## IMPORTANT NOTICE

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

IMPORTANT: You must read the following before continuing. The following applies to the Preliminary Offering Memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Preliminary Offering Memorandum. In accessing the Preliminary Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES 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 AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF OTHER JURISDICTIONS.

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

Confirmation of your representation: In order to be eligible to view this Preliminary Offering Memorandum or make an investment decision with respect to the securities described in this Preliminary Offering Memorandum, investors must be either (1) QIBs within the meaning of Rule 144A under the U.S. Securities Act or (2) persons who are outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act; provided that investors resident in a Member State of the EEA must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the EEA). This Preliminary Offering Memorandum is being sent at your request. By accepting this email and by accessing the Preliminary Offering Memorandum, you shall be deemed to have represented to us and the initial purchasers set forth in the attached Preliminary Offering Memorandum (collectively, the ''Initial Purchasers'') that:

(1) you acknowledge that you are receiving such Preliminary Offering Memorandum in electronic format; and

(2) you or the customers you represent are:

  (a) QIBs; or

  (b) outside the United States and that the electronic mail address that you gave us and to which this Preliminary Offering Memorandum has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia (and if you are resident in a Member State of the EEA, you are a qualified investor).

You are reminded that this Preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Preliminary Offering Memorandum to any other person.

Under no circumstances shall the Preliminary Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers (as defined herein) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

This Preliminary Offering Memorandum is in preliminary form and is being furnished in connection with an offering exempt from registration under the U.S. Securities Act. You are reminded that the information in the attached document is in preliminary form, is not complete and may be changed.

This Preliminary Offering Memorandum has not been approved by an authorized person in the United Kingdom. The securities may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the ''FSMA'') by us. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

This Preliminary Offering Memorandum has been addressed to you in an electronic form. You are reminded that documents transmitted electronically may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, any person who controls any initial purchaser, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Offering Memorandum accessed by you in electronic format and any version that will be provided to you at a later date.

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

**SUBJECT TO COMPLETION, DATED JULY 10, 2017**

**PRELIMINARY OFFERING MEMORANDUM**
**STRICTLY CONFIDENTIAL**

**NOT FOR GENERAL DISTRIBUTION**
**IN THE UNITED STATES**

# Maxeda DIY Holding B.V.

## €475,000,000 Senior Secured Notes

**(in a combination of fixed and floating rate notes)**

## € % Fixed Rate Senior Secured Notes due 2022

## € Floating Rate Senior Secured Notes due 2022

Maxeda DIY Holding B.V. (the ''Issuer'') is offering € million aggregate principal amount of its % Fixed Rate Senior Secured Notes due 2022 (the ''Fixed Rate Notes'') and € million aggregate principal amount of its Floating Rate Senior Secured Notes due 2022 (the ''Floating Rate Notes'' and, together with the Fixed Rate Notes, the ''Notes'').

The Issuer will pay interest on the Fixed Rate Notes semi-annually in arrears on each and , commencing on , 2018. The Fixed Rate Notes will mature on , 2022. Prior to , 2019, the Issuer will be entitled, at its option, to redeem all or a portion of the Fixed Rate Notes at a redemption price equal to 100% plus a ''make whole'' premium. Prior to , 2019, the Issuer may redeem, at its option, no more than 40% of the original principal amount of the Fixed Rate Notes with the net cash proceeds from certain equity offerings at the redemption price specified in this offering memorandum, provided that, *inter alia*, at least 50% of the original principal amount of the Fixed Rate Notes (including the original principal amount of any additional Fixed Rate Notes) remains outstanding. Prior to , 2019, the Issuer may redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes originally issued (including the aggregate principal amount of any additional Fixed Rate Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof. At any time on or after , 2019, the Issuer may redeem all or part of the Fixed Rate Notes at the redemption prices specified in this offering memorandum.

Interest on the Floating Rate Notes will accrue at a rate per annum, reset quarterly, equal to three-month EURIBOR (which shall never be less than zero) plus %. The Floating Rate Notes will mature on , 2022. The Issuer will pay interest on the Floating Rate Notes quarterly in arrears on each , , and , commencing on , 2017. Prior to , 2018, the Issuer will be entitled, at its option, to redeem all or a portion of the Floating Rate Notes at a redemption price equal to 100% plus a ''make whole'' premium. At any time on or after , 2018, the Issuer may redeem all or part of the Floating Rate Notes at the redemption prices specified in this offering memorandum.

Upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase all the outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any. A change of control, however, will not be deemed to have occurred on one occasion if, pro forma for such change of control, a specified consolidated total net leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Notes.

The Notes will be senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Revolving Credit Facility (as defined herein). The Notes will be guaranteed (the ''Guarantees'') on a senior basis by Maxeda DIY, Praxis Groep B.V., Praxis Doe-het-Zelf Center B.V., Brico Belgium NV, PLAN-IT NV and Brico Plan-It NV (each a ''Guarantor'' and collectively, the ''Guarantors''). The Guarantors will also guarantee, on a senior basis, the obligations under the Revolving Credit Facility. The Guarantees will rank senior in right of payment to the respective Guarantor's future debt that is expressly subordinated in right of payment to such Guarantee and will rank *pari passu* in right of payment with the respective Guarantor's existing and future debt that is not so subordinated, including such Guarantor's obligations under the Revolving Credit Facility.

The Notes will be secured by the Collateral (as defined herein) on or about the Issue Date. The Revolving Credit Facility will be, and future hedging obligations and, subject to the Intercreditor Agreement (as defined herein), certain other indebtedness permitted to be incurred on a priority basis under the Indenture are permitted to be, secured by first-priority security interests over, among other things, the Collateral, contractually ranking *pari passu* with the security interests securing the Notes. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security interests over the Collateral, holders of Notes will receive proceeds from the Collateral only after the Revolving Credit Facility, certain hedging obligations and certain other indebtness permitted to be incurred on a priority basis under the Indenture, if any, have been repaid in full. The validity, enforceability and, in respect of the security interests over the Collateral, priority and ranking of the Guarantees and the security interests and the liability of the Guarantors, are subject to the limitations described in ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*.'' The Notes will be structurally subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes and effectively subordinated to any existing and future debt of the Issuer and the Guarantors that is secured by property or assets that do not secure the Notes, to the extent of the value of such property and assets.

The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by global notes, which will be delivered in book-entry form through Euroclear Bank SA/NV (''Euroclear'') and Clearstream Banking S.A. (''Clearstream'') on or about , 2017 (the ''Issue Date''). Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See ''*Book-Entry; Delivery and Form.*''

There is currently no market for the Notes. Application has been made to The International Stock Exchange Authority Limited 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, however, 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. The Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments, as amended.

This offering memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

**Investing in the Notes involves a high degree of risk. See ''*Risk Factors*'' beginning on page 26.**

Issue price of the Fixed Rate Notes: % plus accrued interest, if any, from the Issue Date
Issue price of the Floating Rate Notes: % plus accrued interest, if any, from the Issue Date

**The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ''Securities Act''), or the laws of any other jurisdiction. The Notes and the Guarantees may not be offered or sold within the United States, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act (''Rule 144A'') and to certain persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (''Regulation S''). You are hereby notified that sellers of the Notes and the Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See ''*Notice to Certain Investors*'' and ''*Transfer Restrictions*'' for additional information about eligible offerees and transfer restrictions.**

*Global Coordinator and Physical Bookrunner*

**Goldman Sachs International**

*Global Coordinator and Joint Bookrunner*

**ING**

*Joint Bookrunner*

**ABN AMRO**

The date of this offering memorandum is , 2017.

## IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This Offering is being made on the basis of this offering memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this offering memorandum. None of the Issuer, the Guarantors or the initial purchasers of the Notes listed on the cover page (together, the ''Initial Purchasers'') have authorized anyone to provide you with any information or represent anything about the Issuer, Maxeda DIY's financial results or this Offering that is not contained in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantors or any of the Initial Purchasers. Neither the Issuer nor any of the Initial Purchasers are making an offering of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

This offering memorandum is confidential and has been prepared by the Issuer solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without the prior written consent of the Issuer, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

THE NOTES (AND THE GUARANTEES) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS THE NOTES (AND THE GUARANTEES) ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE ''*PLAN OF DISTRIBUTION*'' AND ''*TRANSFER RESTRICTIONS*.'' INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

None of the Initial Purchasers, nor any employee or affiliate of any Initial Purchaser, has authorized the contents or circulation of this offering memorandum and the Initial Purchasers, their employees and affiliates do not assume any responsibility for, and will not accept any liability for, any loss suffered as a result of, arising out of or in connection with this document or any of the information or opinions contained in it.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of their respective affiliates or any of the Initial Purchasers. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. The information contained in this offering memorandum is as of the date hereof. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

The information contained in this offering memorandum has been furnished by the Issuer and other sources believed by the Issuer to be reliable. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision to invest in the Notes. The contents of this offering memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and its affiliates, the terms of the offering of any of the Notes, and the merits and risks involved.

In addition, for so long as the Notes are listed on the Official List of the Exchange and the rules and regulations of the Exchange so require, the Issuer will also provide a copy of the foregoing information and reports to the Exchange. Furthermore, for so long as any of the Notes remain outstanding and are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the ''Exchange Act''), nor exempt from such reporting requirements under Rule 12g3-2(b) of the Exchange Act, as amended, make available 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 request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer.

This Offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission or any other United States federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own account. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See ''*Plan of Distribution*'' and ''*Transfer Restrictions*.''

The laws of certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any such restrictions. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Security Agent or the other agents or their respective representatives is making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this offering memorandum, see ''*Notice to Certain Investors*'' and ''*Transfer Restrictions*.''

To purchase any of the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell any Notes or possess or distribute this offering memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, its affiliates or the Initial Purchasers will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer or any other person that would permit an offering of any of the Notes or the circulation or distribution of this offering memorandum or any offering materials in relation to the Issuer or their respective affiliates, or any of the Notes, in any country or jurisdiction where action for that purpose is required.

The Notes will be issued in fully registered form and will be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. Notes sold to qualified institutional buyers in reliance on Rule 144A will be represented by one or more global notes in registered form without interest coupons attached (the ''144A Global Notes''). Notes sold outside the United States in reliance on Regulation S will 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 Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary. See ''*Book-Entry; Delivery and Form*.''

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer and the Guarantors have made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this offering memorandum with regard to itself, its affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, and neither the Issuer nor the Guarantors are aware of any facts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect. The Issuer accepts responsibility accordingly.

The information contained under the headings ''*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 the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and accepts no further responsibility in respect thereof. However, as far as the Issuer or the Guarantors are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading. 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 change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. The Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, but the Issuer accepts no further responsibility in respect of such information.

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

None of the Trustee, the Security Agent, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar (each as defined herein) is responsible for the contents of this offering memorandum or expresses any opinion as to the merits of the Notes under this offering memorandum.

The Issuer intends to list the Notes on the Official List of the Exchange, and will submit this offering memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this offering memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this offering memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this offering memorandum to reflect changes in its business, financial condition or results of operations and prospects.

The Issuer cannot guarantee that its application for the listing of the Notes on the Official List of the Exchange will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

Investing in the Notes involves risks. See ''*Risk Factors*.'' It should be remembered that the price of securities and the income from them can go down as well as up.

## STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS INTERNATIONAL (THE ''STABILIZING MANAGER'') (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT 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 CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND, IF BEGUN, MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. 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.

## NOTICE TO CERTAIN INVESTORS

### United States

The Notes will be sold outside the United States pursuant to Regulation S and within the United States to qualified institutional buyers pursuant to Rule 144A. The Notes and the Guarantees have not been and will not be registered under the Securities Act and the Notes and the Guarantees 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 Securities Act. See ''*Transfer Restrictions*.''

