (ITA) holds the remaining shares. Based on the articles of association, as well as the Shareholders Agreement and Business Collaboration entered into between TEC Hellas EPE and ITA, as well as considering Greek law, Thermie Serres S. A. is a jointly controlled company that is accounted for using the equity method (see note 7).

Changes to the basis of consolidation

During the financial year 2015/2016 the Company has made the following changes to the basis of consolidation:

- Effective November 27, 2015, the ownership of the subsidiary Techem d.o.o., Belgrade/Serbia (hereinafter also referred to as "Techem d.o.o.") passed to the purchaser without consideration. As a result of the sale, a loss of EUR 468 thousand was recognized in the financial year 2015/2016.

- With an agreement dated November 30, 2015, between Danuvius EOOD, Sofia/Bulgaria (hereinafter also referred to as "Danuvius EOOD") and ista Polska Sp. z o.o., Krakow/Poland, the consortium Danuvius Services DZZD terminated its existence. The respective service agreement will be continued by Techem Services EOOD, Sofia/Bulgaria.

- Effective December 8, 2015, the liquidation of Techem Energy Services Korea Co., Ltd., Seoul/South Korea was completed.

- With a purchase agreement dated March 31, 2016, all the shares of Techem Water Services Inc., Delaware/USA (hereinafter also referred to as "Techem Water Services Inc.") were sold. The purchase price amounted to USD 1. As a result of the sale, a loss of EUR 932 thousand, mainly related to the derecognition of the fixed assets, was recognized in the financial year 2015/2016.

The Company had made the following changes to the basis of consolidation during 2014/2015:

- The ownership of the subsidiary IHKW Industrieheizkraftwerk Andernach GmbH, Eschborn/Germany (hereinafter also referred to as "IHKW Andernach"), had passed to the purchaser on July 1, 2014 as a result of the sale of the subsidiary in accordance with the purchase agreement dated May 27, 2014. The sales price had amounted to EUR 19,000 thousand. Thereof EUR 17,000 thousand had been received immediately and the remaining EUR 2,000 thousand had been deposited in an escrow account. The amount deposited in the escrow account was paid out in February 2016, 19 months after conclusion of the contract, subject to certain conditions. There was no effect on profit or loss resulting from the sale.

- Effective July 8, 2014, IHKW Industrieheizkraftwerk Heidenheim GmbH, Heidenheim/Germany, had been merged into GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Eschborn/Germany, with retroactive effect from April 1, 2014. The merger had been based on the merger agreement dated June 26, 2014.

- On July 9, 2014, an empty shell entity in Poland had been acquired. In September 2014, this entity had been renamed Techem Services Sp. z o.o., Katowice/Poland.

- Upon entry in the Commercial Register on August 29, 2014, all the shares in Danuvius EOOD (formerly: ista Bulgaria EOOD), Sofia/Bulgaria, had been acquired by Techem Energy Services GmbH, Eschborn/Germany. The purchase price had amounted to EUR 356 thousand. Danuvius EOOD had held 99% of Danuvius Services DZZD (formerly: ista Services DZZD), Sofia/Bulgaria until November 30, 2015. Danuvius EOOD (formerly: ista Bulgaria EOOD), Sofia/Bulgaria is fully consolidated.

- On November 27, 2014, an empty shell entity in Spain had been acquired. This entity had subsequently been renamed Techem Energy Services S.L.U., Madrid/Spain.

Currency translation. The functional currency of each subsidiary is its local currency. As a result, financial information from foreign subsidiaries is translated to Euros as follows: balance sheet figures are translated at the middle rates on the balance sheet date, equity is translated at the historical rates, and statements of profit or loss are translated at average rates for the financial year. Currency translation gains or losses are recognized directly in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses resulting from such transactions and from the translation at the closing rate of monetary assets and liabilities managed in foreign currency are recognized in the statement of profit or loss.

D. ACCOUNTING POLICIES

The balance sheet items are broken down into current and non-current items, non-current items being items for which the maturity is expected to exceed twelve months.

Cash and cash equivalents. The Company deems all highly liquid financial investments with an original maturity of up to three months to be cash equivalents. These cash equivalents are primarily favorable bank balances realizable at short notice. Additionally, other investments are included in cash equivalents. These are recognized at fair value through profit and loss (market value), as they were acquired with intent to sell. Gains and losses are recognized in the statement of profit or loss as financial income or finance costs when they are incurred.

Trade and other accounts receivable. Current receivables (trade accounts receivable, other assets and other financial assets) are measured at fair value on the date of recognition and subsequently at amortized cost using the effective interest method (including receivables from installment-based business). Imminent or actual irrecoverable receivables are accounted for by means of write-downs based on the age of the receivable concerned.

Most of the Company's installment-based business is in Eastern Europe. The receivables from installment-based business are recognized at their present values.

Inventories. Inventories are reported at the lower of cost and net realizable value. The cost of inventories is determined mainly on the basis of a weighted average. Potential losses resulting from obsolete or non-saleable inventories are accounted for by means of appropriate write-downs.

Metering devices for rent and property, plant and equipment. Metering devices for rent are recognized at cost plus installation costs; property, plant and equipment are recognized at cost; both are reduced by depreciation. Gains or losses on the disposal of property, plant and equipment are recognized as other income or other expenses.

Any subsidies received are deducted from the cost of the property, plant and equipment concerned and are recognized over the useful life of the related asset by way of a reduced depreciation charge.

The estimated useful lives used as the basis for straight-line depreciation are as follows:

	Estimated useful life (years)
Metering devices for rent	6 to 12
Office furniture and equipment, machinery	2 to 23
Buildings	15 to 50
Leasehold improvements	2 to 20 (or shorter lease term)

Upon contract cancellation, the carrying amount of the metering device for rent is transferred to inventories. Payments receivable upon contract cancellation are recognized as revenues and the inventories are disposed of and charged to product expenses.

Leases. Leases, where the Group is the lessee and where substantially all the risks and rewards associated with the use of the leased equipment are transferred to the Group, are classified as finance leases. Such leases are reported at the inception of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. A corresponding liability is recognized. The leased asset is depreciated over the term of the lease or over its useful life. Part of the lease payment is recognized as interest cost; the remainder reduces the liability.

In the case of sale and leaseback transactions resulting in a finance lease, any excess of sale proceeds over the carrying amount is deferred and recognized as income over the lease term.

In addition to finance leases, the Company has entered into other leases classified as operating leases. In this case, the lease payments are recognized as an expense in the statement of profit or loss.

The Group enters into finance leases as lessor. These leases are primarily leases of heat generation plants. To account for these leases, the Company recognizes a receivable equal to the present value of the minimum lease payments. Payments by the lessee are treated as repayment of principal and financial income.

Intangible assets. Purchased intangible assets are recognized at cost.

If the requirements under IAS 38 are satisfied, internally generated intangible assets are also recognized at cost. The costs of internally generated intangible assets mainly include, depending on the project, capitalized own work of employees and the costs of the support by external partners. These mainly result from the implementation, conception, test and project organization phases of the projects.

Intangible assets are always amortized on a straight-line basis (pro rata temporis) over their useful lives.

The estimated useful lives used as the basis for straight-line amortization are as follows:

	Estimated useful life (years)
Trademark	indefinite
Software and licenses	2 to 24
Customer relationships/customer agreements	2 to 33

The classification of the trademark Techem as an intangible asset with an indefinite useful life is based on the fact that Techem as a trademark exists since 1952. Brand awareness of Techem is very high in the market and it is not planned to abandon this trademark. Nevertheless, this classification is verified once a year.

Recoverability of non-current assets. Property, plant and equipment and other non-current assets, including intangible assets, are tested for impairment as soon as events highlight, or there are indicators, that the carrying amount exceeds the recoverable amount. An impairment loss is recognized equal to the amount by which the carrying amount of an asset exceeds its recoverable amount, the recoverable amount being the higher of fair value less costs of disposal or the value in use of the asset concerned. The value in use is defined as the present value of estimated future cash flows to be derived from an asset or a cash generating unit (CGU). In accordance with IFRS 13, the fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For the purposes of determining an impairment, assets are grouped together into the smallest group for which separate cash flows can be identified.

Goodwill as well as the trademark are subject to an impairment test at least once a year and not subject to straight-line amortization. The impairment test is carried out on a CGU basis. Goodwill and trademark are measured at their original cost less any accumulated impairment. Impairment losses recognized for goodwill are not reversed.

Non-current accounts receivable and other financial assets. Non-current non-interest-bearing accounts receivable are recognized at present value. Where market prices cannot be determined, other financial investments are recognized at amortized cost.

Investments accounted for using the equity method. Joint ventures and associates are accounted for using the equity method and are recognized initially at acquisition cost. After the date of acquisition, the Company's share of the result from a joint venture or an associate, which is recognized in their statements of profit or loss, is recognized in the Group statement of profit or loss and it increases or decreases the carrying amount of the investment. The Company's share of the result from a joint venture or an associate, which is recognized in their statements of other comprehensive income, is recognized in the Group statement of other comprehensive income and it increases or decreases the carrying amount of the investment. If the Company's share of losses in a joint venture or an associate exceeds its interest in them, further losses are not recognized, unless the Company has incurred obligations on behalf of the joint venture/associate. The carrying amount of the investment accounted for using the equity method is reduced by profit distributions made by the joint venture/associate.

Deferred taxes. Deferred taxes are calculated using the liabilities method. Deferred tax assets or deferred tax liabilities are recognized for temporary differences between the carrying amounts in the consolidated financial statements and the corresponding tax accounts, the result of which will be a future tax refund or tax expense. Deferred tax assets on losses carried forward are recognized to the extent that it is probable there will be an available taxable profit against which the temporary difference can be applied.

Deferred tax assets or liabilities are calculated using the tax rates expected to apply to the taxable income in the years in which these temporary differences are expected to reverse. If there is a change in the tax rates, the effect on the deferred tax assets and/or liabilities is recognized in the statement of profit or loss in the period in which the new tax rate is enacted.

Provisions. Provisions for pensions and other post-employment benefits are determined in accordance with IAS 19 using the actuarial projected unit credit method. This method takes into account, in particular, the current long-term capital market interest rate and current assumptions regarding future salary and annuity increases in addition to biometric calculation bases. In accordance with IAS 19 the actuarial gains and losses are recognized directly in other comprehensive income. The interest element in the pension expense is reported under finance costs.

With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized on the basis of IAS 37, providing there is a present legal or constructive obligation, a probable outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognized is determined based on the full amount required to settle the probable obligation. Non-current provisions are discounted. The interest element is reported under finance costs.

Liabilities. At the time of recognition, liabilities are measured at fair value. They are then subsequently measured at amortized cost using the effective interest method. Non-current non-interest-bearing liabilities are discounted. Liabilities denominated in foreign currencies are translated at the closing rate.

Derivative financial instruments and hedging. In accordance with IAS 39, all derivative financial instruments are recognized on the balance sheet at fair value in accordance with IFRS 13. On the trade date of a derivative, it is determined whether this derivative is an instrument to maintain fair value, to hedge a planned transaction or to hedge against future cash flow fluctuations relating to a recognized asset or a liability.

The interest rate instruments of the Company do not meet the requirements of IAS 39 for hedge accounting, although they amount to hedges when viewed from an economic perspective. Hedge accounting has therefore not been applied.
Changes in the fair value of these derivatives are recognized as financial income and finance costs.

In the financial year 2014/2015, the Company owned interest rate instruments which met the requirements of IAS 39 for hedge accounting. These were accounted for as follows: the effective part of the change in fair value was recognized in other comprehensive income and the ineffective part was recognized in the statement of profit or loss. Due to the disposal of IHKW Industrieheizkraftwerk Andernach GmbH, the changes in fair value, which were previously recognized in equity, were recognized in the statement of profit or loss.

In these financial statements, the term "hedging instrument" is used from a purely economic perspective and not based on the definition of IAS 39.

The changes in the fair value of the foreign exchange hedging instruments are recognized as financial income and finance costs.

Fair value of financial instruments. The fair value of cash and cash equivalents and of current receivables and current liabilities is the same as their respective carrying amounts. The fair value of non-current trade and other accounts receivable (except for the finance lease receivables and the tax reserve account), non-current trade accounts payable and non-current other financial liabilities is approximately equivalent to their carrying amounts. The fair value of the other investments and the notes is based on quoted market prices on active markets at the balance sheet date. The fair value of derivatives is equivalent to their market value at the balance sheet date that is calculated based on observable market data according to IFRS 13. The fair values of non-current finance lease receivables, of the tax reserve account, the non-current financial liabilities (except for the notes) and the non-current liabilities to shareholders are determined in accordance with IFRS 13 (see note 18).

Discontinued operations. In the event of discontinued operations, the prior period in the financial statements and the notes are restated to present the discontinued operations as such from the beginning of that period.

Borrowing costs. In accordance with IAS 23, borrowing costs are capitalized and thereafter amortized over the useful life of the asset. Borrowing costs, which are not subject to IAS 23, are expensed.

Research and development. Research costs are expensed as incurred. Costs incurred as part of development projects (mainly being software development) are recognized as intangible assets, if it is considered probable that the project will be commercially successful, is technically feasible and the costs can be reliably determined. Other development costs that do not satisfy these criteria are expensed as incurred.

Recognition of revenue and expense. Rental and maintenance agreements are billed as part of fixed-price agreements and recognized on a straight-line basis over the term of the agreement in accordance with IAS 18.

Using the percentage-of-completion method, revenue is accrued for billing services to an amount equivalent of the cost of services already rendered plus a profit margin. The calculation is based on the percentage of completion of the billing process of the buildings as at the balance sheet date.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

Revenue from the delivery of energy (e.g. heat and cooling) is recognized to the amount of the services already rendered plus a profit margin. Accrued revenues are recognized for services not yet billed.

Expected deductions from revenue (e.g. cash discounts, quantity or trade discounts, non-contractual deductions) have been recognized.

Revenue is reported net of value-added tax and also net of the abovementioned deductions.

Estimations and assumptions. The preparation of the consolidated financial statements under IFRS requires assumptions and estimates to be made, which can impact the valuation of the assets and liabilities recognized, the income and expenses, as well as the disclosure of contingent liabilities.

Assumptions and estimations also relate to the accounting and measurement of provisions. For non-current provisions, the discount rate is an important estimate. It is based on market yields of high-quality, fixed-rate corporate bonds observable on the financial markets at the balance sheet date. For pension provisions, assumptions about life expectancy, future salary and pension increases are made.

Valuation allowances on trade accounts receivable are recognized based on their ageing structure. Additionally, receivables which have been passed to lawyers for recovery are written down. The valuation allowances are calculated using percentages based on historical experience.

The recoverability of goodwill and the trademark Techem is assessed based on the plan of the cash flows of the cash generating units using a discount rate adjusted for the business risk. For further information see note 6.

The useful lives and amortization periods of customer relationships are determined based on historical data. For detailed information see note 6.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual usability of deferred tax assets depends on the future actual taxable profit situation. This situation may differ from the estimations at the date of capitalization of the deferred tax assets.

When determining the fair value of financial instruments, assumptions are used that, among other things, are derived from observable market data. For detailed information see note 18.

The valuation of interest and foreign exchange derivatives is dependent on future interest and exchange rate developments and assumptions on which these are based.

Further explanations concerning estimations and assumptions on which the preparation of this annual report is based are made within the relevant notes.

All assumptions and estimations made are based on the circumstances as at the balance sheet date. The actual future circumstances may differ. When this occurs the assumptions are adjusted, and if applicable, the book values of the respective assets and liabilities are also adjusted.

E. STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS DISCLOSURES

1. Trade accounts receivable

EUR thousand	Mar 31, 2016	Mar 31, 2015
Billed receivables	90,674	87,576
Finance lease receivables[1)]	3,384	2,620
Valuation allowances	-4,310	-3,763
Unbilled receivables	162,687	171,633
Trade accounts receivable	**252,435**	**258,066**

1) See note 8

Unbilled receivables mainly represent revenue from equipment rental, billing and maintenance agreements as well as energy supply agreements (e.g. heat and cooling). These services have been rendered but have not yet been billed at the balance sheet date.

In 2015/2016, receivables of EUR 1,544 thousand (2014/2015: EUR 960 thousand) were written off. These are included in other expenses.

The following table shows the maturity breakdown for the billed receivables:

EUR thousand	Mar 31, 2016	Mar 31, 2015
Not yet due	54,758	58,602
Overdue but not written down		
Less than 30 days overdue	18,870	10,711
30 to 90 days overdue	9,065	11,035
Overdue and written down	7,981	7,228
Billed receivables	**90,674**	**87,576**

In 2015/2016, the changes in the valuation allowances on trade accounts receivable were as follows:

EUR thousand	2015/2016	2014/2015
Valuation allowances at the beginning of the period	**-3,763**	**-3,399**
Additions to valuation allowances	-3,196	-2,184
Reduction of valuation allowances	2,225	1,827
Change in scope	372	0
Currency translation	52	-7
Valuation allowances at the end of the period	**-4,310**	**-3,763**

The valuation allowances amounting to EUR 4,310 thousand (March 31, 2015: EUR 3,763 thousand) relate to the segment Energy Services EUR 3,273 thousand (March 31, 2015: EUR 3,027 thousand) and to the segment Energy Contracting EUR 1,037 thousand (March 31, 2015: EUR 736 thousand).

The change in scope in 2015/2016 amounting to EUR 372 thousand is due to the sale of Techem d.o.o. and Techem Water Services Inc.

2. Other assets and other financial assets – current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Prepaid expenses	4,377	3,600
Energy tax	2,270	2,201
Other tax receivables	359	252
Value-added tax reclaims	251	291
Advances paid	206	192
Other	338	1,233
Other assets	**7,801**	**7,769**
Receivables from advances	1,355	800
Receivables from guarantee claims	641	253
Accounts payable with debit balance	149	143
Receivables from investments accounted for using the equity method	56	63
Receivables from the sale of a subsidiary	0	2,000
Other	435	387
Other financial assets	**2,636**	**3,646**

As at March 31, 2015, receivables from the sale of a subsidiary related to the remainder of the purchase price for the subsidiary IHKW Andernach, which was disposed.

3. Inventories

EUR thousand	Mar 31, 2016	Mar 31, 2015
Raw materials and supplies	947	1,328
Merchandise	43,321	34,350
Inventories, gross	**44,268**	**35,678**
Valuation allowances	-3,947	-2,227
Inventories, net	**40,321**	**33,451**

In 2015/2016, a total of EUR 2,941 thousand (2014/2015: EUR 583 thousand) was written off and recognized in the statement of profit or loss. The inventory write-offs and valuation allowances are reported under product expenses and purchased services.

Appropriate write-downs are recognized on obsolete or non-saleable inventories.

4. Metering devices for rent

EUR thousand	
Cost	
Cost, balance as at Apr 1, 2014	**383,672**
Additions	82,433
Change in scope	22
Currency translation	367
Disposals	-33,922
Cost, balance as at Mar 31, 2015	**432,572**
Additions	101,559
Currency translation	-499
Disposals	-32,739
Cost, balance as at Mar 31, 2016	**500,893**
Depreciation and impairment	
Depreciation and impairment, balance as at Apr 1, 2014	**144,641**
Additions	49,988
Impairment losses	2,542
Currency translation	142
Disposals	-32,763
Depreciation and impairment, balance as at Mar 31, 2015	**164,550**
Additions	55,102
Impairment losses	3,932
Currency translation	-202
Disposals	-30,740
Depreciation and impairment, balance as at Mar 31, 2016	**192,642**
Carrying amounts	
Metering devices for rent carrying amount as at Apr 1, 2014	239,031
Metering devices for rent carrying amount as at Mar 31, 2015	268,022
Metering devices for rent carrying amount as at Mar 31, 2016	308,251

Metering devices for rent relate to metering devices on long-term rental to customers.

The impairment losses in the amount of EUR 3,932 thousand (2014/2015: EUR 2,542 thousand) relate to the impairment of the remaining carrying amount of metering devices for rent when exchanging these, furthermore the impairment losses also relate to rental contract cancellations during the financial year 2015/2016. Impairment losses in amount of EUR 3,909 thousand relate to the segment Energy Services (2014/2015: EUR 2,542 thousand) and in amount of EUR 23 thousand to the segment Energy Contracting (2014/2015: EUR 0 thousand).

All impairment losses relating to metering devices for rent are included in the position "Depreciation on metering devices for rent, property, plant and equipment and intangible assets" of the statement of profit or loss.

The change in scope in 2014/2015 related to the acquisition of Danuvius EOOD.

In the current period there are no metering devices for rent, which have been capitalized as a result of finance leases.

5. Property, plant and equipment

EUR thousand	Land and buildings	Machinery	Office furniture and equipment	Work in progress	Subsidies	Total
Cost						
Cost, balance as at Apr 1, 2014	**4,115**	**116,197**	**29,165**	**1,250**	**-563**	**150,164**
Additions	37	1,790	5,041	2,000	0	8,868
Change in scope	0	0	13	0	0	13
Reclassifications	2	807	113	-882	0	40
Currency translation	1	61	420	0	0	482
Reclassification to non-current assets held for sale	-98	-81,821	-317	-1	0	-82,237
Disposals	0	-1,782	-3,209	-78	0	-5,069
Cost, balance as at Mar 31, 2015	**4,057**	**35,252**	**31,226**	**2,289**	**-563**	**72,261**
Additions	27	2,881	6,174	5,059	-194	13,947
Change in scope	0	-754	-101	0	0	-855
Reclassifications	0	1,727	195	-1,922	0	0
Currency translation	-3	-25	-310	0	0	-338
Disposals	0	-4,506	-4,707	-45	6	-9,252
Cost, balance as at Mar 31, 2016	**4,081**	**34,575**	**32,477**	**5,381**	**-751**	**75,763**
Depreciation and impairment						
Depreciation and impairment, balance as at Apr 1, 2014	**508**	**34,152**	**11,790**	**0**	**-240**	**46,210**
Additions	115	3,801	6,475	0	-95	10,296
Impairment losses	0	2,970	89	0	0	3,059
Currency translation	0	15	329	0	0	344
Reclassification to non-current assets held for sale	0	-17,697	-134	0	0	-17,831
Disposals	0	-1,736	-3,193	0	0	-4,929
Depreciation and impairment, balance as at Mar 31, 2015	**623**	**21,505**	**15,356**	**0**	**-335**	**37,149**
Additions	117	3,331	7,147	0	-78	10,517
Impairment losses	0	103	104	0	0	207
Change in scope	0	-62	-45	0	0	-107
Currency translation	-1	-13	-217	0	0	-231
Disposals	0	-4,372	-4,612	0	6	-8,978
Depreciation and impairment, balance as at Mar 31, 2016	**739**	**20,492**	**17,733**	**0**	**-407**	**38,557**
Carrying amounts						
PPE carrying amount as at Apr 1, 2014	3,607	82,045	17,375	1,250	-323	103,954
PPE carrying amount as at Mar 31, 2015	3,434	13,747	15,870	2,289	-228	35,112
PPE carrying amount as at Mar 31, 2016	3,342	14,083	14,744	5,381	-344	37,206
Thereof finance leases						
Finance leases carrying amount as at Apr 1, 2014	2,794	160	6,401	0	0	9,355
Finance leases carrying amount as at Mar 31, 2015	2,730	96	5,036	0	0	7,862
Finance leases carrying amount as at Mar 31, 2016	2,667	28	3,701	0	0	6,396

The net change in scope in 2015/2016 amounting to EUR -748 thousand is due to the sale of Techem d.o.o. and Techem Water Services Inc.

The change in scope in 2014/2015 amounted to EUR 13 thousand and was due to the acquisition of Danuvius EOOD and Danuvius Services DZZD.

The subsidies include investment subsidies, grants and construction subsidies paid to Techem Energy Contracting GmbH.

The reclassification to non-current assets held for sale in 2014/2015 related to the heat and electricity generating plant of IHKW Andernach. The entity was disposed of on July 1, 2014.

In 2015/2016, impairment losses amount to EUR 207 thousand of which EUR 98 thousand relate to the segment Energy Services and EUR 109 thousand relate to the segment Energy Contracting.

In 2014/2015, impairment losses amounted to EUR 3,059 thousand of which EUR 86 thousand related to the segment Energy Services and EUR 2,973 thousand related to the segment Energy Contracting. The impairment loss related to the segment Energy Contracting mainly related to the impairment of the heat and electricity generating plant of IHKW Andernach.

All impairment losses relating to property, plant and equipment are included in the position “Depreciation on metering devices for rent, property, plant and equipment and intangible assets” of the statement of profit or loss.

6. Intangible assets

EUR thousand	Software, licenses and other intangible assets	Goodwill	Software in development	Total
Cost				
Cost, balance as at Apr 1, 2014	**1,153,137**	**655,690**	**1,974**	**1,810,801**
Additions	12,594	0	5,382	17,976
Change in scope	55	0	0	55
Reclassifications	1,310	0	-1,350	-40
Currency translation	195	-294	0	-99
Reclassification to non-current assets held for sale	-14,100	0	0	-14,100
Disposals	-4,812	0	-67	-4,879
Cost, balance as at Mar 31, 2015	**1,148,379**	**655,396**	**5,939**	**1,809,714**
Additions	7,686	0	2,304	9,990
Change in scope	-2	0	0	-2
Reclassifications	5,414	0	-5,414	0
Currency translation	-148	-229	-3	-380
Disposals	-6,170	-44,487	-12	-50,669
Cost, balance as at Mar 31, 2016	**1,155,159**	**610,680**	**2,814**	**1,768,653**
Amortization and impairment				
Amortization and impairment, balance as at Apr 1, 2014	**262,140**	**0**	**0**	**262,140**
Additions	43,820	0	0	43,820
Impairment losses	199	0	0	199
Currency translation	210	0	0	210
Reclassification to non-current assets held for sale	-14,100	0	0	-14,100
Disposals	-4,622	0	0	-4,622
Amortization and impairment, balance as at Mar 31, 2015	**287,647**	**0**	**0**	**287,647**
Additions	44,080	0	0	44,080
Impairment losses	47,384	44,487	0	91,871
Change in scope	-2	0	0	-2
Currency translation	-106	0	0	-106
Disposals	-6,121	-44,487	0	-50,608
Amortization and impairment, balance as at Mar 31, 2016	**372,882**	**0**	**0**	**372,882**
Carrying amounts				
Intangible assets carrying amount as at Apr 1, 2014	890,997	655,690	1,974	1,548,661
Intangible assets carrying amount as at Mar 31, 2015	860,732	655,396	5,939	1,522,067
Intangible assets carrying amount as at Mar 31, 2016	782,277	610,680	2,814	1,395,771

As at March 31, 2016, the carrying amount of internally generated intangible assets was EUR 17,552 thousand (additions: EUR 4,625 thousand; disposals: EUR -17 thousand; cumulative historical cost: EUR 33,115 thousand; amortization and impairment: EUR 3,014 thousand; disposal amortization: EUR 0 thousand; cumulative amortization: EUR 15,563 thousand).