### European Economic Area

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the ''Prospectus Directive''), as implemented in member states (''Member States'') of the European Economic Area (the ''EEA''), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Issuer nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a ''Relevant Member State''), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ''Relevant Implementation Date''), no offer is being made or will be made to the public of any Notes which are the subject of the Offering contemplated by this offering memorandum in that Relevant Member State, other than: (i) to legal entities that are authorized qualified investors as defined in the Prospectus Directive; (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an ''offer of Notes to the public'' in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression ''Prospectus Directive'' means Directive 2003/71/EC as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

### 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.

### The Netherlands

The Notes are and will only be offered in the Netherlands to qualified investors (*gekwalificeerde beleggers*) as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

### Belgium

The Notes are not intended to be offered, sold to or otherwise made available to and should not be offered, sold or otherwise made available in Belgium to any ''consumer'' (*consument*/*consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht*/*Code de droit economique*) of February 28, 2013, as amended from time to time.

## PRESENTATION OF FINANCIAL AND OTHER DATA

### Historical financial information

The Issuer is a holding company with no revenue-generating activities of its own and does not have any business operations, material assets (other than the shares it owns in Maxeda DIY) or liabilities (other than the Maxeda DIY Intercompany Loan (as defined herein) and those incurred in connection with its incorporation and the Refinancing Transactions (as defined herein)). See ''*Risk Factors—Risks related to the Notes—The Issuer is a holding company, conducts no business operations of its own and will depend on cash flows from its subsidiaries to make payments on the Notes*.'' Consequently, 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 Refinancing Transactions. All historical financial information presented in this offering memorandum is that of Maxeda DIY 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 Maxeda DIY and its subsidiaries on a consolidated basis.

Unless otherwise indicated herein, the financial statements and accompanying notes thereto included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (''IFRS''). This offering memorandum includes:

- Maxeda DIY's audited consolidated financial statements as of and for the years ended January 31, 2015, 2016 and 2017 (the ''Audited Financial Statements''); and
- Maxeda DIY's unaudited condensed consolidated interim financial statements as of April 30, 2017, and for the three months ended May 1, 2016 and April 30, 2017, prepared in accordance with IAS 34, ''Interim Financial Reporting'' (''IAS 34'') (the ''Unaudited Interim Financial Statements'').

The Audited Financial Statements have been audited by Deloitte Accountants B.V. See ''*Independent Auditors and Reporting Accountants*'' for a description of the reports of the independent auditor of Maxeda DIY on Maxeda DIY's audited consolidated financial statements as of and for the years ended January 31, 2015, 2016 and 2017.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. These standards require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the Audited Financial Statements included in this offering memorandum and ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.'' The Unaudited Interim Financial Statements have been prepared using the same accounting principles and on the same basis as the Audited Financial Statements and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented.

We have also included in certain sections of this offering memorandum information presenting our financial position and results of operations as of and for the twelve months ended April 30, 2017, which has been derived from adding the unaudited condensed consolidated interim financial information for the three months ended April 30, 2017, to the consolidated financial statements for the year ended January 31, 2017, and subtracting the unaudited condensed consolidated interim financial information for the three months ended May 1, 2016. The financial information for the twelve months ended April 30, 2017, has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results for any future period or our financial condition at any past or future date.

Our consolidated financial statements are presented in euro.

### Other financial measures

This offering memorandum contains non-IFRS measures and ratios, including Like-for-Like Sales, Transactional Sales, Adjusted EBITDA, Adjusted EBITDAR, Run-Rate Adjusted EBITDA, Gross Profit Margin, adjusted net working capital, change in adjusted net working capital, and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating results as reported under IFRS. For more information about how we define these non-IFRS measures, see ''*Summary—Summary Historical Financial Information and Other Data—Other financial data*'' and ''*Defined Terms*.'' Non-IFRS measures and ratios such as Adjusted EBITDA, Adjusted EBITDAR, Run-Rate Adjusted EBITDA, Gross Profit Margin, adjusted net working capital, change in adjusted net working capital, and leverage and coverage ratios are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. Other companies in our industry may calculate these measures differently and, consequently, our presentation may not be readily comparable to other companies' figures. In particular, you should not consider Adjusted EBITDA, Adjusted EBITDAR, Run-Rate Adjusted EBITDA, Gross Profit Margin, adjusted net working capital, or change in adjusted net working capital as alternatives to (i) profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (iii) any other measures of performance under generally accepted accounting principles. Adjusted EBITDA, Adjusted EBITDAR, Run-Rate Adjusted EBITDA, Gross Profit Margin, adjusted net working capital, and change in adjusted net working capital have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for an analysis of our results as reported under IFRS. 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 accountants.

We have included in this offering memorandum Run-Rate Adjusted EBITDA for the twelve months ended April 30, 2017, which represents our Adjusted EBITDA, the annualization of certain implemented or contractually agreed cost-saving measures. See ''*Summary—Summary Historical Financial Information and Other Data—Other financial data*.'' 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 twelve months ended April 30, 2017, 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 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. 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 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 accountants.

**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 Maxeda DIY on an as adjusted basis to reflect certain effects of the Refinancing Transactions on the indebtedness, cash position and interest expense of the Issuer as of and for the twelve months ended April 30, 2017. See ''*Summary—Summary Historical Financial and Other Data—Other financial data*.'' This adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Offering occurred on May 1, 2016, or what our actual cash position, indebtedness or secured indebtedness would have been had the Refinancing Transactions occurred on April 30, 2017, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

## Rounding

Certain numerical figures set forth in this offering memorandum, including financial data presented in millions or thousands, certain operating data or percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' are calculated using the numerical data in the consolidated financial statements of Maxeda DIY or the tabular presentation of other data (subject to rounding) contained in this offering memorandum, as applicable, and not using the numerical data in the narrative description thereof.

## INDUSTRY AND MARKET DATA

Unless otherwise indicated, statements in this offering memorandum regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which we operate are based on data, statistical information, sector reports and studies as well as on our own estimates.

In drafting this offering memorandum, we used industry sources and sources on market data, including reports prepared by GfK SE (''GFK''), the International Monetary Fund (the ''IMF''), the Organization for Economic Co-operation and Development (the ''OECD''), Eurostat, Notarisbarometer and Statistics Netherlands (CBS).

To the extent that information was taken from third parties, such information has been accurately reproduced by us in this offering memorandum and, as far as we are aware and able to ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology may be forward looking and speculative.

We have not verified the figures, market data and other information used by third parties in the studies, publications and financial information reproduced herein, or the external sources on which our estimates are based. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in this offering memorandum or for the accuracy of third-party data on which our estimates are based.

This offering memorandum also contains estimates of market data and information derived from such data that cannot be obtained from publications by independent sources. Such information is partly based on our own market observations, the evaluation of industry information (such as from conferences and sector events) or internal assessments. We believe that our estimates of market data and the information we have derived from such data helps investors to better understand the industry in which we operate and our position within it. Our own estimates have not been checked or verified externally. While we assume that our own market observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from other independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading ''*Risk Factors*'' in this offering memorandum. As a result, neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this offering memorandum.

## EXCHANGE RATES

The following tables set forth, for the periods set forth below, the high, low, average and period-end Bloomberg Composite Rate expressed as U.S. dollar per €1.00. The Bloomberg 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 Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. None of the Issuer, the Guarantors or the Initial Purchasers represent that the U.S. dollar or euro amounts referred to below could be or could have been converted into U.S. dollars at any particular rate indicated or any other rate.

The average rate for a year, a month or for any shorter period, means the average of the daily Bloomberg Generic Rates during that year, month or shorter period, as the case may be. On July 6, 2017, the exchange rate between the U.S. dollar and the euro was $1.1420 per €1.00.

| | U.S. dollar per €1.00 | | | |
|---|---|---|---|---|
| | **High** | **Low** | **Average** | **Period End** |
| **Year** | | | | |
| 2012 | 1.3197 | 1.2858 | 1.3463 | 1.2053 |
| 2013 | 1.3789 | 1.3283 | 1.3804 | 1.2772 |
| 2014 | 1.2100 | 1.3283 | 1.3925 | 1.2100 |
| 2015 | 1.0866 | 1.1096 | 1.2010 | 1.0492 |
| 2016 | 1.0547 | 1.1069 | 1.1527 | 1.0384 |
| **Monthly** | | | | |
| January 2017 | 1.0784 | 1.0637 | 1.0784 | 1.0427 |
| February 2017 | 1.0608 | 1.0640 | 1.0788 | 1.0544 |
| March 2017 | 1.0737 | 1.0624 | 1.0766 | 1.0507 |
| April 2017 | 1.0949 | 1.0599 | 1.0711 | 1.0901 |
| May 2017 | 1.1237 | 1.0867 | 1.1055 | 1.1237 |
| June 2017 | 1.1430 | 1.1125 | 1.1236 | 1.1409 |
| July 2017 (through July 6, 2017) | 1.1420 | 1.1338 | 1.1367 | 1.1420 |

## DEFINED TERMS

In this offering memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalized terms set forth and used in the sections entitled ''*Description of Other Indebtedness—Intercreditor Agreement*'' and ''*Description of the Notes*'' may have different meanings from the meanings given to such terms and used elsewhere in this offering memorandum.

References to:

- ''*Agreed Security Principles*'' are to the ''Agreed Security Principles'' as set forth in an annex to the Revolving Credit Facility Agreement, as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.
- ''*Ardian*'' are to funds, limited partnerships, investment vehicles and/or accounts managed or advised by Ardian France S.A., a limited company (*société anonyme*), organized and established under the laws of France, and its affiliates.
- ''*Belgian DIY Market*'' are to the market as defined by GfK, with market share data based on total store sales of the top five DIY retailers (Brico, Brico Plan-It, Gamma, Hubo and Mr. Bricolage), Makro and a panel of independent retailers in Belgium.
- ''*Cash Flow Conversion*'' are to Adjusted EBITDA less maintenance capital expenditures divided by Adjusted EBITDA.
- ''*Change in Like-for-Like Sales*'' are to the change in revenue for Like-for-Like Stores during the relevant period-over-period under comparison.
- ''*Click & Collect*'' are to a service whereby customers can order products from a store's website and collect them from the store.
- ''*Collateral*'' are to the assets that will secure the obligations under the Revolving Credit Facility and the Notes on a *pari passu* basis, as described under ''*Summary—The Offering—Security.*''
- ''*DIY*'' are to do-it-yourself, the activity of decorating, repairing or improving one's home oneself, rather than employing a professional.
- ''*Drop Shipment Model*'' are to a delivery model whereby a website transfers customer orders and shipment details to either the supplier or a wholesaler of the product ordered by the customer, who then ships the product directly to the customer.
- ''*Dutch DIY Market*'' are to the market as defined by GfK, based on the total store sales of DIY superstores, paint specialists and other DIY retailers in the Netherlands.
- ''*Dutch DIY Superstores Market*'' are to the market as defined by GfK, with market share data based on the total store sales of Praxis, Formido, Gamma, Karwei, Hornbach, Bauhaus and Multimate.
- ''*Existing Facilities*'' are to the debt facilities made available under the Existing Senior Facilities Agreement, of which €484 million in principal amount was outstanding as of April 30, 2017, and of which we repaid €18 million on June 29, 2017, and the remainder of which will be repaid in full and cancelled as part of the Refinancing Transactions.
- ''*Existing Senior Facilities Agreement*'' are to the term and facilities agreement dated June 29, 2007, as amended and restated on May 2, 2013, November 18, 2013, and July 27, 2015, among Maxeda DIY, The Royal Bank of Scotland N.V. and Citigroup Global Markets Limited as arrangers, The Royal Bank of Scotland N.V. as facility agent, security agent and original issuing bank, and the other parties thereto.
- ''*EU*'' are to the European Union.
- ''*euro*'' or ''€'' are to the lawful currency of the European Monetary Union.
- ''*Fixed Rate Notes*'' are to the € million aggregate principal amount of % Fixed Rate Senior Secured Notes due 2022 offered hereby.
- ''*Floating Rate Notes*'' are to the € million aggregate principal amount of Floating Rate Senior Secured Notes due 2022 offered hereby.

- ''*GoldenTree Asset Management*'' are to GoldenTree Asset Management L.P. and its affiliates and, where applicable, the funds, limited partnerships and/or accounts managed or advised by them.
- ''*Gross Profit Margin*'' are to operating results for a certain period divided by the revenue for such period.
- ''*Guarantees*'' are to, collectively, the guarantees of the Notes on a senior basis by the Guarantors.
- ''*Guarantors*'' are to, collectively, Maxeda DIY, Praxis Groep B.V., Praxis Doe-het-Zelf Center B.V., Brico Belgium NV, PLAN-IT NV and Brico Plan-It NV, as guarantors of the Notes, and ''*Guarantor*'' refers to each of them.
- ''*IFRS*'' are to International Financial Reporting Standards as adopted by the European Union.
- ''*Indenture*'' are to the indenture to be entered into on or about the Issue Date governing the Notes, by and among, *inter alios*, the Issuer, the Trustee and the Security Agent.
- ''*Intercreditor Agreement*'' are to the intercreditor agreement to be entered into on or about the Issue Date between, among others, the Issuer, the Guarantors, the Security Agent, the Facility Agent of the Revolving Credit Facility on behalf of the lenders thereunder and the Trustee.
- ''*Issue Date*'' are to , 2017.
- ''*Issuer*'' are to Maxeda DIY Holding B.V.
- ''*Like-for-Like Sales*'' are to revenue from Like-for-Like Stores during the relevant period-over-period under comparison.
- ''*Like-for-Like Stores*'' are to those directly operated stores and franchisee-operated stores that were, in each case, in operation for not less than one year prior to the year or quarter for which Like-for-Like Sales or Change in Like-for-Like Sales, as applicable, is being measured.
- ''*maintenance capital expenditure*'' are to ordinary course maintenance expenditures primarily consisting of repairs, purchases of fixtures and fittings, and expenses in connection with the refurbishment of our existing directly operated stores, range reviews and IT.
- ''*Maxeda DIY*'' are to Maxeda DIY B.V.
- ''*Maxeda DIY Group*'' are to Maxeda DIY Group B.V.
- ''*Maxeda DIY Intercompany Loan*'' are to the intercompany loan in an original principal amount of €785 million, dated June 29, 2007, as amended from time to time, between Maxeda DIY as lender and the Issuer as borrower. As of April 30, 2017, the outstanding amount of indebtedness under the Maxeda DIY Intercompany Loan was €585 million, including accrued interest. On the Issue Date, the Issuer will use the net proceeds of the Offering to repay approximately €467 million in principal amount of intercompany debt under the Maxeda DIY Intercompany Loan and, following the completion of the Refinancing Transactions, approximately €118 million of indebtedness will remain outstanding under the Maxeda DIY Intercompany Loan. See ''*Use of Proceeds*'' and ''*Capitalization*.''
- ''*Notes*'' are to, collectively, the Fixed Rate Notes and the Floating Rate Notes.
- ''*Offering*'' are to the offering of the Notes as described in this offering memorandum.
- ''*Operational Cash*'' are to cash in tills and cash in transit, which is recorded as part of cash and cash equivalents on our statement of financial position.
- ''*private label products*'' are to products provided by us under brands that we own.
- ''*Refinancing Transactions*'' are to the transactions described in ''*Summary—The Refinancing Transactions*.''
- ''*Revolving Credit Facility Agreement*'' are to the €50.0 million revolving credit facility agreement to be entered into on or about the Issue Date, as described more fully under ''*Description of Other Indebtedness—Revolving Credit Facility Agreement*'' and the facility made available thereunder is referred to as the ''*Revolving Credit Facility*.''

- "*Security Agent*" are to U.S. Bank Trustees Limited, as security agent under the Intercreditor Agreement, the Revolving Credit Facility and the Indenture.
- "*Security Documents*" are to agreements creating security interests over the Collateral for the Notes as described under "*Description of the Notes—Security—Security Documents*."
- "*SKU*" are to stock-keeping unit.
- "*Sponsors*" are to, collectively, Ardian and GoldenTree Asset Management. See "*Principal Shareholders*."
- "*Store Home Delivery Model*" are to a delivery model whereby a customer orders a product on our website and such product is delivered directly from the store to the customer at their preferred shipping address.
- "*Third-party branded products*" are to products produced by third parties that bear brands owned or licensed by them.
- "*Transactional Sales*" are to the value of sales to the end-consumer (including online sales and sales by our directly operated stores and franchisee-operated stores) and value added tax.
- "*Trustee*" are to U.S. Bank Trustees Limited as trustee under the Indenture.
- "*United States*" or "*U.S.*" means the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia;
- "*U.S. dollars*" or "*$*" are to the lawful currency of the United States.
- "*we*," "*us*," "*our*" and the "*group*" are to the Issuer and its consolidated subsidiaries, unless the context otherwise requires.

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this offering memorandum. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward looking. These statements are often, but not always, made through the use of words or phrases such as ''will likely result,'' ''are expected to,'' ''will continue,'' ''believe,'' ''anticipated,'' ''estimated,'' ''intends,'' ''expects,'' ''plans,'' ''seek,'' ''projection'' and ''outlook.'' These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this offering memorandum. Important risks, uncertainties and other factors that could cause such differences between the actual results from those expressed in forward-looking statements include, but are not limited to:

- competitive forces in the markets in which we operate;
- our ability to identify, anticipate and accurately predict and address customer preferences, demand and demographics;
- general economic conditions (including GDP growth, unemployment rates and inflation), the health of the housing markets, consumer confidence, spending patterns and other trends in consumer behavior, particularly in the Dutch and Belgian markets;
- harm to our brand image or reputation;
- our ability to provide a superior customer experience;
- our ability to attract, train and retain highly qualified and motivated employees;
- our ability to optimize our operational efficiency in accordance with our strategy and realize the related cost savings;
- risks associated with our franchise ownership structure;
- our ability to acquire and maintain necessary permits and licenses;
- risks associated with our predominantly leasehold property portfolio, including our exposure to variations in rental costs and our ability to obtain favorable lease terms;
- interruptions at our warehouses and distribution facilities or disruptions to our existing supply chain;
- our business's susceptibility to sustained periods of unfavorable weather;
- our ability to successfully grow our digital platform;
- our capability to successfully implement our expansion strategy;
- the ineffectiveness of our advertising and marketing programs;
- our ability to protect and enforce our intellectual property rights;
- our ability to protect the confidentiality of our proprietary information and know-how;
- risks associated with our relationships with third-party suppliers;
- our ability to manage and expand our alliances and relationships with selected suppliers;
- risks associated with the global sourcing of our product offering;
- negative public perceptions of us or our suppliers;
- variations in the prices of raw materials and energy;
- natural disasters, public health crises, political crises or other catastrophic events outside our control;
- increased transportation costs and disruption of transportation services;
- changes in credit and debit card provider requirements or applicable regulations which may adversely affect our business;

- shop crime and fraud in our stores;
- interruptions or failures of our information technology and/or information technology systems;
- our ability to protect the privacy and security of personal and confidential information;
- our dependence on management and key personnel;
- potential prolonged disruptions of business operations due to work stoppages or strikes;
- legal and regulatory risks;
- investigations with respect to tax liabilities;
- adverse changes in tax laws or their application or interpretation, or adverse results of current or future tax audits;
- increases in the rate of value added tax or other applicable tariffs;
- fluctuations in currency exchange rates and inflation;
- interest rate risks;
- compliance with applicable competition and antitrust laws;
- risks associated with interruptions or failures of our information technology and/or customer-facing technology systems;
- risks associated with our ability to access liquidity and credit;
- complaints and litigation;
- product liability claims and product recalls;
- our ability to recover from our third-party suppliers with respect to defective merchandise and unsatisfactory services;
- risks and challenges associated with launching new products and expanding into new product areas;
- risks associated with our private label products;
- insufficient insurance coverage;
- requirements to increase our pension fund contributions;
- potential conflicts of interest between our current or future controlling shareholders and the holders of the Notes; and
- risks related to our financial profile.

These and other factors are discussed in ''*Risk Factors*'' of this offering memorandum.

Because the risk factors referred to in this offering memorandum could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this offering memorandum by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. Furthermore, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for us to predict such factors. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

## SUMMARY

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

### Overview

We are a leading DIY retailer in Belgium and the Netherlands. In the year ended January 31, 2017, we had the largest combined share of the Belgian DIY Market through our Brico and Brico Plan-It brands, with a market share of approximately 42% based on Transactional Sales. In the Netherlands, we estimate that we had the second largest combined share of the Dutch DIY Superstores Market through our Praxis and Formido brands, with a market share of approximately 31% based on Transactional Sales.

Our store portfolio consists of directly operated stores and franchisee-operated stores trading under four store brands: Brico, Brico Plan-It, Praxis and Formido. As of April 30, 2017, we operated a total of 386 stores (including 182 franchisee-operated stores), comprising 228 stores in the Netherlands under our Praxis and Formido brands and 156 stores in Belgium and two stores in Luxembourg under our Brico and Brico Plan-It brands. During the twelve months ended April 30, 2017, our directly operated stores accounted for 79.0% of our revenue, our franchisee-operated stores accounted for 19.0% of our revenue and our online sales accounted for 2.0% of our revenue. An overview of our store brands is set forth below:

***Brico:*** We directly operate 55 stores in Belgium and two stores in Luxembourg, and our franchisees operate 92 stores in Belgium under the Brico brand and the *Briko Depot* and *Brico City* sub-brands. Established in 1973, Brico is the DIY market leader in Belgium, with a market share of 29.3% in the Belgian DIY Market in terms of Transactional Sales for the year ended January 31, 2017, according to GfK. Brico offers a wide range of DIY, home decoration and garden products with an average of approximately 30,000 SKUs stocked per store. The average floor surface area of our directly operated Brico stores is approximately 3,700 square meters and the average floor surface area of our franchisee-operated Brico stores is approximately 1,600 square meters. Brico's three largest product groups are paint, garden wood and plant care products, and power tools. Brico accounted for 34.6% of our revenue for the twelve months ended April 30, 2017.

***Brico Plan-It:*** We directly operate eleven "Big Box" stores in Belgium under the Brico Plan-It brand. Established in 2004, our Brico Plan-It brand is known for its chain of DIY megastores in Belgium with a market share of 13.1% in the Belgian DIY Market in terms of Transactional Sales for the year ended January 31, 2017, according to GfK. Brico Plan-It offers a large range of products for home improvement projects, with approximately 45,000 SKUs stocked per store and an average floor surface area of approximately 8,000 square meters. Brico Plan-It's three largest product groups are indoor and outdoor construction products, paint, and wall and window decoration. Brico Plan-It accounted for 17.6% of our revenue for the twelve months ended April 30, 2017.