The carrying amount of internally generated intangible assets as at March 31, 2015 had been EUR 15,958 thousand (additions: EUR 3,405 thousand; disposals: EUR -123 thousand; cumulative historical cost: EUR 28,507 thousand; amortization and impairment: EUR 3,092 thousand; disposal amortization: EUR -106 thousand; cumulative amortization: EUR 12,549 thousand).

The change in scope in 2015/2016 amounting to EUR -2 thousand is due to the disposal of Techem d.o.o.

The change in scope in 2014/2015 amounted to EUR 55 thousand and was due to the acquisition of Danuvius EOOD und Danuvius Services DZZD.

The reclassification to non-current assets held for sale in 2014/2015 related to the customer relationships of IHKW Andernach. The entity was disposed of on July 1, 2014.

The position software, licenses and other intangible assets also includes customer relationships. In addition, it also includes the trademark Techem. The trademark has a book value of EUR 54,015 thousand and has an indefinite useful life.

The customer relationships, recognized in the financial statements of the Group, arose from the following companies:

EUR thousand	Remaining useful life (years)	Carrying amount as at Mar 31, 2016
Techem Energy Services GmbH, Germany	approx. 25 to 29	544,544
Techem Energy Contracting GmbH, Germany	approx. 9 to 25	45,561
Techem Messtechnik Ges.m.b.H., Austria	approx. 25	19,318
bautec Energiemanagement GmbH, Germany	approx. 25	10,851
Caloribel S. A., Belgium	approx. 8 to 25	10,962
Techem (Schweiz) AG, Switzerland	approx. 25	9,475
Other companies	approx. 5 to 25	36,902
Total		**677,613**

The useful life of the customer relationships is between 5 to 33 years, based on historical customer loyalty.

Impairment losses in the financial year 2015/2016 amount to EUR 91,871 thousand. Thereof EUR 90,416 thousand relate to the segment Energy Contracting (goodwill: EUR 44,459 thousand; customer relationships: EUR 38,126 thousand; trademark: EUR 7,803 thousand and other intangible assets: EUR 28 thousand) and EUR 1,455 thousand relate to the segment Energy Services (goodwill: EUR 28 thousand; other intangible assets: EUR 1,427 thousand).

Impairment losses in the financial year 2014/2015 were recognized on other intangible assets and amounted to EUR 199 thousand. Thereof EUR 198 thousand related to the segment Energy Services and EUR 1 thousand related to the segment Energy Contracting.

All impairment losses relating to intangible assets are included in the position "Depreciation on metering devices for rent, property, plant and equipment and intangible assets" of the statement of profit or loss.

In accordance with IAS 36, goodwill as well as other intangible assets with an indefinite useful life (trademark Techem) are subject to an annual impairment test at the balance sheet date. If there are new indicators during the course of a year that a CGU („cash generating unit") may be impaired, an additional impairment test is carried out for this CGU.

The recoverable amount of a CGU is determined by calculating the value in use or fair value less costs of disposal.

Impairment tests are carried out as described below:

The goodwill as well as the other intangible assets with an indefinite useful life are assigned to the appropriate CGUs. Each of the business segments Energy Services and Energy Contracting (excluding GWE Group) represents one CGU. The classification of segments follows the internal control structure of management and the reporting to the holders of the bonds that have been issued by Techem GmbH and TEMS KG in September 2012.

For each CGU, the recoverable amount is determined. The recoverable amount is measured as the higher of a CGU's fair value less costs of disposal and its value in use. If the carrying amount of a CGU exceeds the calculated recoverable amount an impairment loss must be recognized.

CGU Energy Services. The recoverable amount of the CGU Energy Services is determined on the basis of value in use. The future cash flows for this CGU are calculated using the annual plan of the CGU Energy Services for the financial year 2016/2017. The cash flows for subsequent periods are based on the assumption of a 1.5 percent growth rate (the historical growth rate). These future cash flows are then discounted to present value. The discount rate used (weighted average cost of capital – "WACC") was determined using the capital asset pricing model and results in an average rate before tax for the CGU of 10.43 percent (2014/2015: 10.30 percent).

In contrast to the financial year 2014/2015, for which a five-year plan was drawn up for the CGU Energy Services, only one financial year (2016/2017) was planned for the CGU Energy Services in the financial year 2015/2016 due to the revision of the strategic orientation of the CGU Energy Services.

The plan for the financial year 2016/2017 of the CGU Energy Services Germany is based on the following assumptions:

- An increased penetration of the small-customer segment is assumed in Germany.
- The average increase in prices of services is in line with moderate market developments.
- In addition to the increasing revenue, cost savings have a positive impact on EBITDA as a result of optimization of internal activities and digitalization of operating processes.
- The planned investments are based on a regular replacement of metering devices and a moderate increase in metering devices resulting from new business.
- An enhanced price reduction in the purchasing process is assumed due to a more structured procurement.
- For some countries, a stronger growth is expected in the financial year 2016/2017 as a result of introduction of the European Energy Efficiency Directive (EED).

CGU Energy Contracting. The recoverable amount of the CGU Energy Contracting is determined on the basis of fair value less costs of disposal, which are assumed to be 1 percent of the fair value. To calculate the fair value of this CGU, the future cash flows are used based on the five-year plan of the CGU Energy Contracting. Additionally, tax amortization benefits and expansion investments are included in the calculation. Cash flows beyond the five-year period are extrapolated using a historical growth rate of 1.5 percent. The total future cash flows are then discounted using the WACC after tax of 6.67 percent (2014/2015: 6.64 percent).

During the annual budget process of the subsidiary Techem Energy Contracting GmbH (hereinafter also referred to as "TEC"), which represents a major part of the CGU Energy Contracting, the projected growth prospects were adjusted downwards compared to the last year budget.

The current five-year plan of TEC is based on the following key assumptions:

- The growth in EBITDA is mainly based on the growth of the new business. This growth is expected to be lower for the next five financial years than it was assumed in the last year budget. This is mainly due to the declining energy prices, which makes the switch from the own energy supply by the landlord to energy contracting (new business for TEC) considerably more difficult, as cost-neutrality for the tenant is prescribed by law in Germany. In addition, the outsourcing of financing activities has become unattractive due to the long-lasting low interest rates. The volume of new business is based on a new market analysis for the products of TEC as well as historical sales rates.
- Additionally, the growth of EBITDA in the new five-year plan is reduced as a result of a decrease in the average duration of existing contracts. The adjusted average contract duration is based on the current assessment of the actual contract portfolio.
- It is assumed that the prices of the main energy source, i.e. natural gas, will decline slightly whereas the prices of oil and long-distance heating will increase slightly.
- The planned investments are based on the new business acquired and are derived from the historical investment ratios.

As a result of the aforementioned adjustments of the key assumptions within the current five-year plan of TEC compared to the last year's budget, an additional impairment test was carried out for the CGU Energy Contracting in January 2016. The impairment test resulted in an impairment loss of EUR 90,388 thousand. The impairment loss was allocated to the assets of the CGU as follows:

EUR thousand	Impairment loss
Goodwill	44,459
Customer relationships	38,126
Trademark	7,803

As at March 31, 2016, the recoverable amount of the CGU Energy Contracting amounts to EUR 116,249 thousand (March 31, 2015: EUR 238,019 thousand) and exceeds its carrying amount by EUR 813 thousand (March 31, 2015: EUR 75,658 thousand).

The key assumptions, on the basis of which the recoverable amount of the CGU Energy Contracting was determined, are as follows:

%	31.3.2016	31.3.2015
WACC after tax	6.67	6.64
Sustainable growth rate	1.50	1.50
Planned growth in EBITDA (average in the five-year plan)	14	41

The following table provides an amount by which each key assumption must change, in order for the recoverable amount to be equal to the carrying amount as at March 31, 2016. The sensitivity analysis assumes that only one key assumption changes while the other key assumptions remain unchanged.

%	31.3.2016
WACC after tax	+0.03
Sustainable growth rate	-0.04
Planned growth in EBITDA (average in the five-year plan)	-0.10

The fair value measurement for the CGU Energy Contracting is to some extent based on unobservable inputs and is overall categorized as Level 3 of the fair value hierarchy in accordance with IFRS 13.

The carrying amounts of the goodwill and the intangible assets with indefinite useful life (trademark Techem) are assigned to the CGUs as follows:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	Goodwill	Trademark	Goodwill	Trademark
Energy Services	610,680	44,694	610,937	44,694
Energy Contracting	0	9,321	44,459	17,124
Total	**610,680**	**54,015**	**655,396**	**61,818**

7. Investments accounted for using the equity method

The Group financial statements include investments accounted for using the equity method: a joint venture Thermie Serres S. A. and an associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH (EKL) (see part C. Accounting principles).

The breakdown of the investments accounted for using the equity method is as follows:

EUR thousand	Mar 31, 2016	Mar 31, 2015
Balance at the beginning of the period	**4,173**	**3,956**
Net share of gain from investments accounted for using the equity method	501	417
Dividend received	-250	-200
Balance at the end of the period	**4,424**	**4,173**

The share of profit or loss of investments accounted for using the equity method, as presented in the statement of profit or loss, is as follows:

EUR thousand	2015/2016	2014/2015
Net share of gain from associated company EKL	501	0
Provision regarding credit guarantee Thermie Serres S.A.	-8,000	0
Share of loss of investments accounted for using the equity method	**-7.499**	**0**

The following table provides an overview of the financial information resulting from the associated company EKL.

EUR thousand	**Mar 31, 2016**	**Mar 31, 2015**
Net profit from continuing operations (post-tax)	501	0
Net profit from discontinued operations (post-tax)	0	417
Other comprehensive income	0	0
Total comprehensive income	**501**	**417**
Carrying amount of investment	**4,424**	**4,173**

The GWE Group was presented as a discontinued operation in the consolidated financial statements for the financial year 2014/2015 (see note 26). Therefore, the net profit resulting from the associated company EKL was included in the net loss from discontinued operations. In the financial year 2015/2016, the GWE Group was reclassified to continuing operations as it consists only of an immaterial and non-operational holding company, which holds the shares of the associated company EKL.

The attributable negative result of Thermie Serres S. A. of EUR 591 thousand was not recognized in 2015/2016 (2014/2015: EUR 1,013 thousand), because the company had been fully impaired in 2011/2012. The attributable cumulative loss is EUR 3,001 thousand.

Techem Energy Services GmbH has issued a EUR 10,000 thousand credit guarantee for Thermie Serres S. A. This credit guarantee is part of the Revolving Credit Facility, drawn down by way of guarantees (see note 13). Due to the payment default in January 2016 on the part of Thermie Serres S.A. to the financing bank, the negotiations between the joint venture partners and the financing bank regarding the refinancing of Thermie Serres S.A., which involves the exit of Techem as a shareholder of Thermie Serres S.A., were intensified. As the likelihood of the guarantee issued being drawn upon has increased, a provision of EUR 8,000 thousand was recorded. This amount represents the current most likely financial outcome of a mutual agreement with respect to the guarantee, mitigating the current payment default.

8. Other assets and other financial assets – non-current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Other assets	**1,054**	**458**
Trade accounts receivable	6,040	7,917
Tax reserve account	38,300	38,300
Finance lease receivables	31,232	24,156
Receivables from suppliers	0	263
Receivables from investments accounted for using the equity method	153	153
Other	177	177
Other financial assets	**75,902**	**70,966**

Non-current trade accounts receivable mainly result from installment-based business in Eastern Europe, each agreement having a term of more than one and up to ten years. In addition, non-current trade accounts receivable include receivables from new long-term heat supply contracts of Techem Energy Contracting GmbH relating to heat generation plants which are still under construction. Once construction is completed, these receivables are reclassified to finance lease receivables.

The tax reserve account results from requirements of the Senior Secured Facilities Agreement and is intended as a reserve to cover potential tax risks that might arise in a tax audit related to the interest barrier rule.

Finance lease receivables. These are finance leases mainly relating to heat generation plants.

The following table shows the total gross capital investment in finance leases and the present value of outstanding minimum lease payments:

EUR thousand	Mar 31, 2016	Mar 31, 2015
Total gross capital investment	49,746	37,925
Financial income not yet recognized	-15,130	-11,149
Net capital investment	**34,616**	**26,776**
Present value of the residual value	0	0
Present value of minimum lease payments	**34,616**	**26,776**
Finance lease receivables – current[1)]	-3,384	-2,620
Finance lease receivables – non-current	**31,232**	**24,156**

1) See note 1

The maturity breakdown for the total gross capital investment and the present value of the minimum lease payments is as follows:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	Total gross capital investment	Present value of minimum lease payments	Total gross capital investment	Present value of minimum lease payments
Maturity				
Up to one year	5,734	3,384	4,404	2,621
Between one year and five years	19,611	12,302	15,744	10,149
More than five years	24,401	18,930	17,777	14,006
Total	**49,746**	**34,616**	**37,925**	**26,776**

9. Deferred taxes

Deferred taxes are broken down as follows:

EUR thousand	Mar 31, 2016	Mar 31, 2015
Deferred tax assets resulting from:		
Tax losses carried forward	164,771	146,844
Interest rate instruments	10,299	14,331
Provisions for pensions	5,517	5,345
Other timing differences	6,618	5,494
Finance leases	211	221
Write-down on net losses carried forward	-5,760	-5,143
Offsetting	-178,894	-164,028
Total deferred tax assets	**2,762**	**3,064**
Deferred tax liabilities resulting from:		
Step-ups and recognition of assets as a result of purchase price allocations	-224,332	-241,044
Metering devices for rent	-72,264	-58,028
Calculation of effective interest	-5,445	-7,428
Work in progress	-18,029	-17,995
Finance leases	-3,388	-2,363
Other timing differences	-4,672	-4,967
Offsetting	178,894	164,028
Total deferred tax liabilities	**-149,236**	**-167,797**
Net deferred tax assets (+), deferred tax liabilities (-)	**-146,474**	**-164,733**

At the balance sheet date, tax losses carried forward of approximately EUR 1,067.8 million (March 31, 2015: EUR 964.9 million) exist, of which EUR 22.8 million (March 31, 2015: EUR 21.1 million) were not recognized due to uncertain usability. The current estimate of the write-downs on the net losses carried forward may change depending on the financial performance of the Company and tax legislation in future years, which may necessitate an adjustment to the write-downs.