***Praxis:*** We directly operate 119 stores and our franchisees operate 28 stores in the Netherlands under the Praxis brand and the *Praxis Mega & Garden*, *Praxis Mega*, *Praxis Tuincentrum* and *Praxis om de Hoek* sub-brands. Established in 1978, Praxis is our leading DIY concept in the Netherlands, with a market share of 24.9% of the Dutch DIY Superstores Market in terms of Transactional Sales for the year ended January 31, 2017, according to GfK. Praxis offers a broad product assortment that varies by store size, ranging from 20,000 to 55,000 SKUs stocked per store. The floor surface area of our Praxis stores varies from 350 square meters for our *Praxis om de Hoek* ''City Stores'' to approximately 11,300 square meters for our large-format *Praxis Mega & Garden* stores. The floor surface area of our ''standard'' Praxis stores is approximately 3,000 square meters for directly operated stores and approximately 3,500 square meters for franchisee-operated stores. Praxis's largest product groups are paint, flooring and wooden decoration products, and power tools. Praxis accounted for 40.7% of our revenue for the twelve months ended April 30, 2017.

***Formido:*** We directly operate 19 stores and our franchisees operate 62 stores in the Netherlands under the Formido brand. Established in 1976, Formido is our local DIY store brand in the Netherlands, with a market share of 6.2% of the Dutch DIY Superstores Market in terms of Transactional Sales for the year ended January 31, 2017, according to GfK. Formido offers a relatively broad assortment of products catering to customers' needs to undertake decorative and maintenance and repair projects with 15,000 to 25,000 SKUs stocked per store and an average floor surface area of 2,300 square meters. Formido's three largest product groups are paint, tools and sanitary products. Formido accounted for 7.1% of our revenue for the twelve months ended April 30, 2017. We are currently evaluating various strategic opportunities for our Formido brand. See ''*Business—Store formats, target customers and store brands—Store brands—The Netherlands—Formido*.''

We operate our four brands across three store formats, ''City'' stores, ''Mid Box'' stores and ''Big Box'' stores, through which we target distinct customers and project requirements. Each of our store formats offers a unique focus:

***City Stores*:** Our ''City'' stores, consisting of our *Brico City* and *Praxis om de Hoek* stores, are located in city centers. These stores are generally small in size and focus on providing convenient access to products for routine, small-scale maintenance and repair projects, targeting both first-time and more experienced DIY consumers with basic home repair or improvement needs.

***Mid Box Stores*:** Our ''Mid Box'' stores consist of our Brico stores in Belgium and our Praxis and Formido stores in the Netherlands. These stores are larger in size and provide a wider range of products for larger maintenance, repair, decoration and renovation projects, targeting both first-time and more experienced DIY consumers undertaking decorative or home improvement projects that might require more resources than our ''City'' stores can provide.

***Big Box Stores*:** Our ''Big Box'' stores consist of our Brico Plan-It stores. These stores are our largest, and provide our most extensive range of products for a variety of home improvement projects, primarily targeting consumers experienced in DIY projects who are shopping for more-technical products for large DIY projects and for more-expensive decorative items.

We seek to offer a comprehensive range of products at various price points, consisting of third-party branded products as well as our private label products. In the year ended January 31, 2017, we derived 69% of our revenue from third-party branded products and the remaining 31% from our private label products.

Our digital distribution channel is growing, with over 60 million online visits and €27.0 million in internet sales, or 2.0% of our revenue, for the twelve months ended April 30, 2017. We have developed our digital platform through our Brico, Brico Plan-It, Praxis and Formido websites in order to meet customer demand for an integrated shopping experience and provide greater and more convenient access to our products. In addition to traditional home delivery services, all of our store brands offer a ''Click & Collect'' option, which allows customers to order products online and pick them up in-store, which we believe increases the likelihood of additional or ancillary purchases by the customer. Through our Brico, Brico Plan-It and Praxis digital channels, we also provide the option of Drop Shipment, whereby products are shipped directly from the supplier to the customer's home. We also intend to continue to develop our mobile phone and tablet applications across our store brands, enhancing the way we present our products to users and increasing the channels through which consumers can purchase them.

For the twelve months ended April 30, 2017, we generated Transactional Sales of €1,796 million, revenue of €1,365 million, Adjusted EBITDA of €97 million and Run-Rate Adjusted EBITDA of €107 million and had an Adjusted EBITDA margin of 7.1%.

## Our strengths

### *Leading positions in established DIY markets*

We are a leading DIY retailer in Belgium and the Netherlands, with strong and historically stable market positions underpinned by a dense network of 386 stores as of April 30, 2017 and multiple retail formats and brands catering to a diverse range of DIY customers and needs.

We have the largest DIY market share in Belgium, where our extensive footprint of 156 Brico and Brico Plan-It stores makes us the only DIY retailer to serve the entire nation. We have a particularly strong presence in selected highly populated regions such as Brussels where, according to a retail marketing agency, Brico and Brico Plan-It represented an estimated 90% of total DIY retail trading space (in square meters) and 95% of market share by Transactional Sales as of April 30, 2017. According to data compiled by GfK, our Brico and Brico Plan-It store brands held a combined market share of approximately 47% of the five largest Belgian DIY retailers in terms of Transactional Sales for the year ended January 31, 2017. We also enjoy a strong position in the Netherlands, where we estimate that we are the second-largest DIY retailer in terms of Transactional Sales, with a total of 228 stores trading under our well-established Praxis and Formido store brands and have a combined market share of 31% of the Dutch DIY Superstores Market for the year ended January 31, 2017. Our market share has remained relatively stable in Belgium and the Netherlands over the past five years, supported by our long-standing presence, extensive market knowledge and strong brand visibility in these markets. We believe that the insight gained from our extensive trading history in Belgium and the Netherlands is a competitive advantage relative to new market entrants, because it positions us to identify prime retail locations and capitalize on local customer preferences.

We believe that our leading market positions will allow us to benefit from the current favorable macroeconomic outlook and the distinct market characteristics of Belgium and the Netherlands. The DIY retail market in Belgium grew at a CAGR of 0.9% from the year ended January 31, 2013 to the year ended January 31, 2017, and has been characterized by a stable competitive environment, with limited pricing pressure contributing to stable margins. A high rate of home ownership in Belgium has resulted in a focus on larger home improvement projects and high price-point ''non-mobile'' products, which we cater to with our larger Brico stores and ''Big Box'' stores operated under our Brico Plan-It brand, which offer higher priced products than smaller-scale sales formats. In contrast, the DIY market in the Netherlands, which grew at a CAGR of 3.5% from the year ended January 31, 2015 to the year ended January 31, 2017, is more closely correlated with movements in the overall housing market, with growth driven by new homes and existing home sales and a focus on smaller-scale ''mobile'' decorative and repair projects. Convenience is an important factor in the Dutch market, where smaller-footprint stores predominate and we generate a higher relative proportion of online sales. We believe the flexibility afforded by our multiple store formats ideally positions us to capitalize on anticipated growth trends in these markets and to take advantage of their diverse characteristics.

### *Strong competitive position strengthened by recognizable brands and high barriers to entry*

Our strong competitive positions in the Belgian and Dutch DIY markets are underpinned by our well-established store brands, including Brico and Brico Plan-It in Belgium and Praxis in the Netherlands. Our long trading history in these markets has resulted in strong brand awareness of over 90% for each of Brico in Belgium and Praxis in the Netherlands as of 2016, according to a retail marketing agency. Our well-established store brands result from our extensive network of 386 stores across Belgium, the Netherlands and Luxembourg, our broad range of SKUs and our long trading history in these markets. We believe that customers choose a DIY store primarily based on the geographic proximity of the store and its range of products. As a result, and in an effort to leverage the strength of these brands, we have selectively introduced sub-brands corresponding to our multiple size formats to tailor our product offering to the distinct DIY needs of specific communities. For example, in the Netherlands, in addition to ''standard'' Praxis ''Mid Box'' stores, we operate large *Praxis Mega & Garden* ''Mid Box'' stores and smaller-format *Praxis om de Hoek* ''City'' stores. In addition, under our

Brico brand in Belgium, we operate ‘‘standard’’ Brico ‘‘Mid Box’’ stores in addition to *Briko Depot* ‘‘Mid Box’’ stores and *Brico City* ‘‘City’’ stores. By using our brands to sell products in three distinct size formats, we are able to target the varying DIY needs of our customers with distinct value propositions, while benefiting from the high recognition of our well-known brands.

We believe that high barriers to entry have helped us to maintain our market shares in Belgium and the Netherlands and continue to mitigate potential competitive pressures by limiting new entrants. We locate our stores in areas with high visibility and optimal population density. Limited availability of prime retail locations in such areas makes it difficult for potential competitors to replicate our footprint. In addition, based on management assessments and our own experience, we believe that increasingly stringent planning regulations in Belgium and the Netherlands have resulted in lead times of four to six years for new retail openings depending on the store format and location. Our high brand awareness also makes it difficult for new competitors, since their brands may be less known and new to customers. Our scale also acts as a barrier to entry, since we offer a broad range of SKUs that would be difficult for smaller competitors to replicate (particularly in terms of managing inventory space) and are able to leverage our size and market position to obtain favorable commercial terms from our suppliers.

***Distinctive customer proposition tailored to each customer and market***

We operate a diversified multi-format, multi-brand and multi-channel retail platform designed to serve the varying needs of DIY customers across Belgium and the Netherlands.

Our physical network of 386 stores across Belgium, the Netherlands and Luxembourg comprises stores with three distinct but complementary value propositions tailored to their respective geographic regions and target customers. Our ‘‘City’’ stores are designed for maximum convenience, with small surface areas in high population density locations and a specialized product range focused on immediate maintenance and repair needs. Our ‘‘Mid Box’’ stores are larger in size, with an emphasis on a superior in-store experience and an extensive range of DIY, home decoration and gardening products for small and large projects. Our ‘‘Big Box’’ stores are destination stores offering our widest array of products, including those required for large-scale renovations and decorative projects. The broad product offering across each of our three store formats is complemented by knowledgeable staff and expert advice tailored to the product category and specific customer need. Our complementary store formats, expert in-store advice and tailored product offerings allow us to service the full range of our customers’ DIY requirements, from one-off convenience purchases to large projects.

We aim to maximize customer choice through a multi-brand strategy that combines a wide offering of top-level branded products selectively complemented by our private label products. Our stores stock well-established brands such as Black & Decker, Akzo, Bosch and Philips Lighting. We also have distribution arrangements in place with certain key suppliers to distribute certain of their branded products exclusively in our stores and online in Belgium and the Netherlands. We seek to differentiate ourselves from competitors and to boost our range innovation by also offering our private label products as alternatives or complements to our branded offering in certain product categories such as power tools, hand tools and gardening products. With our private label products, we aim to offer equivalent quality and superior value to comparable branded products at a variety of price points through our ‘‘good,’’ ‘‘better’’ and ‘‘best’’ product ranges. The margins generated on our private label products are on average approximately 10% higher than the margins on the branded products we sell. For the year ended January 31, 2017 we generated 69% of our revenue from branded products and 31% of our revenue from our private label products. This extensive and flexible product offering differentiates us from smaller competitors and allows us to optimize sales of trending DIY products.

We offer a variety of sales and delivery channels designed to maximize the accessibility of our products. In addition to our network of brick-and-mortar stores of various formats, we have invested in the features and functionality of our branded online channels in an effort to diversify our revenue streams and capture a greater share of the DIY e-commerce market in Belgium and the Netherlands. We currently offer an even broader range of SKUs through our four online retail channels than are available in our stores, and believe that we are well positioned to capture future online sales growth in the DIY market as we expand the SKUs available online. We are also making it easier for customers to order and collect our products while streamlining our logistics costs. Through the expansion of our Click & Collect, Drop Shipment and Store Home Delivery models, we have increased the convenience and accessibility of our product offering.

***Strong and flexible operating platform and efficient operations***

Our store portfolio consists of a mix of 53% directly operated stores and 47% franchisee-operated stores, providing flexibility of operations across our different formats with the goal of maximizing our profitability in each market. We selectively open new stores in local markets where we have identified demand for our products, and our franchise arrangements have enabled us to reduce the risk associated with growing our network and expanding into new markets. We seek franchise partners with the relevant expertise and specialized market knowledge required to succeed in each market, and we permit our franchisees limited flexibility to tailor a portion of their product offering to specialized local demands. However, compared to certain of our competitors that operate a franchisee-only model, such as Hubo, Gamma, Mr. Bricolage and Karwei, we maintain robust, centralized control over our stores, products and messaging, thereby ensuring consistent product offerings and the uniform implementation of display and marketing initiatives across all stores. Through this combination of directly operated stores and franchisee-operated stores, we are able to efficiently leverage our well-known store brands and extend our geographic reach.

This extensive store network is supplied by an efficient and diversified sourcing model that we believe, combined with the large scale of our operations, helps us to obtain favorable commercial terms with our key suppliers and preserve our margins. In recent years, we have invested substantial resources in streamlining our supply chain, including the consolidation of procurement functions for Brico, Brico Plan-It and Praxis in an effort to maximize synergies between our brands and leverage their combined scale in negotiations with suppliers. We source our products from a diversified base of over 900 suppliers located primarily in Belgium, the Netherlands and the Far East. In the twelve months ended April 30, 2017, our ten largest suppliers accounted for 26.0% of our overall supply cost, with no one supplier accounting for more than 5.6% of our overall spend. In addition, we have implemented a Margin Enhancement Program with the aim of building longer-term relationships with our key suppliers, reducing costs and ensuring the quality and security of the supply for a number of our key products. We also continuously conduct range reviews to ensure that our product offering matches customer expectations and to identify additional opportunities to source products on more-competitive terms.

Our procurement initiatives are supported by a lean inventory policy. We have minimized our inventory footprint, operating a single central warehouse (located between Antwerp and Brussels) complemented by two smaller specialized warehouses in Belgium and two ''flow through'' logistics centers (one in the Netherlands and one in Belgium), which have helped us to efficiently manage our inventory and reduce our distribution costs.

***Resilient margins and strong cash-flow generation driven by strategic initiatives***

Our diversified, multi-format retail platform and cost efficiencies achieved through cost-saving initiatives have contributed to a strong and resilient financial profile. Cash Flow Conversion has generally been strong in recent years and for the years ended January 31 2015, 2016 and 2017, was 72%, 72% and 73%, respectively, and for the twelve months ended April 30, 2017, was 77%. Moreover, we have demonstrated strong performance amid challenging market conditions. During the years ended January 31, 2015, 2016 and 2017, our revenues grew at a CAGR of 1.5% and we maintained strong profitability, with Gross Profit Margins of 34.6%, 34.6% and 34.2% and Adjusted EBITDA margins of 6.6%, 6.4% and 6.6% over the same period. Moreover, we focus on actively managing our working capital to further improve our cash generation. Our level of maintenance capital expenditure (which includes store refurbishments and product range reviews) was stable at €24 million, €24 million and €24 million for the years ended January 31, 2015, 2016 and 2017, respectively, and could be reduced slightly if necessary in the event of a decrease in Adjusted EBITDA.

Our financial resilience, in the face of a challenging economic backdrop, has been due in part to the innovative, cost-saving initiatives implemented by our leadership team, which have strengthened our fundamentals and streamlined our business. Beginning in 2016, we initiated our ''Back to Growth'' strategy with the aim of optimizing functions and reducing costs across our business. Among other things, our ''Back to Growth'' strategy has entailed simplifying and centralizing our administrative functions, ceasing unprofitable activities, reducing our fixed-cost base and signing new collective bargaining agreements with our employees. Our ''Back to Growth'' strategy has already yielded substantial strategic and operational improvements, including €6.8 million in realized cost savings for the twelve months ended April 30, 2017, a leaner cost base for our business and enhanced growth opportunities.

***Experienced management team with strong expertise in DIY and retail***

We have a highly experienced and professional senior management team headed by Guy Colleau, our Chief Executive Officer, who benefits from nearly 30 years of international consumer and retail experience. Our Chief Financial Officer, Luc Leunis, has held executive positions in our group for over 16 years and benefits from over 20 years of retail experience. Our management team has significant experience in the retail and DIY industries, a deep understanding of the Dutch and Belgian markets and an excellent track record of executing strategic objectives. Through a comprehensive review of our leadership position in the Belgian and Dutch DIY markets, our customer value propositions and the management of our operations, our senior management team has also developed and begun to implement a three-step ''Back to Growth'' strategic plan incorporating clearly defined objectives with the aim of driving our top-line growth and enhancing our profitability over a three-year period. The first phase of this plan, our ''Back to Simplicity'' strategy initiated in 2016, has already yielded significant cost savings, as a result of which we believe we are well positioned to capitalize on growth in our markets. The second phase of this plan, our ''Back to Basics'' strategy, is currently also underway. The final phase of our ''Back to Growth'' plan is expected to launch in 2018.

**Our strategy**

Based on our key strengths, our ''Back to Growth'' strategic plan focuses on growth in our revenue and profitability through the following strategies:

***Continuing to improve our operating performance through effective cost management and working capital optimization***

We plan to continue to reduce costs in order to maintain and enhance our cost position and improve our operating performance and profitability. We have materially completed our ''Back to Simplicity'' strategy initiated in 2016. This strategy has already yielded substantial strategic and operational improvements, including €6.8 million in realized cost savings for the twelve months ended April 30, 2017, and resulted in a leaner cost base for our business. We also leverage our scale to negotiate favorable terms with suppliers and to reduce material costs, and aim to streamline our operations through overhead rationalization. In this respect we have identified €9.5 million in estimated annualized run-rate cost savings that we plan to achieve as part of our ''Back to Simplicity'' plan. We estimate that the annualized impact of initiatives implemented or contracted will reach €9.1 million by January 31, 2018 and €9.5 million by January 31, 2019.

In the future we intend to continue our focus on cost management and have identified certain additional initiatives which we believe will contribute to improved profitability, such as: (i) enhancing the efficiency and optimizing the return of our print media marketing campaign; (ii) further strengthening relationships with certain preferred suppliers; (iii) reevaluating our maintenance and repair contracts; (iv) reducing working hours for uniformed guards in our stores; (iv) implementing a new car lease program; and (v) reducing the cost of our utilities. We also aim to improve our working capital requirements by reducing our level of sourcing from Asia in order to reduce our inventory to more efficient levels and by converting certain directly operated stores into franchisee-operated stores.

We encourage a team culture of continuous improvement and efficient management structures, charging members of certain teams and committees with meeting specific cost reduction and productivity improvement targets each year, with a material amount of their compensation tied to their performance against these targets. We require that capital projects meet certain return thresholds, which encourages prudent levels of spending on expansion and cost-saving opportunities.

***Reinforcing our positioning in each of our product categories with a comprehensive product offering and compelling pricing***

Under our ''Back to Basics'' strategy we will continue to offer and refine a compelling range of products, including our private label products, and services responding to evolving trends and consumer preferences. We perform periodic range reviews for our different product categories as a means of identifying, stocking and marketing products which we believe have high growth potential or reflect consumer trends. We will aim to increase our standing as a specialist in certain key product categories, such as ''non-mobile'' products and tools for larger home improvement and installation projects, by investing in the further development and marketing of these products, including by showcasing them in our stores. We seek to optimize store layout by prioritizing the visibility of certain key product categories in our stores and on our website, while also showcasing products from other categories to reinforce the quality and breadth of our product range. For example, we intend to further increase the product density in our ''City'' stores by reducing the width of store aisles to increase SKUs carried and showcase more of our product offering. In our ''Mid Box'' and ''City'' stores, where due to store size, our product range is necessarily more limited compared to our ''Big Box'' stores, we intend to scale our product range more appropriately to customer demand, offering a strategic selection of SKUs per product category in order to efficiently service customer demand while managing our inventory levels.

We intend to use a range of targeted promotions to highlight our capabilities as a multi-specialist retailer and comprehensive DIY solutions provider. Our upcoming promotion initiatives include sale days on which we provide certain discounts across all product categories, as well as promotional events targeting specific seasonal or product categories, particularly in our ''Big Box'' stores. For instance, ''wood month'' will promote our capabilities as a wood products specialist, and ''gardening days'' will showcase for customers our comprehensive and compelling range of outdoor products.

***Enhancing our operational efficiency and customer service by leveraging our digital platform***

Under our ''Back to Basics'' strategy, we will continue to develop our digital platform to enhance the efficiency of our operations, our product offering and the shopping experience for our customers. E-commerce offers our customers an easy way of comparing the quality of our products with those of our competitors through search engines, product comparison sites and reviews on social media. We intend to leverage our digital platform accordingly by frequently updating our brand and individual store social media accounts on Facebook, Twitter and Pinterest to respond to customer reactions or showcase products that reflect current trends. We also intend to enhance our customer-facing websites to deliver a modern digital customer service experience by making our online checkout procedures quick and easy, and providing our customers with real-time information on specific product availability. We anticipate these measures will strengthen our digital platform, increase our level of engagement with our customers and increase our market share in e-commerce sales among DIY retailers. We believe that our digital platform makes shopping significantly more convenient for our customers and, at the same time, allows us to configure payment and logistics more efficiently. We also gain valuable data regarding customers' purchasing habits and preferences through our loyalty card program, which we will seek to further exploit to improve our in-store and online offerings. In addition, we will invest in new IT capabilities in order to continue developing our customer relationship management function, and improve the effectiveness of our customer data collection and analytics. For example, we intend to upgrade our current enterprise resource planning software system, SAP ERP, and we are seeking to provide tablets and retail kiosks to all our stores in order to facilitate and improve our omni-channel shopping experience for customers. We believe that these technologies, along with the upcoming relaunch of the websites for our Brico, Praxis and Brico Plan-It brands, will improve our ability to react to changing consumer preferences and tailor our product offering and customer service accordingly.

In addition to offering the SKUs available in our stores through our Store Home Delivery Model, we are continuously expanding the number of SKUs on our store brand websites through our Drop Shipment Model. As a result, the number of SKUs on each of our store brand websites may grow to substantially exceed the number of SKUs in the corresponding brand's physical stores. Our online sales have more than doubled between the years ended January 31, 2015 and January 31, 2017, and we see our digital platform as an extension of our stores. We believe that expanding the number of SKUs available on our store brand websites will be an important competitive advantage because this will increase the accessibility of our product offering and further develop our strategic growth initiatives for our multi-channel platform.

***Improving Like-for-Like Sales through employee investment, training and empowerment***

Our team members drive our success. As part of our strategic growth initiatives under our ''Back to Basics'' strategy, we will continue our strong commitment to our workforce and partners through training and individual empowerment. We believe that our customers place significant value on technical knowledge and service, and that one of our key advantages is our ability to provide expert advice to our customers across all product categories. Due to our wide range of products, and the highly technical nature of many DIY products, customers increasingly rely on well-trained sales associates to offer knowledgeable assistance in product selection and use. To serve this need, our employees participate in continuous training through our ''Maxeda Academy'' program, including formal workshops, seminars and certification programs to build technical, managerial and customer service skills. We are also investing in our information technology to introduce online training courses on DIY knowledge for our employees, and we are working with our product suppliers to increase the amount of hands-on training provided to our employees with respect to new products. In addition, we have customer service measurement systems and recognition programs in place for management, sales associates and other employees to measure and encourage overall customer satisfaction. By having more knowledgeable employees, we believe we can offer better customer service and, accordingly, increase our sales.