A tax group exists between TEMS KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH and bautec Energiemanagement GmbH.

The basis for the calculation of deferred taxes in Germany is the future tax rate of 29.80 percent (March 31, 2015: 29.01 percent).

Of the deferred tax assets resulting from interest rate instruments amounting to EUR 10,299 thousand (March 31, 2015: EUR 14,331 thousand), the amount of EUR 0 thousand (March 31, 2015: EUR 0 thousand) was directly recognized in equity.

Of the deferred tax assets resulting from provisions for pensions amounting to EUR 5,517 thousand (March 31, 2015: EUR 5,345 thousand), the amount of EUR 3,086 thousand (March 31, 2015: EUR 2,945 thousand) was directly recognized in equity.

The deferred taxes include non-current deferred tax assets of EUR 2,571 thousand and non-current deferred tax liabilities of EUR 123,630 thousand.

Deferred tax liabilities due to step-ups and recognition of assets as a result of purchase price allocations are reduced as a result of the depreciation of the assets over their useful life. They will not affect cash in future.

The unused tax losses of EUR 22.8 million for which no deferred tax asset has been recognized as at March 31, 2016, mainly relate to the following entities:

EUR thousand	Expiring within (years)	Amount as at Mar 31, 2016
GWE Gesellschaft für wirtschaftliche Energieversorgung mbH, Germany	unlimited	10,629
Techem AB, Sweden	unlimited	5,701
Techem do Brasil Serviços de Medição de Àgua Ltda., Brazil	unlimited	2,948
Techem Norge AS, Norway	unlimited	1,360
Techem Sverige AB, Sweden	unlimited	930
TEC Hellas EPE, Greece	approx. 5	757
Techem Energy Services S.L.U., Spain	unlimited	441
Total		**22,766**

10. Liabilities to shareholders, sundry liabilities and other financial liabilities – current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Liabilities to shareholders[1]	**0**	**15,045**
Deferred income	63,752	54,242
Other taxes	17,957	14,214
Advances received	953	344
Other	101	801
Sundry liabilities	**82,763**	**69,601**
Liabilities from hedging instruments[2) 3)]	34,559	49,401
Liabilities from swap interest	8,474	8,287
Guarantee deposits received	5,041	4,947
Commissions	2,270	2,593
Liabilities to investments accounted for using the equity method	957	1,135
Other	8,304	7,672
Other financial liabilities	**59,605**	**74,035**

1) For details see note 14 and part F. Other disclosures – "Transactions with related parties"

2) Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time.

3) See part F. Other disclosures – "Concentration of risk"

The current liabilities to shareholders comprise interest liabilities to MEIF II Finance Holdings S.à r.l.

In the financial year 2015/2016, the current liabilities to shareholders were decreased to zero as a result of a repayment of accrued interest on shareholders loans (being distribution made in July 2015) as well as due to a contribution in kind into equity (see note 17).

The other taxes primarily include payroll tax and value-added tax.

11. Financial liabilities – current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Loans[1]	235	1,143
Interest payable[1]	31,656	27,633
Lease liabilities[1]	1,790	1,756
Financial liabilities	**33,681**	**30,532**

1) See note 13

12. Other provisions – current

EUR thousand	Apr 1, 2014	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Reclass. to held for sale	Mar 31, 2015
Personnel	24,508	-20,023	23,057	-2,206	12	0	-90	25,258
Maintenance services	10,131	-9,118	1,410	0	0	5,842	0	8,265
Warranties	3,168	-1,539	2,066	-1,123	0	0	0	2,572
Legal fees	597	-396	355	-167	0	0	0	389
Restructuring	7,943	-4,188	1,150	-1,156	0	4	0	3,753
Other	16,920	-14,690	9,504	-933	0	1,302	-11	12,092
Other provisions	**63,267**	**-49,954**	**37,542**	**-5,585**	**12**	**7,148**	**-101**	**52,329**

EUR thousand	Apr 1, 2015	Utilizations	Additions	Reversals	Change in scope	Reclass. from non-current to current	Reclass. to held for sale	Mar 31, 2016
Personnel	25,258	-21,553	24,234	-1,826	0	0	0	26,113
Maintenance services	8,265	-7,537	12	-54	0	6,072	0	6,758
Warranties	2,572	-1,621	5,687	-847	0	0	0	5,791
Legal fees	389	-210	380	-95	0	0	0	464
Restructuring	3,753	-1,326	8,899	-1,036	0	0	0	10,290
Other	12,092	-8,539	25,610	-1,161	0	609	0	28,611
Other provisions	**52,329**	**-40,786**	**64,822**	**-5,019**	**0**	**6,681**	**0**	**78,027**

The personnel provisions mainly relate to provisions for variable remuneration and outstanding vacation entitlements. Additionally, provisions for time credits of employees are included, which result from overtime worked.

Maintenance service provisions have been recognized in order to allow for the exchange of equipment under maintenance agreements. The breakdown of the provisions into non-current and current elements is based on the age structure of the equipment covered by the agreements. The planned date for regular replacement of the equipment under an agreement is the relevant date in this consideration. The current portion relates to equipment with a planned date for regular replacement within one year from the balance sheet date.

The provision for warranties mainly relates to obligations due to defective devices, incorrect billing and faulty installation services.

In the current financial year, the restructuring provision mainly relates to restructuring measures in the Headquarter and to the ongoing bundling of the German organization.

The amount of EUR 28,611 thousand reported under "Other" mainly includes provisions for settlement payments and commissions to commercial representatives as well as a provision relating to the credit guarantee issued for the joint venture Thermie Serres S. A. (see note 7), the utilization of which is probable.

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversals" column.

13. Financial liabilities – non-current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Loans	551,343	466,520
Notes	721,466	718,599
Lease liabilities	4,871	6,340
Financial liabilities	**1,277,680**	**1,191,459**

On September 21, 2012, the Company in its capacity as borrower had executed a Senior Secured Facilities Agreement. On September 28, 2012, the Facility A under the Senior Secured Facilities Agreement had been utilized fully in an amount of EUR 450,000 thousand. Additionally, the Revolving Credit Facility (EUR 50,000 thousand) had been drawn down in an amount of EUR 15,504 thousand by way of guarantees. The Capex and Acquisition Facility (EUR 50,000 thousand) had been undrawn. On the same day, Techem GmbH had issued 6.125% Senior Secured Notes (EUR 410,000 thousand) and Techem Energy Metering Service GmbH & Co. KG had issued 7.875% Senior Subordinated Notes (EUR 325,000 thousand). The Senior Secured Notes are due on October 1, 2019 and the Senior Subordinated Notes are due on October 1, 2020. The proceeds from the Senior Secured Facilities Agreement and from the offering of the Notes as well as cash on hand had been used to repay in full the outstanding principal amounts under the 2007 Senior Secured Facilities Agreement, the Junior Facility Agreement, the restructuring of the interest rate swaps as well as the transaction costs related to the refinancing. As a consequence, the nominal value of the payer-swap-agreements had been reduced from EUR 1,000,000 thousand to EUR 400,000 thousand. On August 13, 2014, an Additional Facility in an amount of EUR 60,000 thousand was agreed for the purpose of directly or indirectly financing or refinancing capital expenditure under the Senior Secured Facilities Agreement.

On November 5, 2015, the Company agreed a further refinancing of its facilities under the Senior Secured Facilities Agreement by way of an amendment and extension. Immediately prior to this refinancing, the Company had a principal amount of EUR 425,361 thousand outstanding under the Facility A of the Senior Secured Facilities Agreement (mandatory prepayments of EUR 15,308 thousand and of EUR 9,331 thousand were made in July 2013 and in July 2014, respectively), as well as EUR 6,020 thousand unutilized commitments under the Revolving Credit Facility (utilized commitments being EUR 30,000 thousand drawn as cash and EUR 13,980 thousand drawn by way of guarantees). The Capex and Acquisition Facility was drawn down fully (EUR 50,000 thousand). The EUR 60,000 thousand Additional Facility was undrawn.

The November 5, 2015 refinancing extended the maturity of its Facility A, its Capex and Acquisition Facility, its Revolving Credit Facility and its Additional Facility to June 30, 2020 (or June 30, 2019 if the Company's Senior Secured Notes are not refinanced by that time) and amended and improved certain other terms of these facilities. The Company also agreed to combine its existing Facility A and its Capex and Acquisition Facility and raised an additional EUR 79,639 thousand under its Facility A, resulting in a total Facility A amounting to EUR 555,000 thousand. Furthermore, an additional EUR 150,000 thousand Capex Facility (Capex Facility II) was agreed under the Senior Secured Facilities Agreement in addition to the existing EUR 60,000 thousand Additional Facility (now defined as Capex Facility I). Both facilities serve to fund business growth going forward. A net cash inflow of EUR 77,224 thousand resulted from the refinancing mentioned above (after deduction of transaction costs).

As at March 31, 2016, the Company has the whole principal amount outstanding under the EUR 555,000 thousand Facility A of the Senior Secured Facilities Agreement as well as EUR 35,765 thousand unutilized commitments under the EUR 50,000 thousand Revolving Credit Facility (utilized commitments being EUR 0 thousand drawn as cash and EUR 14,235 thousand drawn by way of guarantees). The Capex Facilities have not yet been drawn down as at March 31, 2016.

For all facilities, interest is based on EURIBOR for loans in Euro and LIBOR for non-Euro loans. As amended on November 5, 2015, the Senior Secured Facilities Agreement provides that, effective from November 10, 2015, the margin will amount to 275 basis points per annum until March 31, 2016 for all facilities (unless a change of control occurred before such date). This has resulted in a margin reduction of 37.5 basis points per annum compared to the Company's facilities prior to refinancing via amendment and extension at leverage levels as at September 30, 2015. After April 1, 2016, the relevant margin may vary between 400 basis points and 275 basis points, depending on the senior secured net debt to adjusted EBITDA ratio in respect of the most recently completed twelve-month test period preceding the interest payment.

The loan agreements specify certain limits for the ratio of senior secured net debt to adjusted EBITDA. If the ratio lies above these limits, a certain percentage of an excess cash flow adjusted by extraordinary effects, which is also defined in the agreement, has to be used for mandatory prepayments of the Facility A. This excess cash flow has to be calculated half yearly starting in September 2016 for the preceding six-month period. The cash-drawings of the Revolving Credit Facility have to be repaid based on previous determination after one or two months. Interest payments on the Facility A are currently made on the basis of the six-month-EURIBOR. As at March 31, 2016, accrued interest on the loans of the Senior Secured Facilities Agreement amounts to EUR 6,303 thousand.

Interest payments for the Senior Secured Notes and the Senior Subordinated Notes are each due on April 1 and October 1. As at March 31, 2016, accrued interest on the notes amounts to EUR 25,353 thousand. The notes can be repaid at par beginning October 1, 2018.

The liabilities under the Senior Secured Facilities Agreement, the Senior Secured Notes and certain hedging arrangements are secured on a first priority basis. The obligations rank pari passu in right of payment with any obligation that is not subordinated.

The Senior Secured Notes and the liabilities under the Senior Secured Facilities Agreement are guaranteed on a senior basis by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem Energy Metering Service GmbH & Co. KG and each subsidiary of Techem GmbH (except for Techem SAS that is a guarantor on a subordinated basis) that is a guarantor under the Senior Secured Facilities Agreement (each a "Subsidiary Guarantor"). These Subsidiary Guarantors are Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG, Techem Messtechnik Ges.m.b.H., Caloribel S.A., Techem Danmark A/S, Techem SAS, Techem S.r.l., Techem Energy Services B.V. and "Techem" Techniki Pomiarowe Sp. z o.o.

MEIF II Finance Holdings S.à r.l. (parent company of MEIF II Germany Holdings S.à r.l.), MEIF II Germany Holdings S.à r.l., Techem Energy Metering Service GmbH & Co. KG, Techem GmbH and the Subsidiary Guarantors grant the following liens and security interests on an equal and ratable basis to secure the Senior Secured Facilities and the Senior Secured Notes:

(a) a first-priority pledge over the shares of MEIF II Germany Holdings S.à r.l. held by MEIF II Finance Holdings S.à r.l.;

(b) a first-priority pledge over the limited partnership interests of Techem Energy Metering Service GmbH & Co. KG and the shares of capital stock of Techem Energie GmbH, the general partner of Techem Energy Metering Service GmbH & Co. KG, held by MEIF II Germany Holdings S.à r.l. and the general partnership interests in Techem Energy Metering Service GmbH & Co. KG held by Techem Energie GmbH;

(c) a first-priority pledge over the shares of capital stock of each of Techem GmbH and the Subsidiary Guarantors (except for Techem SAS), and a second-priority pledge over the shares of capital stock of Techem SAS;

(d) a global assignment of all receivables of Techem Energy Metering Service GmbH & Co. KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG and Techem Energie GmbH;

(e) an assignment of receivables under any intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. and an assignment of receivables under any intercompany loans from MEIF II Germany Holdings S.à r.l. to Techem Energy Metering Service GmbH & Co. KG; and

(f) first-priority pledges of all the bank accounts held by Techem Energy Metering Service GmbH & Co. KG, Techem GmbH, Techem Energy Services GmbH, Techem Energy Contracting GmbH, bautec Energiemanagement GmbH, Techem Verwaltungs GmbH, Techem Vermögensverwaltung GmbH & Co. KG and Techem Energie GmbH.

The Senior Subordinated Notes are guaranteed on a senior subordinated basis by MEIF II Germany Holdings S.à r.l., Techem Energie GmbH, Techem GmbH and each Subsidiary Guarantor under the Senior Secured Facilities Agreement (see above, but excluding Techem Danmark A/S).

MEIF II Finance Holdings S.à r.l., MEIF II Germany Holdings S.à r.l., Techem Energie GmbH and Techem Energy Metering Service GmbH & Co. KG grant the following liens and security interests on an equal and ratable basis to secure the Senior Subordinated Notes:

(a) a second-priority pledge over the shares of MEIF II Germany Holdings S.à r.l. held by MEIF II Finance Holdings S.à r.l.;

(b) a second-priority pledge over the limited partnership interests of Techem Energy Metering Service GmbH & Co. KG and the shares of capital stock of Techem Energie GmbH, the general partner of Techem Energy Metering Service GmbH & Co. KG, held by MEIF II Germany Holdings S.à r.l. and the general partnership interests in Techem Energy Metering Service GmbH & Co. KG held by Techem Energie GmbH;

(c) a second-priority pledge over the shares of capital stock of Techem GmbH held by Techem Energy Metering Service GmbH & Co. KG;

(d) a global assignment of all receivables of Techem Energy Metering Service GmbH & Co. KG and Techem Energie GmbH (subject to subordination on enforcement in accordance with the intercreditor agreement);

(e) an assignment of receivables under any intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. and an assignment of receivables under any intercompany loans from MEIF II Germany Holdings S.à r.l. to Techem Energy Metering Service GmbH & Co. KG (in each case subject to subordination on enforcement in accordance with the intercreditor agreement); and

(f) second-priority pledges of all the bank accounts held by Techem Energy Metering Service GmbH & Co. KG and Techem Energie GmbH.

The pledged shares had the following book values according to local GAAP before consolidation as at March 31, 2016: MEIF II Germany Holdings S.à r.l. (EUR 678,186 thousand; directly owned by MEIF II Finance Holdings S.à r.l.), Techem Energie GmbH (EUR 39 thousand; directly owned by MEIF II Germany Holdings S.à r.l.), Techem Energy Metering Service GmbH & Co. KG (EUR 611,739 thousand; directly and indirectly owned by MEIF II Germany Holdings S.à r.l.), Techem GmbH (EUR 1,431,037 thousand; directly owned by Techem Energy Metering Service GmbH & Co. KG), Techem Energy Services GmbH (EUR 179,442 thousand; directly and indirectly owned by Techem GmbH), Techem Vermögensverwaltung GmbH & Co. KG (EUR 874,833 thousand; directly owned by Techem GmbH), Techem Energy Contracting GmbH (EUR 35,066 thousand; directly owned by Techem Energy Services GmbH), bautec Energiemanagement GmbH (EUR 16,055 thousand; directly owned by Techem Energy Services GmbH), Techem Verwaltungs GmbH (EUR 45 thousand; directly owned by Techem GmbH), Techem Messtechnik Ges.m.b.H. (EUR 6,498 thousand; directly owned by Techem Energy Services GmbH), Techem Danmark A/S (EUR 23,346 thousand; directly owned by Techem Energy Services GmbH), Techem SAS (EUR 40,364 thousand; directly owned by Techem Energy Services GmbH), "Techem" Techniki Pomiarowe Sp. z o.o. (EUR 4,119 thousand; directly owned by Techem Energy Services GmbH), Techem S.r.l. (EUR 1,063 thousand; directly owned by Techem Energy Services GmbH), Techem Energy Services B.V. (EUR 3,696 thousand; directly owned by Techem Energy Services GmbH) and Caloribel S.A. (EUR 16,019 thousand; directly and indirectly owned by Techem GmbH).

As at March 31, 2016, the receivables under intercompany loans from MEIF II Finance Holdings S.à r.l. to MEIF II Germany Holdings S.à r.l. had an outstanding balance of EUR 392,513 thousand (incl. outstanding interest). There was no intercompany loan from MEIF II Germany Holdings S.à r.l to Techem Energy Metering Service GmbH & Co. KG.

In addition, the obligations are secured by various assets which were assigned for security purposes. The secured assets reported to the banks are as follows:

EUR thousand	**Mar 31, 2016**
Trade accounts receivable	53,595
Cash at bank	164,401
Tax reserve account[1]	38,300
Total collateral	**256,296**

1) See note 8

Under the financing arrangements covenants have to be complied with and have to be reported to the participating banks as part of a bank reporting. For March 31, 2016, preliminary calculations indicate no issues.

In addition, one subsidiary has bank debt amounting to a total of EUR 235 thousand with a facility EUR 1,222 thousand (March 31, 2015: bank debt of EUR 1,143 thousand; facility: EUR 1,298 thousand).

In the financial year 2015/2016, the average interest rate for the financial year is 7.08 percent (2014/2015: 7.58 percent).

The breakdown of lease liabilities is as follows:

EUR thousand	Mar 31, 2016 Nominal amount of lease liabilities	Mar 31, 2016 Present value of minimum lease payments	Mar 31, 2015 Nominal amount of lease liabilities	Mar 31, 2015 Present value of minimum lease payments
Up to one year	2,027	1,790	2,111	1,756
Between one year and five years	2,949	2,828	4,562	4,208
More than five years	2,465	2,043	2,591	2,132
Total	**7,441**	**6,661**	**9,264**	**8,096**
Less: discounting	-780		-1,168	
Net present value	**6,661**		**8,096**	
Lease liabilities – current[1)]	-1,790	-1,790	-1,756	-1,756
Lease liabilities – non-current	**4,871**	**4,871**	**6,340**	**6,340**

1) See note 11

The Company has entered into leases for office equipment, hardware, machinery and land and buildings.

The repayment of lease liabilities (in accordance with the statement of cash flows) is computed as follows:

EUR thousand	Mar 31, 2016	Mar 31, 2015
Present value of lease liabilities	6,661	8,096
Less:		
Additions in year under review	-293	-187
Opening balance as at Apr 1	-8,096	-9,542
Repayment of lease liabilities	**-1,728**	**-1,633**

14. Liabilities to shareholders, sundry liabilities and other financial liabilities – non-current

EUR thousand	Mar 31, 2016	Mar 31, 2015
Liabilities to shareholders	**185,976**	**331,706**
Deferred income	1,266	841
Other	0	44
Sundry liabilities	**1,266**	**885**
Trade accounts payable	1,501	2,910
Guarantee deposits received	740	942
Other	52	0
Other financial liabilities	**2,293**	**3,852**

Liabilities to shareholders of EUR 185,976 thousand (March 31, 2015: EUR 331,706 thousand) relate to loans owed to the parent company of MEIF II Germany.

The liabilities owed to the parent of MEIF II Germany consist of the following single loan agreements with the following conditions:

EUR thousand	Amount drawn down Mar 31, 2016	Amount drawn down Mar 31, 2015	Total facility	Interest rate	Repayment date
Shareholder loan agreement – entered into on Feb 13, 2007	87,260	155,636	360,000	13.0%	Dec 31, 2027
Shareholder loan agreement – entered into on Dec 20, 2007	98,716	176,070	400,000	13.0%	Dec 31, 2027
Liabilities to shareholders – non-current	**185,976**	**331,706**	**760,000**		

The decrease in liabilities to shareholders is due to the following two events in the financial year 2015/2016. A partial repayment of the shareholder loans amounting to a total of EUR 35,000 thousand was made (being part of the distribution made in July 2015). Furthermore, with resolution dated March 30, 2016, the outstanding principals of the shareholder loans were decreased by a total of EUR 110,730 thousand by way of contribution in kind into equity (see note 17).

Deferred income contains the deferred gain from the sale and leaseback of land and buildings of Techem Messtechnik Ges.m.b.H. The transaction had taken place in the financial year 2005/2006.

15. Provisions for pensions and other post-employment benefits

Post-employment benefit plans of the subsidiaries vary depending on the legal, tax and economic situation in each country.

Most of the pension schemes in place in Germany as well as in other countries are defined benefit plans, some of which are funded and others unfunded.

There are pension schemes in place for former members of the senior management of Techem Energy Services GmbH and Techem GmbH, with a separate scheme for each person. These pension schemes are based on the pensionable remuneration of each employee and the employee's period of service. In addition, the Company has set up a relief fund.

There are also pension plans in place for all active and some former employees of Techem (Schweiz) AG. According to the pension scheme in Switzerland those plans are funded, respectively reinsured. The pension plans comprise retirement pensions as well as risk benefits (invalidity and death). The retirement pensions are determined based on the retirement assets and a conversion rate. Risk benefits are defined as a fixed percentage on insured salary.

The provisions for pensions and other post-employment benefits are computed on the basis of independent actuarial reports. The provisions for defined benefit obligations are determined in accordance with IAS 19 („Employee benefits") using the standard international method known as the Projected Unit Credit Method (in Germany, in conjunction with the Prof. Dr. Heubeck 2005 G mortality tables).

The funded obligations are supported by suitable qualified insurance policies (pledged reinsurances) that meet the conditions of IAS 19 for plan assets. Accordingly, plan assets are set off against the provisions.

The amount of pension obligations is subject to risks arising in connection with the change in life expectancy, the future amount of pension adjustments and the movement in interest rates on capital markets. To cover those risks, insurance policies (reinsurances) have been taken out for some of the defined benefit pension commitments. The reinsurances are not traded on an active market.

The following table shows the changes in post-employment benefit obligations in each reporting period:

EUR thousand	**Mar 31, 2016**	**Mar 31, 2015**
Present value of funded obligations	20,448	19,149
Fair value of plan assets	-14,656	-14,043
Deficit	**5,792**	**5,106**
Present value of unfunded obligations	19,305	20,465
Balance as at Mar 31	**25,097**	**25,571**

The following table shows the change in the present value of the defined benefit obligations, the change in the fair value of plan assets as well as the change in net liability:

EUR thousand	Defined benefit obligation	Plan asset	Net liability
Balance as at Apr 1, 2014	**31,225**	**11,079**	**20,146**
Actuarial gains and losses[1]	6,015	714	5,301
Exchange rate differences on foreign plans	2,027	1,310	717
Derecognition of obligations/plan assets covered by insurance companies	-383	-383	0
Employees moving from/to other companies	192	192	0
Acquisition of subsidiaries	13	0	13
Current service costs[2]	1,122	0	1,122
Interest costs/income[2]	774	268	506
Pension payments	-1,371	-69	-1,302
Employer contributions to plan assets	0	538	-538
Employee contributions to plan assets	0	394	-394
Balance as at Mar 31, 2015	**39,614**	**14,043**	**25,571**
Balance as at Apr 1, 2015	**39,614**	**14,043**	**25,571**
Actuarial gains and losses[1]	532	-13	545
Exchange rate differences on foreign plans	-714	-453	-261
Derecognition of obligations/plan assets covered by insurance companies	-400	-400	0
Employees moving from/to other companies	429	429	0
Disposal of subsidiaries	-14	0	-14
Current service costs[2]	1,377	0	1,377
Past service costs[2]	-280	0	-280
Interest costs/income[2]	408	146	262
Pension payments	-1,199	-71	-1,128
Employer contributions to plan assets	0	522	-522
Employee contributions to plan assets	0	453	-453
Balance as at Mar 31, 2016	**39,753**	**14,656**	**25,097**

1) Positions recognized in other comprehensive income

2) Positions recognized in current income

Since all the pension obligations relating to the employees of Techem (Schweiz) AG which retired during the year under review are covered by the insurance company, both the present value of the funded obligation and the fair value of the plan assets were each reduced by EUR 400 thousand in 2015/2016 (2014/2015: EUR 383 thousand).

The current service costs and past service costs are included in the personnel expenses. The interest costs and the return on plan assets are included in the financial result. Actuarial gains and losses are recognized in other comprehensive income.