***Refining our three store formats and four store brands to enhance customer value propositions and accessibility***

We seek to continuously improve the customer experience in our stores by adapting to the changing preferences of our target customers and their project requirements. We intend to continue to refurbish stores on a rolling basis to increase revenue and attract new customers through spatial optimization and user-friendly new store layouts. Under the second phase of our strategic plan, our ''Back to Basics'' strategy, we aim to define our customer value propositions for each of our three store formats (''City,'' ''Mid Box'' and ''Big Box'' stores) based on considerations of store size, store location, product range, merchandising and pricing, and subsequently align stores within each of our four store brands and the applicable store format. For instance, to strengthen the Praxis brand, we are seeking to improve the customer value propositions by adjusting prices of our products and product ranges at our *Praxis om de Hoek* ''City'' stores and standard Praxis ''Mid Box'' stores to attract more customers into these stores, which we believe will result in increased sales density and improved profitability, bringing Praxis's profitability in line with our Brico stores. We also intend to increase accessibility for our customers and our Like-for-Like Sales by extending the trading hours of our stores. For example, we anticipate that we will extend the Sunday trading hours at certain of our Belgian stores, to the extent permitted by law, because we believe the weekend allows our customers the greatest opportunity to visit our stores and make in-person purchases.

We plan to optimize our footprint to capture the benefit of expected growth in the Belgian and Dutch DIY markets in coming years. We aim to increase the accessibility of our stores through selective strategic relocations and facility improvements tailored to the needs of our customers and trends in our markets. For example, we intend to relocate certain stores to better retail locations along highly traveled roads benefiting from higher footfall or visibility. We will also seek to improve our market-leading positions in Belgium, Luxembourg and the Netherlands by selectively expanding into new local regions and opening additional directly operated stores and franchisee-operated stores that meet our rigorous selection criteria. Over the next three years we intend to open three new directly operated stores in the Netherlands, four new directly operated stores in Belgium, convert three of our larger Brico stores into Brico Plan-It stores in Belgium and relocate seven of our stores to higher-profile locations in both Belgium and the Netherlands. In addition, we plan to open approximately 20 *Praxis om de Hoek* stores in the next three years in the Netherlands. We will also continue to assess new franchisee-operated stores on a case-by-case basis and monitor our store base to selectively close stores that do not meet our expectations.

Finally, under the final phase of our strategic plan, our ''Back to Growth'' strategy, we intend to refurbish and relaunch eleven pilot stores in late 2018 and early 2019 to test our new store formats and demonstrate the efficiency of our new value proposition, before rolling out these formats across more of our store network.

## The Refinancing Transactions

The Refinancing Transactions consist of:

- the issuance by the Issuer of €475 million aggregate principal amount of Notes offered hereby;
- the repayment by the Issuer to Maxeda DIY of €467 million in principal amount of intercompany debt under the Maxeda DIY Intercompany Loan, using the net proceeds from the Offering;
- the repayment by Maxeda DIY of the total outstanding amounts under the Existing Senior Facilities Agreement, the repayment of related accrued interest and break costs and the cancellation of undrawn revolving commitments thereunder, using the repayment by the Issuer of intercompany debt under the Maxeda DIY Intercompany Loan and cash on hand;
- the entry into the new Revolving Credit Facility and Intercreditor Agreement; and

- the payment of fees and expenses incurred in connection with the foregoing transactions, including the Offering.

The estimated sources and uses of the proceeds from the Offering are set forth in ''*Use of Proceeds.*'' Actual amounts will vary from estimated amounts depending on several factors, including differences in the amount required to repay and cancel the Existing Facilities on the Issue Date, differences in our estimates of fees and expenses, the amount of actual cash and the actual Issue Date.

## The Sponsors

As of the date of this offering memorandum, Ardian and GoldenTree Asset Management, the two largest shareholders of Maxeda DIY Group, indirectly owned 38.2% and 20.1%, respectively, of the class A ordinary shares of Maxeda DIY Group, which constitute the only class of voting securities of our group. See ''*Principal Shareholders.*''

### *Ardian*

Ardian is an independent private investment company with assets of $62 billion managed or advised in Europe, North America and Asia. Ardian, which is majority-owned by its employees, keeps entrepreneurship at its heart and delivers investment performance to its global investors while fuelling growth in economies across the world. Ardian's investment process embodies three values: excellence, loyalty and entrepreneurship. Ardian maintains a global network, with more than 450 employees working in twelve offices in Paris, London, Frankfurt, Milan, Madrid, Zurich, New York, San Francisco, Beijing, Singapore, Jersey and Luxembourg. Ardian offers its approximately 580 investors a diversified choice of funds covering the full range of asset classes, including Ardian Funds of Funds (primary, early secondary and secondary), Ardian Private Debt, Ardian Buyout (including Ardian Mid Cap Buyout Europe & North America, Ardian Expansion, Ardian Growth and Ardian Co-Investment), Ardian Infrastructure, Ardian Real Estate and Ardian Mandates.

### *GoldenTree Asset Management*

GoldenTree Asset Management is an asset management firm that specializes in opportunities across the credit universe in sectors such as high yield bonds, leveraged loans, distressed debt, structured products, emerging markets and credit-themed equities. The firm was founded in 2000 with offices in New York, London and Singapore, and manages over $25 billion in assets under management as of June 1, 2017.

## Recent developments

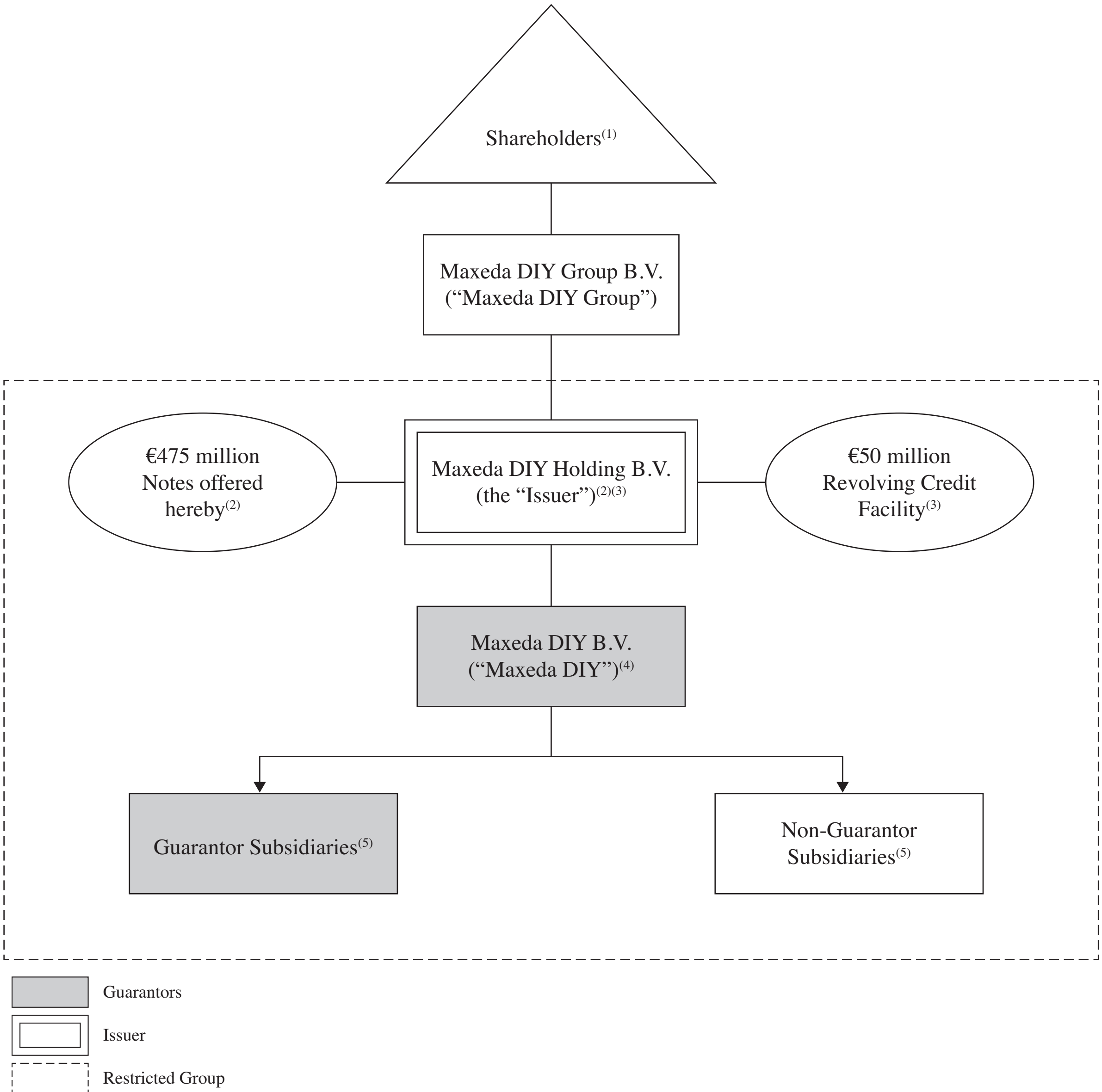
Based on our unaudited preliminary management accounts for the eight-week period ended June 25, 2017, comprising the aggregate of the two four calendar-week periods ended May 28 and June 25, 2017, our revenue, operating results and Adjusted EBITDA have continued to perform in line with our expectations and in accordance with historical trends.

Our revenue decreased slightly to €238 million for the eight-week period ended June 25, 2017 compared to €239 million in the corresponding period in 2016. Our Adjusted EBITDA increased by €1 million to €18 million for the eight-week period ended June 25, 2017 compared to €17 million in the corresponding period in 2016. Our operating results before depreciation, amortization and impairment remained stable at €16 million for the eight-week period ended June 25, 2017 and the corresponding period in 2016. Our total Like-for-Like Sales for the eight-week period ended June 25, 2017 increased by 0.2% compared to the corresponding period in 2016. In accordance with our historical seasonal trends, our revenue and operating results vary from month to month, with our most important trading period typically occurring from April to July. See ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting results of operations—Seasonality, weather and trade periods*.''

*The preliminary results and estimates presented above have not been audited, are derived from internal management accounts (which are prepared based on the retail calendar that we use for the preparation of our management accounts) and are subject to our financial closing procedures once the quarter ending July 31, 2017 has completed. These results are subject to the risks related to our business, including those set forth under ''Risk Factors'' and ''Forward-Looking Statements'' in this offering memorandum and, because they are preliminary, are inherently subject to modification. While we believe these preliminary results and estimates to be reasonable, our actual consolidated financial results for the eight-week period ended June 25, 2017, and the quarter ending July 31, 2017, may differ materially from the foregoing preliminary estimates and remain subject to change.*

**Corporate Structure and Certain Financing Arrangements**

The following diagram shows a simplified summary of our corporate and principal financing structure after giving effect to the Refinancing Transactions. All entities shown below are 100% owned unless otherwise indicated. The chart does not include all entities in our group, or all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram, see ''*Capitalization*,'' ''*Description of the Notes*'' and ''*Description of Other Indebtedness*.''




(1) As of the date of this offering memorandum, Ardian and GoldenTree Asset Management, the two largest shareholders of Maxeda DIY Group, indirectly owned 38.2% and 20.1%, respectively, of the class A ordinary shares of Maxeda DIY Group, which constitute the only class of voting securities of Maxeda DIY Group. See ''*Principal Shareholders*.''

(2) The Notes will be general senior secured obligations of the Issuer and will be guaranteed by the Guarantors on the Issue Date. On or about the Issue Date, the Notes and Guarantees will be secured by the Collateral. See ''*Description of the Notes—Security*.'' Pursuant to the Intercreditor Agreement, the Collateral will also secure the Revolving Credit Facility and in the future may also secure hedging obligations and other indebtedness permitted to be incurred under the Indenture and secured on an equal basis with the Notes. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security interests over the Collateral, holders of Notes will receive proceeds from the Collateral only after the Revolving Credit Facility, certain hedging obligations and certain indebtedness permitted to be incurred on a priority basis under the Indenture have been repaid in full. See ''*Description of Other Indebtedness—Intercreditor Agreement*.''