The breakdown of actuarial gains and losses is as follows:

EUR thousand	2015/2016	2014/2015
Gains/losses from changes in financial assumptions	17	5,851
Gains/losses from changes in demographic assumptions	0	0
Experience gains/losses	515	164
Gains/losses from changes related to plan assets	13	-714
Actuarial losses (+)/gains (-), recognized in other comprehensive income	**545**	**5,301**

The basic assumptions applied in the computation of the pension provisions are as follows (average values):

	Mar 31, 2016	Mar 31, 2015
Discount rate	1.14%	1.07%
Salary increases	2.04%	2.10%
Annuity increases	1.01%	1.08%

As at March 31, 2016, an average discount rate of 1.44 percent was applied to German defined benefit obligations. The discount rates applying to non-German defined benefit obligations in 2015/2016 were between 0.29 percent and 4.00 percent.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25 percentage points	Decrease by 3.4%
	Decrease by 0.25 percentage points	Increase by 3.8%
Salary increases	Increase by 1.0 percentage points	Increase by 1.2%
	Decrease by 1.0 percentage points	Decrease by 1.2%
Annuity increases	Increase by 1.0 percentage points	Increase by 8.8%
	Decrease by 1.0 percentage points	Decrease by 4.3%
Life expectancy	Increase by 1 year	Increase by 3.2%
	Decrease by 1 year	Decrease by 3.1%

The method applied when determining the sensitivities is consistent to that applied when calculating the obligation at the balance sheet date.

In the financial year 2015/2016, the expenses for contribution-based pension schemes amounted to EUR 10,891 thousand (2014/2015: EUR 10,692 thousand), thereof for the German entities: EUR 10,180 thousand (2014/2015: EUR 9,634 thousand), mainly relating to the employer's contribution to the statutory pension scheme.

In the financial year 2016/2017, contributions to the plan assets are expected to amount to EUR 928 thousand. In the prior financial year, contributions to the plan assets in the financial year 2015/2016 were expected to amount to EUR 939 thousand.

The weighted average duration of the pension plans is 15.7 years (2014/2015: 12.2 years).

The maturity analysis of the benefit payments is as follows:

Maturity	< 1 year	1-2 years	2-5 years	> 5 years
EUR thousand	1,757	1,644	5,079	40,508

16. Other provisions – non-current

EUR thousand	Apr 1, 2014	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2015
Maintenance services	22,247	-24	3,904	-117	-5,842	1,435	21,603
Restructuring	4	0	0	0	-4	0	0
Partial retirement and anniversary bonuses	4,399	-8	1,113	-187	0	146	5,463
Other	3,473	0	454	-70	-1,302	269	2,824
Other provisions	**30,123**	**-32**	**5,471**	**-374**	**-7,148**	**1,850**	**29,890**

EUR thousand	Apr 1, 2015	Utilizations	Additions	Reversals	Reclass. from non-current to current	Unwinding of discount	Mar 31, 2016
Maintenance services	21,603	-89	5,961	-1,853	-6,072	128	19,678
Restructuring	0	0	0	0	0	0	0
Partial retirement and anniversary bonuses	5,463	-7	376	-213	0	106	5,725
Other	2,824	0	350	-47	-609	27	2,545
Other provisions	**29,890**	**-96**	**6,687**	**-2,113**	**-6,681**	**261**	**27,948**

Generally, a discount rate of 2.27 percent was applied to the provisions (the risk premium was taken into account in the measurement of future cash outflows).

Net exchange differences are not disclosed separately because they are not material. They are included in the "Reversal" column.

17. Equity

Share capital. As at March 31, 2016, the share capital of the Company was EUR 102,000 (March 31, 2015: EUR 101,000) consisting of 4,080 shares (March 31, 2015: 4,040 shares) having a nominal value of EUR 25 each.

With resolution dated March 30, 2016, an increase in the share capital of the Company amounting to EUR 1,000 has been resolved. The share capital was increased by creating and issuing 40 new shares having a nominal value of EUR 25 each, subject to a share premium of EUR 139,999,000. The increase in share capital and share premium took place by way of contribution in kind (interest and principals outstanding on shareholders loans were converted into equity).

Capital reserves. As at March 31, 2016, capital reserves were EUR 678,085,375 (March 31, 2015: EUR 553,817,419).

The increase in capital reserve mainly resulted from the share premium as mentioned under "Share capital". Furthermore, a partial repayment of the share premium reserve of the Company amounting to a total of EUR 15,731,044 has been resolved on June 30, 2015. The partial repayment of the share premium reserve is part of a total distribution made to MEIF II Finance Holdings S.à r.l. in July 2015 amounting to EUR 76,556,035 (being a repayment of accrued interest, repayment of shareholders loan principals and a reduction of share premium reserve).

Convertible loan. On December 20, 2007, MEIF II Germany (borrower) had entered into a convertible loan agreement with its parent company (lender). In September 2012, MEIF II Luxembourg Holdings S.à r.l. assigned the convertible loan agreement to the new parent company MEIF II Finance Holdings S.à r.l. As at March 31, 2016, EUR 206,537 thousand (March 31, 2015: EUR 206,537 thousand) were drawn down. The loan agreement has an indefinite term and bears no interest.

Under IAS 32 this convertible loan is accounted for as equity, because the borrower does not have an obligation to deliver cash as a result of the borrower's unconditional right to avoid cash settlement. Furthermore, there is no obligation to deliver returns in cash as such returns are contingent upon dividends being declared on ordinary equity. In the case of settlement via conversion into the borrower's equity instruments, the number of shares which would be issued, and the currency amount the shares would be issued in lieu of, is fixed from loan inception.

Capital management disclosures. Among its objectives, MEIF II Germany Group is endeavoring to secure its equity base over the long-term and generate an appropriate return on capital employed. However, in this regard, the equity as per the Group's balance sheet is only an indirect management criterion, whereas revenue, EBITDA and free cash flow are direct management criteria.

The following table shows the change in equity and financial liabilities:

EUR thousand	Mar 31, 2016	Mar 31, 2015	Change (%)	Apr 1, 2014
Equity attributable to owners of the parent	329,173	297,778		315,349
Non-controlling interest	0	1		0
Equity	**329,173**	**297,779**	**10.54**	**315,349**
as percentage of total equity and financial liabilities	20.06	19.59		19.79
Financial liabilities current	33,681	30,532		36,330
Financial liabilities non-current	1,277,680	1,191,459		1,241,887
Financial liabilities	**1,311,361**	**1,221,991**	**7.31**	**1,278,217**
as percentage of total equity and financial liabilities	79.94	80.41		80.21
Total equity and financial liabilities	**1,640,534**	**1,519,770**	**7.95**	**1,593,566**

18. Categories of financial assets and financial liabilities

The following table provides an overview of carrying amounts and fair values of the financial instruments in the MEIF II Germany Group in accordance with IAS 39 and IFRS 7:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Category: Loans and receivables				
Measurement at amortized cost				
Cash and cash equivalents (excl. other investments)[1)]	179,499	179,499	151,642	151,642
Trade accounts receivable (current)	252,435	252,435	258,066	258,066
Other financial assets (current)[2)]	2,636	2,636	3,646	3,646
Other financial assets (non-current)	75,902	70,085	70,966	66,871
Category: Financial assets at fair value through profit and loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	0	0	0	0
Cash equivalents (other investments)	2,611	2,611	4,877	4,877
Financial liabilities				
Category: Financial liabilities measured at amortized cost				
Measurement at amortized cost				
Trade accounts payable (current)	48,889	48,889	63,838	63,838
Trade accounts payable (non-current)	1,501	1,501	2,910	2,910
Other financial liabilities (current)[3)]	25,046	25,046	24,634	24,634
Other financial liabilities (non-current)[4)]	792	792	942	942
Financial liabilities (current)	33,681	33,681	30,532	30,532
Financial liabilities (non-current)	1,277,680	1,378,267	1,191,459	1,310,454
Liabilities to shareholders (current)	0	0	15,045	15,045
Liabilities to shareholders (non-current)	185,976	382,800	331,706	711,762
Category: Financial liabilities at fair value through profit and loss				
Measurement at fair value				
Hedging instruments not subject to hedge accounting	34,559	34,559	49,401	49,401
Category: Financial liabilities at fair value through other comprehensive income				
Measurement at fair value				
Hedging instruments subject to hedge accounting[5) 6)]	0	0	0	0

1) As at March 31, 2016, other investments to the amount of EUR 2,611 thousand are reported in the category "Financial assets at fair value through profit and loss" (March 31, 2015: EUR 4,877 thousand).

2) As at March 31, 2016, the balance sheet item also includes interest rate instruments of EUR 0 thousand (March 31, 2015: less than EUR 1 thousand). These are reported in the category "Financial assets at fair value through profit and loss".

3) As at March 31, 2016, the balance sheet item also includes interest rate instruments of EUR 34,559 thousand (March 31, 2015: EUR 49,401 thousand, which are reported in the category "Financial liabilities at fair value through profit and loss".

4) As at March 31, 2016, the balance sheet item also includes non-current trade accounts payable of EUR 1,501 thousand (March 31, 2015: EUR 2,910 thousand). They are reported in the categories "Financial liabilities measured at amortized cost".

5) The hedging instruments subject to hedge accounting related to IHKW Andernach. This subsidiary was disposed of in the financial year 2014/2015, therefore this position is zero as at March 31, 2016 and March 31, 2015.

6) In the financial year 2015/2016, no gains or losses resulted from the measurement of hedging instruments subject to hedge accounting, which were recognized in other comprehensive income (2014/2015: losses of EUR 664 thousand).

Non-current other financial assets consist of the following:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Trade accounts receivable	6,040	6,040	7,917	7,917
Tax reserve account	38,300	34,969	38,300	36,471
Finance lease receivables	31,232	28,746	24,156	21,890
Receivables from suppliers	0	0	263	263
Receivables from investments accounted for using the equity method	153	153	153	153
Other	177	177	177	177
Total	**75,902**	**70,085**	**70,966**	**66,871**

Non-current financial liabilities consist of the following:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Loans	551,343	593,389	466,520	506,580
Notes	721,466	780,033	718,599	797,585
Lease liabilities	4,871	4,845	6,340	6,289
Total	**1,277,680**	**1,378,267**	**1,191,459**	**1,310,454**

The table below analyses financial instruments measured at fair value by fair value hierarchy in accordance with IFRS 7 and IFRS 13. The different levels have been defined as follows:

- level 1: financial instruments traded in active markets for which unchanged quoted prices are taken as measurement
- level 2: measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data
- level 3: measurement is made by means of valuation methods with parameters that are not based on observable market data

EUR thousand	Level 1	Level 2	Level 3	Total
Mar 31, 2016				
Hedging instruments not subject to hedge accounting	0	0	0	0
Cash equivalents (other investments)	2,611	0	0	2,611
Financial assets	**2,611**	**0**	**0**	**2,611**
Hedging instruments not subject to hedge accounting	0	34,559	0	34,559
Hedging instruments subject to hedge accounting	0	0	0	0
Financial liabilities	**0**	**34,559**	**0**	**34,559**
Mar 31, 2015				
Hedging instruments not subject to hedge accounting	0	0	0	0
Cash equivalents (other investments)	4,877	0	0	4,877
Financial assets	**4,877**	**0**	**0**	**4,877**
Hedging instruments not subject to hedge accounting	0	49,401	0	49,401
Hedging instruments subject to hedge accounting	0	0	0	0
Financial liabilities	**0**	**49,401**	**0**	**49,401**

For financial assets and liabilities measured at fair value, no transfers between Level 1 and 2 of the fair value hierarchy occurred in the financial year 2015/2016.

The fair value of all current items is approximately equivalent to their carrying amounts. The main reason for this is the short maturity of these instruments.

For non-current other financial assets (with the exception of the tax reserve account and finance lease receivables), non-current trade accounts payable and non-current other financial liabilities it is assumed that the carrying amounts are approximately equivalent to their fair values.

The fair value of other investments is based on quoted market prices on an active market at the balance sheet date.

The fair values of hedging instruments not subject to hedge accounting are determined using the mark-to-market valuation method (interest rate swaps) and the Black-Scholes option pricing model (embedded interest floor). They are then adjusted by the own credit risk of MEIF II Germany Group (or the counterparty credit risk). The expected exposure to the credit risk is calculated on the basis of a simulation of a possible future market scenario. The simulation is performed based on parameters derived from observable market data at the balance sheet date. To calculate the probability of default and the loss given default, the Company's CDS spreads are used. The credit risk is discounted using term adequate risk-free interest rates.

The fair values of non-current financial assets (finance lease receivables) and non-current financial liabilities (lease liabilities), measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rate applied to these cash flows is the Company's cost of capital. The discounted cash flows are then adjusted by the counterparty credit risk or the own credit risk of MEIF II Germany Group. The counterparty credit risk is derived from credit insurance premiums. The own risk is based on the Company's CDS spreads.

The fair values of the notes are their quoted market prices at the balance sheet date.

The fair values of non-current financial assets (tax reserve account), non-current financial liabilities (loans) and non-current liabilities to shareholders, measured at amortized cost, are determined using the discounted cash flow method, calculating the present value of expected future cash flows. The discount rates used are term adequate risk-adjusted discount rates. The risk adjustment is made based on the CDS spreads of the counterparty or the Company.

The fair values of the notes mentioned above fall into Level 1 of the fair value hierarchy. The aforementioned fair values of the tax reserve account as well as non-current financial liabilities (excluding the notes) are attributed to Level 2. The fair values of finance lease receivables comply with Level 3.