(3) As part of the Refinancing Transactions, the Issuer and the Guarantors will enter into the Revolving Credit Facility Agreement, which provides for the Revolving Credit Facility in the amount of €50 million. The initial borrowers under the Revolving Credit Facility will be the Issuer and the Guarantors. Subject to certain limitations, other subsidiaries of the Issuer, including the Guarantors, which also guarantee the Revolving Credit Facility, may become borrowers under the Revolving

Credit Facility in the future. The same subsidiaries that initially guarantee the Notes will also guarantee the Revolving Credit Facility and the same Collateral that will initially secure Notes will also secure the Revolving Credit Facility. See ''*Description of Other Indebtedness—Revolving Credit Facility Agreement*'' for further information.

(4) On the Issue Date, the Issuer will use the net proceeds of the Offering to repay approximately €467 million in principal amount of intercompany debt under the Maxeda DIY Intercompany Loan. Maxeda DIY will, in turn, use this repayment and cash on hand to repay in full the Existing Facilities, including accrued interest and break costs and to cancel any undrawn revolving commitments thereunder. Following the completion of the Refinancing Transactions, approximately €118 million of indebtedness will remain outstanding under the Maxeda DIY Intercompany Loan. See ''*Use of Proceeds*.''

(5) As of the Issue Date, the Notes and the Revolving Credit Facility will be guaranteed by the Guarantors. The Guarantees will be subject to the terms of the Intercreditor Agreement. The obligations of a Guarantor under its Guarantee will also be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance or unlawful financial assistance under applicable law, or otherwise reflect limitations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. Other indebtedness of the Guarantors may not be similarly limited. See ''*Risk Factors—Risks related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*.'' The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*.'' For the twelve months ended April 30, 2017, the Guarantors generated 89% and 92% of our consolidated revenue and Adjusted EBITDA, respectively, and as of April 30, 2017, the Guarantors held 92% of our consolidated total assets. As of April 30, 2017, our subsidiaries that will not guarantee the Notes did not have any outstanding third-party financial indebtedness.

## THE OFFERING

The following summary of this Offering contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete and is subject to important limitations and exceptions. For additional information regarding the Notes, the Guarantees and the Intercreditor Agreement, including certain definitions of terms used in this summary, see "*Description of the Notes*" and "*Description of Other Indebtedness—Intercreditor Agreement*."

**Issuer** . . . . . . . . . . . . . . . . . . . . . . Maxeda DIY Holding B.V.

**Notes Offered:**

Fixed Rate Notes . . . . . . . . . . . . . . € million aggregate principal amount of % Senior Secured Notes due 2022.

Floating Rate Notes . . . . . . . . . . . . € million aggregate principal amount of Floating Rate Senior Secured Notes due 2022.

**Issue Date** . . . . . . . . . . . . . . . . . . . On or about , 2017.

**Issue Price:**

Fixed Rate Notes . . . . . . . . . . . . . . % (plus accrued and unpaid interest from the Issue Date, if any).

Floating Rate Notes . . . . . . . . . . . . % (plus accrued and unpaid interest from the Issue Date, if any).

**Maturity Date:**

Fixed Rate Notes . . . . . . . . . . . . . . , 2022.

Floating Rate Notes . . . . . . . . . . . . , 2022.

**Interest:**

Fixed Rate Notes . . . . . . . . . . . . . . % per annum.

Floating Rate Notes . . . . . . . . . . . . Three-month EURIBOR (which shall never be less than zero) plus % per annum, reset quarterly.

**Interest Payment Dates:**

Fixed Rate Notes . . . . . . . . . . . . . . Interest on the Fixed Rate Notes will be payable semi-annually in arrears on and of each year, commencing on , 2018. Interest on the Fixed Rate Notes will accrue from the Issue Date.

Floating Rate Notes . . . . . . . . . . . . Interest on the Floating Rate Notes will be payable quarterly in arrears on , , and , commencing on , 2017. Interest on the Floating Rate Notes will accrue from the Issue Date.

**Form of Denomination** . . . . . . . . . . Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. 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 "*—Security*";
- rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment of the Notes, including any indebtedness under the Revolving Credit Facility, hedging obligations and certain other indebtedness permitted to be incurred under the Indenture;

- rank senior in right of payment to all existing and future subordinated indebtedness of the Issuer;
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- be structurally subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes, including obligations to trade creditors; and
- be unconditionally guaranteed on a senior basis by the Guarantors, subject to certain guarantee limitations.

**Guarantees** . . . . . . . . . . . . . . . . . . The Issuer's obligations under the Notes and the Indenture will be guaranteed on a senior basis by the Guarantors. For the twelve months ended April 30, 2017, the Guarantors generated 89% and 92% of our consolidated revenue and Adjusted EBITDA, respectively, and as of April 30, 2017, the Guarantors held 92% of our consolidated total assets. As of April 30, 2017, our subsidiaries that will not guarantee the Notes did not have any outstanding third-party financial indebtedness. The Guarantees will be limited as described under ''*Risk Factors—Risks related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*.''

**Ranking of the Guarantees** . . . . . . Each Guarantee will be a general senior obligation of the relevant Guarantor and will:

- be senior obligations of the Guarantor, secured as set forth under ''*—Security*'';
- rank *pari passu* in right of payment with all of the Guarantor's existing and future senior indebtedness that is not subordinated in right of payment to its Guarantee, including any indebtedness under the Revolving Credit Facility;
- rank senior in right of payment to all existing and future subordinated indebtedness of the respective Guarantor;
- be structurally subordinated to all existing and future obligations of such Guarantor's Subsidiaries that are not also Guarantors;
- be effectively senior to any existing and future indebtedness of each Guarantor that is not secured by the Collateral owned by such Guarantor, to the extent of the value of such Collateral; and
- be effectively subordinated to any existing and future indebtedness of each Guarantor that is secured by property or assets that do not secure the Guarantees on an equal basis, to the extent of the value of the property or assets securing such indebtedness.

The Guarantees will be subject to release under certain circumstances. See ''*Description of the Notes—Notes Guarantees*.''

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| **Security** . . . . . . . . . . . . . . . . . . . . | Pursuant to the Security Documents to be entered into on or about the Issue Date, Maxeda DIY Group (the direct parent of the Issuer), the Issuer and the Guarantors will grant in favor of the Security Agent, liens and security interests on an equal and ratable first-priority basis, subject to certain perfection requirements and any Permitted Collateral Liens, over the assets listed below:<br>• the entire issued capital stock of the Issuer, Maxeda DIY, Praxis Groep B.V., Praxis Doe-het-Zelf Center B.V. and Brico Belgium N.V., 99.99% of the issued capital stock of PLAN-IT N.V. and 99.999% of the issued capital stock of Brico Plan-It N.V.;<br>• certain intercompany receivables of the Issuer and each Guarantor, for the avoidance of doubt including, but not limited to, the intercompany receivables of the Issuer owed to Maxeda DIY Group;<br>• certain bank accounts of the Issuer and each Guarantor; and<br>• moveable assets owned by the Guarantors incorporated in the Netherlands<br>(together, the ''Collateral'').<br>The security interests in the Collateral are 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.<br>The liens and security interests securing the Notes may be released under certain circumstances. See ''*Description of the Notes—Security*.'' |
| **Intercreditor Agreement** . . . . . . . . | Pursuant to the Intercreditor Agreement, the first-priority security interests securing the Notes are contractually deemed to rank equally with the security interests that secure (but only to the extent that such security is expressed to secure those liabilities) (i) obligations under the Revolving Credit Facility, (ii) certain obligations under hedging arrangements and (iii) certain other future indebtedness permitted to be incurred under the Indenture. Such security interests are, or will be, evidenced by security documents for the benefit of (whether directly or through the Security Agent) the holders of the Notes, the lenders under the Revolving Credit Facility and/or the holders of certain other future indebtedness permitted to be incurred under the Indenture. Under the terms of the Intercreditor Agreement, subject to certain conditions, in the event of acceleration of the Revolving Credit Facility or the Notes, amounts recovered in respect of the Notes, including from the enforcement of the Guarantees or the Collateral, will be required to repay indebtedness in respect of the Revolving Credit Facility, certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement to rank *pari passu* with the Revolving Credit Facility and future hedging obligations (if any) in priority to the Notes, following the payment of fees and expenses of the agent under the |

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| | Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate) and any fees and expenses of any other creditor representative of future indebtedness permitted under the terms of the Indenture to benefit from such security interests.<br><br>The Security Agent may refrain from enforcing the relevant security unless instructed by the relevant Instructing Group (as defined in the Intercreditor Agreement). The relevant Instructing Group or such other class of creditors as specified by the Intercreditor Agreement may, under certain conditions, be entitled to instruct the Security Agent to enforce the relevant security subject to, and in accordance with, the provisions of the Intercreditor Agreement. In the event of conflicting instructions, the Intercreditor Agreement contains provisions as to which set of instructions will prevail. See ''*Description of Other Indebtedness—Intercreditor Agreement*.'' |
| **Additional Amounts** . . . . . . . . . . . . | Any payments made by the Issuer or any Guarantor with respect to the Notes or the Guarantees will be made without withholding or deduction for or on account of taxes unless required by law. If the Issuer or the Guarantors are required by law to withhold or deduct amounts for or on account of tax imposed by a relevant taxing jurisdiction with respect to a payment to the holders of Notes, the Issuer or the relevant Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See ''*Description of the Notes—Withholding Taxes*.'' |
| **Use of Proceeds** . . . . . . . . . . . . . . | We intend to use the proceeds of the Offering (i) to repay all amounts outstanding under the Existing Facilities and (ii) to pay fees and expenses in connection with the Refinancing Transactions, including the fees and expenses to be incurred in connection with the Offering. See ''*Use of Proceeds.*'' |
| **Optional Redemption:** | |
| Fixed Rate Notes . . . . . . . . . . . . . . | Prior to , 2019, the Issuer will be entitled at its option to redeem all or a portion of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes plus the applicable ''make whole'' premium described in this offering memorandum and accrued and unpaid interest to, but excluding, the redemption date.<br><br>On or after , 2019, the Issuer will be entitled at its option to redeem all or a portion of the Fixed Rate Notes at the applicable redemption prices set forth under the heading ''*Description of the Notes—Optional Redemption*'' plus accrued and unpaid interest to, but excluding, the redemption date.<br><br>Prior to , 2019, the Issuer will be entitled at its option on one or more occasions to redeem the Fixed Rate Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Fixed Rate Notes with the net cash proceeds from certain equity offerings at a redemption price equal to % of the principal amount outstanding in respect of the Fixed Rate Notes, plus accrued and unpaid interest to, but excluding, the redemption date, so long as at least 50% of the aggregate principal amount |

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| | of the Fixed Rate Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering. |
| | Prior to , 2019, the Issuer may redeem up to 10% of the aggregate principal amount of the Fixed Rate Notes originally issued (including the aggregate principal amount of any additional Fixed Rate Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof. |
| Floating Rate Notes . . . . . . . . . . . . | Prior to , 2018, the Issuer will be entitled at its option to redeem all or a portion of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes plus the applicable ''make whole'' premium described in this offering memorandum and accrued and unpaid interest to, but excluding, the redemption date. |
| | On or after , 2018, the Issuer will be entitled at its option to redeem all or a portion of the Floating Rate Notes at the applicable redemption prices set forth under the heading ''*Description of the Notes—Optional Redemption—Floating Rate Notes*'' plus accrued and unpaid interest to, but excluding, the redemption date. |
| **Optional Redemption for Tax Reasons** . . . . . . . . . . . . . . . . . . . . | In the event of certain developments affecting taxation which cause the Issuer to pay additional amounts, the Issuer may redeem the relevant Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See ''*Description of the Notes—Redemption for Taxation Reasons*.'' |
| **Change of Control** . . . . . . . . . . . . . | Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. A change of control will not be deemed to have occurred on one occasion if, pro forma for such change of control, a specified consolidated total net leverage ratio calculated in accordance with the ''*Description of the Notes*'' is not exceeded as a result of such event. See ''*Description of the Notes—Change of Control*.'' |
| **Certain Covenants** . . . . . . . . . . . . | The Indenture, among other things, will restrict the ability of the Issuer and the restricted subsidiaries of the Issuer to:<br>• incur or guarantee additional indebtedness and issue certain preferred stock;<br>• create or incur certain liens;<br>• make certain payments, including dividends or other distributions, with respect to the shares of the Issuer;<br>• prepay or redeem subordinated debt or equity;<br>• make certain investments;<br>• create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or its restricted subsidiaries; |

- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications. See ''*Description of the Notes—Certain Covenants*.''