Net gains or losses on financial instruments of MEIF II Germany Group consist of the following:

EUR thousand	Loans and receivables	Financial assets at fair value through profit and loss	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income
2015/2016					
Other expenses	**-2,515**[1)]	**0**	**0**	**0**	**0**
thereof from discontinued operations	0	0	0	0	0
Financial income	**3,089**	**2**	**0**	**18,156**	**0**
thereof interest income calculated using the effective interest method	2,965	0	0	0	0
thereof from discontinued operations	0	0	0	0	0
Finance costs	**-5**	**0**	**-120,453**	**-22,862**[2)]	**0**
thereof interest expenses calculated using the effective interest method	0	0	-12,829	0	0
thereof from discontinued operations	0	0	0	0	0
Net result	**569**	**2**	**-120,453**	**-4,706**	**0**
2014/2015					
Other expenses	**-1,317**[1)]	**0**	**0**	**0**	**0**
thereof from discontinued operations	-1	0	0	0	0
Financial income	**2,435**	**11**	**0**	**8,635**	**0**
thereof interest income calculated using the effective interest method	2,140	0	0	0	0
thereof from discontinued operations	11	0	0	0	0
Finance costs	**-4**	**0**	**-119,140**	**-22,178**[2)]	**-207**[2)]
thereof interest expenses calculated using the effective interest method	0	0	-6,593	0	0
thereof from discontinued operations	0	0	-468	-3,145	-207
Net result	**1,114**	**11**	**-119,140**	**-13,543**	**-207**

1) Other expenses include gains resulting from the reduction of valuation allowances on trade accounts receivable.

2) Finance costs contain both losses and gains on interest rate instruments.

19. Revenue

EUR thousand	2015/2016	2014/2015
Energy Services		
Billing services	320,322	316,403
Rental and associated service revenue	206,379	192,137
Sales	83,610	82,337
Maintenance	30,659	30,106
Other	1,815	1,675
Energy Contracting	101,764	99,057
Revenue	**744,549**	**721,715**

20. Capitalized internal work

EUR thousand	2015/2016	2014/2015
Capitalized internal work from installation	7,216	4,944
Capitalized internal work from projects	3,738	3,501
Capitalized internal work	**10,954**	**8,445**

Capitalized internal work from installation relates to the rental business and is capitalized within metering devices for rent.

Capitalized internal work from projects solely refers to intangible assets.

21. Other income

EUR thousand	2015/2016	2014/2015
Gains on foreign exchange	815	712
Gains on the disposal of fixed and intangible assets	329	272
Other	1,616	1,781
Other income	**2,760**	**2,765**

The gains on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date.

22. Product expenses and purchased services

EUR thousand	2015/2016	2014/2015
Material expenses	-118,618	-118,310
External workforce	-51,143	-53,736
Commercial representatives and other commissions	-31,933	-30,330
Replacement expenses	-1,521	-1,795
Research and development costs	-112	-116
Other	-12,247	-6,129
Product expenses and purchased services	**-215,574**	**-210,416**

23. Other expenses

EUR thousand	2015/2016	2014/2015
IT	-23,352	-24,717
Rent	-17,854	-17,085
Travel and car expenses	-13,780	-13,225
Consultancy	-9,239	-6,419
Advertising and promotion	-6,395	-6,595
Communication costs	-4,771	-4,916
Write-downs and valuation allowance on receivables	-2,515	-1,316
Losses on foreign exchange	-1,539	-1,043
Research and development costs	-1,096	-904
Losses on the disposal of fixed and intangible assets	-59	-203
Other	-19,731	-17,285
Other expenses	**-100,331**	**-93,708**

The losses on foreign exchange arose primarily as a result of differences between foreign exchange rates on the dates the foreign-currency receivables/payables were recognized and those on the dates of payment or those used in remeasurement at the balance sheet date.

In addition to the above mentioned research and development costs amounting to EUR 1,096 thousand (2014/2015: EUR 904 thousand), further research and development costs are included in personnel expenses amounting EUR 3,466 thousand (2014/2015: EUR 3,307 thousand).

24. Financial income and finance costs

EUR thousand	2015/2016	2014/2015
Interest income	3,120	2,444
Gains on foreign exchange resulting from intercompany loans	1,802	2,338
Gains on hedging instruments measured at fair value	18,156	8,635
Other financial income	18	16
Total financial income	**23,096**	**13,433**
Losses on hedging instruments measured at fair value	-2,748	-27
Interest expense	-47,238	-41,593
Interest expense on notes	-53,573	-53,370
Interest expense on shareholder loans	-40,051	-43,121
Losses on foreign exchange resulting from intercompany loans	-2,099	-2,402
Interest expense on provisions	-669	-2,624
Total finance costs	**-146,378**	**-143,137**
Financial income and finance costs	**-123,282**	**-129,704**

In 2015/2016, interest income from installment-based business amounts to EUR 672 thousand (2014/2015: EUR 286 thousand).

As a result of refinancing the Senior Secured Facilities Agreement on November 5, 2015, expenses of EUR 6,994 thousand, relating to prior refinancing, were recognized under interest expense.

25. Income taxes

EUR thousand	2015/2016	2014/2015
Current income taxes		
Germany	5	-6
Other countries	-8,446	-7,380
Total income taxes	**-8,441**	**-7,386**
Deferred taxes		
Recognition of tax losses carried forward	17,309	9,740
Tax effect from temporary differences	1,041	-10,127
Total deferred taxes	**18,350**	**-387**
Total tax income/expense	**9,909**	**-7,773**

According to German tax law, income taxes comprise corporate tax, trade tax and the solidarity surcharge.

In 2015/2016, the weighted average tax rate for the Company is 29.80 percent (2014/2015: 29.01 percent).

In 2012 a tax audit of TEMS KG, being the parent company of the tax group (since 2006), for the years 2006 to 2009 had commenced. In October 2015, the tax audit was extended for the period from 2010 to 2013. The audit procedures performed to date have not resulted in material audit findings. These filing periods, as well as all subsequent periods, may be subject to a re-audit.

Deferred taxes have been calculated using the relevant enacted tax rate.

The following table shows the reconciliation from the weighted average tax rate for the Group to the effective tax rate:

	2015/2016		2014/2015	
	EUR thousand	%	EUR thousand	%
Expected income tax	**30,204**	**29.8**	**-2,644**	**29.0**
Differences from differing tax rates	1,895	1.9	1,180	-12.9
Change in tax rate for deferred taxes	-5,503	-5.4	-74	0.8
Permanent differences	-7,893	-7.8	-5,083	55.8
Permanent differences TEC Impairment[1)]	-13,249	-13.1	0	0.0
Taxes unrelated to the reporting period	-95	-0.1	-232	2.5
Change of tax losses carried forward	-1,164	-1.1	-475	5.2
Change of trade tax losses carried forward	5,115	5.0	0	0.0
Other	599	0.6	-445	4.9
Effective tax income/expense and tax rate	**9,909**	**9.8**	**-7,773**	**85.3**

1) See note 6

The changes in tax rate for deferred taxes in the financial year 2015/2016 mainly results from changes in the trade tax rate from 13.18 percent to 13.97 percent.

The changes in tax rate for deferred taxes in the financial year 2014/2015 mainly resulted from changes in the trade tax rate from 13.15 percent to 13.18 percent.

The change of trade tax losses carried forward was a result of an adjustment for the year 2013.

26. Discontinued Operations

The GWE Group represented a separate cash generating unit (heat and energy generating plant business in Germany) within the MEIF II Germany Group. It was therefore a separate major line of business as defined in IFRS 5. As a result of the sale of the subsidiary IHKW Andernach in the financial year 2014/2015 as well as the sale of the subsidiary IWPV Industrie-Wärmeverbund Heidenheim GmbH and the energy production plant of the subsidiary IHKW Industrieheizkraftwerk Heidenheim GmbH in the financial year 2013/2014, the GWE Group was presented as a discontinued operation in the consolidated statement of comprehensive income and the consolidated statement of cash flows in the financial year 2014/2015. The GWE Group was previously part of the Energy Contracting segment.

In the financial year 2015/2016, the GWE Group consisted only of GWE Gesellschaft für wirtschaftliche Energieversorgung mbH as an immaterial and non-operational holding company, which holds the shares of the associated company Energieversorgungsgesellschaft Klinikum Ludwigsburg mbH. Due to its insignificance, the GWE Group was reclassified to continuing operations and was reallocated to the segment Energy Contracting.

The following table provides an overview of the results of the discontinued operations:

EUR thousand	2015/2016	2014/2015
Revenue	0	4,197
Other income	0	430
Expenses[1)]	0	-6,775
Earnings before tax from discontinued operations	**0**	**-2,148**
Income taxes	0	814
Earnings after tax from discontinued operations	**0**	**-1,334**
Valuation adjustment[2)]	0	-2,723
Income taxes on valuation adjustment	0	0
Net loss from valuation adjustment of discontinued operations	**0**	**-2,723**
Net loss from discontinued operations	**0**	**-4,057**

1) In the financial year 2014/2015, the expenses included impairment losses on property, plant and equipment amounting to EUR 159 thousand.

2) In the financial year 2014/2015, the valuation adjustment related to an impairment of property, plant and equipment of IHKW Andernach when reclassifying this subsidiary as "assets held for sale".

F. OTHER DISCLOSURES

Operating leases

The Group as lessee. The Company has entered into leases for buildings (head office in Eschborn – fixed term until January 31, 2024, as well as other leases for subsidiaries and field organizations), vehicles and office equipment. The leases have renewal options and various terms. The total expense for these leases in 2015/2016 was EUR 21,700 thousand (2014/2015: EUR 22,000 thousand).

The minimum lease obligations as at March 31, 2016 were as follows:

EUR thousand	Mar 31, 2016	Mar 31, 2015
2015/2016	—	19,173
2016/2017	19,453	16,659
2017/2018	16,407	14,478
2018/2019	12,798	10,936
2019/2020	10,325	8,897
2020/2021	8,558	7,542
After 2020/2021	17,810	15,696
Total minimum lease obligations	**85,351**	**93,381**

Other financial obligations / Financial guarantees

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2016				
Financial obligations due to purchase of fixed assets	2,718	0	0	2,718
Financial obligations due to purchase of intangible assets	468	0	0	468
Financial obligations due to energy supply contracts	22,194	32,753	2,826	57,773
Other financial obligations	**25,380**	**32,753**	**2,826**	**60,959**

EUR thousand	Up to one year	Between one year and five years	Over five years	Total
Mar 31, 2015				
Financial obligations due to purchase of fixed assets	4,139	1,436	0	5,575
Financial obligations due to purchase of intangible assets	22	0	0	22
Financial obligations due to energy supply contracts	20,111	17,787	3,962	41,860
Other financial obligations	**24,272**	**19,223**	**3,962**	**47,457**

As at March 31, 2016, financial guarantees in the amount of EUR 146 thousand have been issued (March 31, 2015: EUR 152 thousand).

In addition, Techem GmbH has released one former member of the Board of Directors of Techem Energie GmbH as well as a senior executive from the personal liability that resulted from their positions as managing directors of Thermie Serres S.A. in accordance with the Greek law. It is not possible to quantify the obligation reliably. Utilization is currently not expected.

Segment reporting

The segment reporting in accordance with IFRS 8 Operating Segments is prepared since the financial year 2012/2013 due to the issuance of notes in September 2012 by TEMS KG and Techem GmbH, which are traded in a public market.

Within the segment Energy Services the Company provides its customers, which mainly comprise service providers of the housing and real-estate industry, with measurement, sub-meter reading and billing services relating to energy and water consumption. The reading and billing services are subject to seasonal fluctuations, which impact the results of operations accordingly.

The Company rents and sells heat and water sub-meters as well as heat cost allocators, which are necessary to provide the services. Rental contracts for the metering devices mainly have a term of five to ten years.

The Company also offers maintenance services required for the devices. Maintenance services are included in the rental contracts. For sold devices the maintenance service is offered in separate maintenance contracts.

Furthermore, the Company's supplementary services include the planning, installation and maintenance of smoke detectors. The smoke detectors are usually rented out to customers. In addition, the Company offers a smoke detector service.

Since the financial year 2012/2013, the Company in cooperation with SGS Institut Fresenius offers services of legionella analysis in Germany.

The services offered by the segment Energy Contracting are the planning, financing, construction and operation of heat generation plants for its customers. Gas, oil, long-distance heating and electricity is provided, the plants are maintained continuously. Furthermore, a heat and electricity generating plant is operated by the joint venture Thermie Serres S. A.

"Others" mainly comprise the activities of the parent company MEIF II Germany and of other non-operating companies.

The accounting principles applied are the same as those applied for the Group. Management evaluates each of the segments using the measure EBITDA. EBITDA is defined as earnings before interest, tax and depreciation/amortization.

Investments are cash-effective additions to metering devices for rent, to property, plant and equipment and to intangible assets, excluding additions as a result of finance leases.

Intragroup transactions are carried out at market prices.

The Company has no customer with a share in revenue exceeding 10 percent.

To obtain external segment revenues by geographical area the revenues are allocated to the region where they were recognized. Non-current assets are reported based on their location. Non-current assets comprise metering devices for rent, property, plant and equipment, intangible assets, non-current other assets and investments accounted for using the equity method.

The segment report below comprises only information relating to the continuing operations. However, in the financial year 2014/2015 the segmental non-current assets include the non-current assets from discontinued operations. Due to its insignificance, the GWE Group has been reclassified to continuing operations in the financial year 2015/2016.

Segment information for the financial years 2015/2016 and 2014/2015 is as follows:

EUR thousand	Energy Services	Energy Contracting	Others	Consolidation	Group
2015/2016					
External revenue	642,785	101,764	0	0	744,549
Intragroup revenue	4,536	598	2,549	-7,683	0
Revenue	**647,321**	**102,362**	**2,549**	**-7,683**	**744,549**
EBITDA	**233,540**	**8,029**	**-6,475**	**41**	**235,135**
Depreciation/amortization of fixed and intangible assets	**-107,430**	**-98,227**	**-52**	**0**	**-205,709**
thereof impairment losses	-5,462	-90,548	0	0	-96,010
Earnings before interest and tax (EBIT)					**29,426**
Share of loss of investments accounted for using the equity method					-7,499
Financial income					23,096
Finance costs					-146,378
Loss before tax					**-101,355**
Investments	**-118,071**	**-6,911**	**-200**	**0**	**-125,182**
2014/2015					
External revenue	622,658	99,057	0	0	721,715
Intragroup revenue	4,500	953	1,840	-7,293	0
Revenue	**627,158**	**100,010**	**1,840**	**-7,293**	**721,715**
EBITDA	**243,459**	**6,094**	**-4,396**	**86**	**245,243**
Depreciation/amortization of fixed and intangible assets	**-98,515**	**-7,905**	**-5**	**0**	**-106,425**
thereof impairment losses	-2,826	-92	0	0	-2,918
Earnings before interest and tax (EBIT)					**138,818**
Share of loss of investments accounted for using the equity method					0
Financial income					13,433
Finance costs					-143,137
Profit before tax					**9,114**
Investments	**-105,432**	**-3,450**	**-1**	**0**	**-108,883**

Revenue and non-current assets by region:

EUR thousand	Germany	Other countries	Group
Mar 31, 2016			
Revenue	**575,005**	**169,544**	**744,549**
Segmental non-current assets	**1,539,301**	**207,405**	**1,746,706**
Other financial assets			75,902
Deferred tax assets			2,762
Total non-current assets			**1,825,370**
Mar 31, 2015			
Revenue	**558,580**	**163,135**	**721,715**
Segmental non-current assets[1)]	**1,620,256**	**209,576**	**1,829,832**
Other financial assets			70,966
Deferred tax assets			3,064
Total non-current assets			**1,903,862**

1) Includes discontinued operations

Concentration of risk

Credit risks. The Company offers its services to a large number of customers active in various sectors and geographical regions. The Company grants credit terms to eligible customers and believes it is not exposed to an unreasonable concentration of risk.

Imminent or actual irrecoverable receivables are accounted for by write-downs depending on the age of the receivable concerned. Several dunning stages are also used. When a certain dunning stage is reached, legal action is initiated.

As at March 31, 2016, the total of trade accounts receivable, including receivables from finance lease (each current and non-current), was EUR 289.7 million (maximum default risk).

The maximum default risk arising from other investments refers to their fair values and amounts to EUR 2,611 thousand as at March 31, 2016.

Liquidity risk. The Company has secured its financing by long-term loan agreements (due in June 2020) and by the issuance of senior secured and subordinated notes (due in 2019 and 2020). The budget of the Company shows a positive development of the financial position, financial result and cash flows. Therefore, the Company is not exposed to liquidity risk (see note 13).

The following table provides an overview of the maturity analysis for future cash flows of the financial liabilities as at March 31, 2016. The future cash flows are undiscounted cash flows including interest payments:

EUR thousand	Up to one year	Between one year and five years	More than five years	Total
Trade accounts payable	48,889	993	795	50,677
Financial liabilities	68,086	1,527,388	2,465	1,597,939
Hedging instruments not subject to hedge accounting	20,618	18,971	0	39,589
Other financial liabilities	16,572	3	789	17,364
Liabilities to shareholders	24,177	96,708	349,253	470,138
Total	**178,342**	**1,644,063**	**353,302**	**2,175,707**

Interest rate risk and interest rate management. Interest rate risks arise from the fact that the major part of the loans are subject to a floating rate of interest (see note 13).

Interest rate risk is analyzed centrally and managed by the Treasury department. Interest rate risk items are separated from the liquidity commitment in individual hedge agreements with the help of interest rate derivatives, such as interest rate swaps and caps, and are managed as an overall portfolio to balance the risks. Interest rate derivatives are used exclusively to optimize credit terms and limit interest rate risks as part of the Company's financing strategies and are not used for trading or speculation purposes.

Hedging instruments are used in the MEIF II Germany Group to hedge interest rate risks on variable cash flows. They are therefore cash flow hedges.

The Company pursues a conservative strategy in hedging financial risks. In accordance with internal guidelines of the Company, the use of derivatives is restricted to the hedging of existing risks. The Company only uses hedging instruments that are measurable and have a transparent risk profile.

Due to refinancing by amendment and extension on November 5, 2015, an embedded option-based derivative was identified (see note 13). It is an interest rate floor, which is embedded in the Senior Secured Facilities Agreement because of a new regulation included in this agreement stating that the variable margin (6-month EURIBOR) cannot be negative in any case. As a consequence, the fixed margin is always the minimum total margin in case of a negative 6-month EURIBOR.

All derivatives are measured at fair value in accordance with IFRS 13. This is determined using the mark-to-market method (for interest rate swaps) and the Black-Scholes option pricing model (for the embedded interest rate floor), in both cases including a credit risk adjustment relating to the counterparty or the Company itself (see note 18). The market values of interest rate swaps, interest rate caps and the embedded interest floor are reported as other financial assets or other financial liabilities.

Interest rate instruments not subject to hedge accounting. Changes in market value are recognized in the statement of profit or loss, but do not affect cash.

As at March 31, 2016, the Company has payer-swaps with a total nominal value of EUR 400,000 thousand related to the Facility A of the Senior Secured Facilities Agreement. These interest rate instruments swap the six-month EURIBOR against a five-year fixed interest rate.

EUR thousand **Interest rate limited to (not subject to hedge accounting)**	**Nominal amount**
4.835% plus margin	70,000
4.929% plus margin	70,000
5.033% plus margin	85,000
5.045% plus margin	175,000
	400,000

Details of interest rate instruments not subject to hedge accounting at the balance sheet date related to the Facility A of the Senior Secured Facilities Agreement together with market values and maturities are as follows:

	Mar 31, 2016		Mar 31, 2015	
EUR thousand	**Nominal amount**	**Market value**	**Nominal amount**	**Market value**
Interest rate swaps/interest rate floor				
Up to one year	0	0	400,000	-15
Between one year and five years[1)]	400,000	-34,559	400,000	-49,386
Interest rate instruments	**400,000**	**-34,559**	**800,000**	**-49,401**

1) In this table interest rate swaps are presented according to their contractual term. Liabilities from hedging instruments are shown under current other financial liabilities because the instruments can be cancelled at any time. The market value as at March 31, 2016 also includes the fair value of EUR -3,314 thousand related to the interest rate floor which is embedded in the Senior Secured Facilities Agreement.

The nominal value of the interest rate swaps of EUR 400,000 thousand as at March 31, 2015 (market value of EUR -15 thousand; with a contractual term of up to one year) related to a basis-swap-agreement swapping the six-month EURIBOR against the three-month EURIBOR. This basis-swap agreement has terminated on October 30, 2015.

As at March 31, 2016, EUR 155,000 thousand of the Facility A has been drawn down and has not been secured by an interest rate swap. The interest charge is based on the 6-month EURIBOR plus a margin. As at March 31, 2016, both Capex Facilities and the Revolving Credit Facility have not been drawn down as unsecured loans. If the 6-month EURIBOR had been higher by one percentage point in financial year 2015/2016, profit after tax would have been lower by EUR 826 thousand (all other variables remaining constant).

As at March 31, 2016, the Company has also entered into an interest rate cap outside Germany with a positive market value of EUR 0 thousand (March 31, 2015: less than EUR 1 thousand) and a nominal amount of EUR 3,260 thousand (March 31, 2015: EUR 3,260 thousand).

Currency risk and currency management. A large part of the revenues were generated in the euro-area and were not subject to major currency risks. However, currency risks may originate from loans that Techem Energy Services GmbH grants to its subsidiaries outside the euro-area as part of intercompany financings.

As at March 31, 2016, there are no currency instruments.

Transactions with related parties

The parent company of MEIF II Germany Holdings S.à r.l. is MEIF II Finance Holdings S.à r.l. in Luxembourg. The ultimate parent company is Macquarie European Infrastructure Fund II Limited Partnership, an English limited partnership with its registered office in St. Peter Port, Guernsey.

Key management personnel of the Company are Rosa Villalobos, Philip Hogan, Hilko Cornelius Schomerus, Charles Roemers and Jean-François Trapp. Rosa Villalobos, Philip Hogan and Hilko Cornelius Schomerus are not paid by the Company. Hilko Cornelius Schomerus is director of the managerial Techem Energie GmbH. Rosa Villalobos is managing director with Macquarie Infrastructure and Real Assets SA, Luxembourg, and Philip Hogan is director of the MEIF Funds at Macquarie Group. Hilko Cornelius Schomerus has responsibility for the activities of several funds within the Macquarie Group. It is not possible to make a reasonable apportionment of their emoluments relating to their activities as managing directors. Accordingly, these emoluments are not reported. Charles Roemers and Jean-François Trapp are lawyers. Other than being members of the board of the Company, they also act as legal advisors to the Company and in this capacity they have been paid EUR 9 thousand by the Company in the financial year 2015/2016 (2014/2015: EUR 9 thousand).

On September 13, 2012, MEIF II Luxembourg Holdings S.à r.l. assigned all loan facilities and all relevant claims and accessory rights to MEIF II Finance Holdings S.à r.l. As at March 31, 2016, MEIF II Germany Holdings S.à r.l. has three loan agreements with MEIF II Finance Holdings S.à r.l. consisting of two loan agreements and one convertible loan agreement of a total amount of EUR 392,513 thousand (March 31, 2015: EUR 538,243 thousand). The two loan agreements have repayment dates in 2027 and the convertible loan agreement which is classified as equity has an indefinite term. Interest rates of the two loans are 13.0 percent, the convertible loan is interest-free (see note 14 and note 17). In the financial year 2015/2016, interest expenses in the amount of EUR 40,051 thousand (2014/2015: EUR 43,121 thousand) have been incurred related to the two shareholder loans (see note 24). As at March 31, 2016, there are no interest expenses resulting from the two shareholders loans that are unpaid. As at March 31, 2015, interest expenses amounting to EUR 15,045 thousand were unpaid and were shown as current liabilities to shareholders (see note 10).

In July 2015, a total distribution of EUR 76,556 thousand was made to MEIF II Finance Holdings S.à r.l., being a repayment of accrued interest, repayment of shareholders loan principals and a reduction of share premium reserve (see note 17).

On March 31, 2016, the current receivables from investments accounted for using the equity method are receivables from Thermie Serres S. A. These amount to EUR 56 thousand (March 31, 2015: EUR 63 thousand) and result from a service contract (see note 2). In the financial year 2015/2016, revenue in the amount of EUR 494 thousand (2014/2015: EUR 498 thousand) has been generated related to this contract.

Non-current receivables from investments accounted for using the equity method relate to a loan to EKL amounting to EUR 153 thousand (March 31, 2015: EUR 153 thousand) (see note 8). In the financial year 2015/2016, interest income in the amount of EUR 11 thousand (2014/2015: EUR 11 thousand) has been generated related to this loan.

The current liabilities to investments accounted for using the equity method mainly result from a heat supply contract with Thermie Serres S. A. amounting to EUR 948 thousand (March 31, 2015: EUR 1,126 thousand) (see note 10). In the financial year 2015/2016, product expenses and purchased services in the amount of EUR 1,445 thousand (2014/2015: EUR 1,504 thousand) resulted from this supply contract.

Events after the balance sheet date

In April 2016, the Company made a distribution to MEIF II Finance Holdings S.à r.l. amounting to EUR 49,869 thousand. This distribution was made by way of a partial repayment of the share premium reserve.

In April 2017, the Company made a distribution to MEIF II Finance Holdings S.à r.l. amounting to EUR 99,906 thousand. This distribution was made by way of a partial repayment of the share premium reserve as well as of payment of accrued interest regarding the shareholders loan.

The Company has elected the voluntary early application of IFRS 15 *Revenue from contracts with customers*, the Clarifications to IFRS 15 and IFRS 16 *Leases* in its consolidated financial statements for the financial year 2017/2018. In accordance with the transition provisions in IFRS 15 and IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on April 1, 2017. Comparatives for the financial year 2016/2017 have not been restated.

On August 3, 2017, Techem Energy Metering Service GmbH & Co. KG and Techem GmbH in their capacity as borrowers executed a Senior Facilities Agreement. This new syndicated loan includes a Term Loan B of EUR 1,600,000 thousand (due in October 2024) and a Revolving Credit Facility of 150,000 thousand (due in October 2023). This new financing replaced the previous financing, which was originally executed in September 2012 and had been amended from time to time (the last refinancing by way of amendment and extension in November 2015).

In April 2018, the Company made a distribution to MEIF II Finance Holdings S.à r.l. amounting to EUR 53,561 thousand. This distribution was made by way of the full repayment of the shareholders loan principle as well as of payment of accrued interest regarding the shareholders loan.

On May 25, 2018, Macquarie Infrastructure and Real Assets, who are managing the Macquarie European Infrastructure Fund II Limited Partnership, St. Peter Port/Guernsey, (the ultimate parent company of MEIF II Germany) announced the sale of its 100% interest in MEIF II Germany and its subsidiaries to a consortium of investors led by Partners Group, Zug/Switzerland, (acting on behalf of its clients). The transaction is subject to customary regulatory and anti-trust approvals and is expected to be closed in the third quarter of 2018.

Luxembourg, June 26, 2018

MEIF II Germany Holdings S.à r.l.
The Board of Managers

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€465,000,000 6% Senior Notes due 2026

OFFERING MEMORANDUM

July 19, 2018

Donnelley Financial Solutions 608442