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| **Transfer Restrictions** . . . . . . . . . . . | The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See ''*Transfer Restrictions*.'' We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer) with the U.S. Securities and Exchange Commission. |
| **No Prior Market** . . . . . . . . . . . . . . | The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, there can be no assurance that an active trading market will develop for the Notes. |
| **Listing** . . . . . . . . . . . . . . . . . . . . . | Application has been made to The Exchange for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance, however, that the Notes will be listed on the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained. |
| **Governing Law for the Notes, Guarantees and the Indenture** . . . . | New York law. |
| **Governing Law for the Intercreditor Agreement** . . . . . . . . | English law. |
| **Governing Law for the Security Documents** . . . . . . . . . . . . . . . . . . | Dutch and Belgian law. |
| **Trustee** . . . . . . . . . . . . . . . . . . . . . | U.S. Bank Trustees Limited. |
| **Paying Agent, Calculation Agent and Transfer Agent** . . . . . . . . . . . . | Elavon Financial Services DAC, UK Branch. |
| **Registrar** . . . . . . . . . . . . . . . . . . . . | Elavon Financial Services DAC. |
| **Security Agent** . . . . . . . . . . . . . . . | U.S. Bank Trustees Limited. |
| **Listing Sponsor** . . . . . . . . . . . . . . . | Carey Olsen Corporate Finance Limited. |

## Risk factors

Investing in the Notes involves substantial risks. See the ''*Risk Factors*'' section of this offering memorandum for a more complete description of certain risks that you should carefully consider before investing in the Notes.

## SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables summarize certain of our historical financial and other data for the periods ended on and as of the dates indicated below. We have extracted (i) the consolidated financial data of Maxeda DIY as of April 30, 2017 and for the three months ended April 30, 2017 and May 1, 2016, from the Unaudited Interim Financial Statements included elsewhere in this offering memorandum and (ii) the consolidated financial data of Maxeda DIY as of and for the years ended January 31, 2015, 2016 and 2017, from the Audited Financial Statements included elsewhere in this offering memorandum.

The Unaudited Interim Financial Statements have been prepared using the same accounting principles and on the same basis as the Audited Financial Statements and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented. In addition, the three-month period ended April 30, 2017 represents 13 calendar weeks in accordance with the retail calendar that we use for the preparation of our management accounts.

The consolidated financial statements included in this offering memorandum for Maxeda DIY and its subsidiaries have been prepared in accordance with IFRS and have been presented in euro. Our historical results for any prior period are not necessarily indicative of our results expected in any future period.

Our results of operations for the twelve months ended April 30, 2017 have been derived by adding our unaudited condensed consolidated interim financial information for the three months ended April 30, 2017, to our consolidated financial statements for the year ended January 31, 2017, and subtracting our unaudited condensed consolidated interim financial information for the three months ended May 1, 2016. Our results of operations for the twelve months ended April 30, 2017, have not been audited or reviewed by our auditors, are not required by or presented in accordance with IFRS or any other generally accepted accounting principles and have been prepared for illustrative purposes only. This information is not necessarily representative of our results for any future period or our financial condition at any past or future date.

The Issuer is a holding company with no revenue-generating activities of its own and does not have any business operations, material assets (other than the shares it owns in Maxeda DIY) or liabilities (other than liabilities under the Maxeda DIY Intercompany Loan and those incurred in connection with its incorporation and the Refinancing Transactions). See ''*Risk Factors—Risks related to the Notes—The Issuer is a holding company, conducts no business operations of its own and will depend on cash flows from its subsidiaries to make payments on the Notes*.'' Consequently, 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 Refinancing Transactions. See ''*Capitalization*.'' All historical financial information presented in this offering memorandum is that of Maxeda DIY and its consolidated subsidiaries.

Certain other data, including as adjusted and run-rate data included herein are for information purposes only, and do not purport to present what our results of operations and financial condition would have been, nor do they project our results of operations for any future period or financial condition at any future date. In addition, while certain of the financial data set forth below have been derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for our historical financial information. Non-IFRS financial data has not been audited or reviewed by our auditors and should not be considered as an alternative to any measure of liquidity or performance derived in accordance with IFRS for the applicable periods.

Prospective investors should read the summary data presented below in conjunction with, and the summary data presented below is qualified in their entirety by reference to, ''*Presentation of Financial and Other Data*,'' ''*Use of Proceeds*,'' ''*Capitalization*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and the financial statements of Maxeda DIY, and the notes thereto, included elsewhere in this offering memorandum.

### Summary consolidated statement of profit or loss

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | | | (unaudited) | (unaudited) | (unaudited) |
| **Revenue:** | | | | | | |
| Belgium and Luxembourg | 700 | 706 | 710 | 179 | 181 | 712 |
| The Netherlands | 614 | 631 | 645 | 162 | 170 | 653 |
| **Total** | **1,314** | **1,337** | **1,355** | **341** | **351** | **1,365** |
| Cost of sales | (860) | (874) | (891) | (228) | (233) | (896) |
| **Gross profit** | **454** | **463** | **464** | **113** | **118** | **469** |
| Selling and distribution cost | (347) | (367) | (363) | (96) | (93) | (360) |
| General and administrative expenses | (78) | (70) | (58) | (14) | (8) | (52) |
| **Operating result** | **29** | **26** | **43** | **3** | **17** | **57** |
| Financial income and expense | (24) | (34) | (25) | (4) | (8) | (29) |
| **Income before income taxes** | **5** | **(8)** | **18** | **(1)** | **9** | **28** |
| Income taxes | (10) | (6) | (10) | (2) | (3) | (11) |
| **Results for the year** | **(5)** | **(14)** | **8** | **(3)** | **6** | **17** |

### Summary consolidated statement of financial position

| (in € millions) | As of January 31, 2015 | 2016 | 2017 | As of April 30, 2017 |
|---|---|---|---|---|
| | | | | (unaudited) |
| ***Non-current assets:*** | | | | |
| Intangible fixed assets | 206 | 210 | 215 | 213 |
| Property, plant and equipment | 89 | 87 | 87 | 85 |
| Financial fixed assets[(1)] | 830 | 574 | 583 | 585 |
| ***Current assets:*** | | | | |
| Inventories | 296 | 309 | 310 | 340 |
| Trade and other receivables | 90 | 99 | 98 | 110 |
| Cash and cash equivalents | 169 | 100 | 59 | 74 |
| **Total assets** | **1,680** | **1,380** | **1,353** | **1,409** |
| Financial liabilities (loans) | 714 | 481 | 464 | 464 |
| Trade and other current payables | 424 | 411 | 396 | 457 |
| **Total liabilities** | **1,251** | **964** | **929** | **979** |

(1) Represents the receivable under the Maxeda DIY Intercompany Loan plus accrued interest.

## Summary consolidated statement of cash flows

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 |
|---|---|---|---|---|---|
| | | | | (unaudited) | |
| Cash flow from/(used in) operating activities | 39 | (7) | 9 | (8) | 13* |
| Cash flow from/(used in) investing activities | (33) | (37) | (35) | (4) | 2 |
| Cash flow from/(used in) financing activities | 41 | (25) | (15) | — | — |
| **Net cash flow** | **47** | **(69)** | **(41)** | **(12)** | **15** |
| Cash and cash equivalents as of the beginning of the period | 122 | 169 | 100 | 100 | 59* |
| **Cash and cash equivalents as of period end** | **169** | **100** | **59** | **88** | **74** |

* As a result of the difference between the period-end closing of the January management accounts (January 29, 2017, due to the retail calendar we use for our management accounts) and the period-end closing of our annual consolidated financial statements (January 31, 2017), a cash outflow of €15 million, consisting of end-of-month trade payables (€6 million) and other taxes and social security contributions (€9 million), is included in both our annual consolidated financial statements as of and for the year ended January 31, 2017 and our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017. In order to avoid double-counting this cash outflow, we have only reflected it in the year ended January 31, 2017, and accordingly the cash flows from/(used in) operating activities shown in this table will differ from the cash flows reflected in our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017.

## Segment and operating data

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | | | (unaudited) | | (unaudited) |
| **Transactional Sales:** | | | | | | |
| Belgium and Luxembourg | 943 | 940 | 949 | 231 | 237 | 956 |
| The Netherlands | 791 | 817 | 832 | 211 | 219 | 840 |
| Total Transactional Sales | **1,734** | **1,757** | **1,781** | **441** | **456** | **1,796** |
| Directly operated stores | 1,273 | 1,299 | 1,317 | 323 | 335 | 1,329 |
| Franchisee-operated stores | 461 | 458 | 464 | 118 | 121 | 467 |
| Total Transactional Sales | **1,734** | **1,757** | **1,781** | **441** | **456** | **1,796** |
| **Selling and Distribution Costs:** | | | | | | |
| Labor costs | 181 | 188 | 190 | 48 | 49 | 190 |
| Rent expenses(1) | 72 | 76 | 76 | 19 | 19 | 77 |
| Other expenses | 94 | 103 | 98 | 28 | 25 | 96 |

(1) Rent expenses are shown net of rent amounts invoiced to franchisees under subleases.

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | | | (unaudited) | | (unaudited) |
| **Revenue by Store Brand:** | | | | | | |
| Brico | 461 | 462 | 470 | 119 | 121 | 473 |
| Brico Plan-It | 239 | 244 | 240 | 60 | 60 | 240 |
| Praxis | 514 | 533 | 548 | 137 | 145 | 555 |
| Formido | 100 | 99 | 97 | 25 | 25 | 97 |
| **Total** | **1,314** | **1,337** | **1,355** | **341** | **351** | **1,365** |

| | As of January 31, 2015 | As of January 31, 2016 | As of January 31, 2017 | As of May 1, 2016 | As of April 30, 2017 |
|---|---|---|---|---|---|
| **Number of stores:** | | | | | |
| ***Belgium and Luxembourg*[(1)]** | | | | | |
| **Brico** | | | | | |
| Directly operated stores | 49 | 52 | 56 | 53 | 55 |
| Franchisee-operated stores | 92 | 95 | 92 | 95 | 92 |
| **Total Brico Stores** | **141** | **147** | **148** | **148** | **147** |
| **Brico Plan-It** | | | | | |
| Directly operated stores | 11 | 11 | 11 | 11 | 11 |
| **Total Belgium and Luxembourg Stores** | **152** | **158** | **159** | **159** | **158** |
| ***The Netherlands*** | | | | | |
| **Praxis** | | | | | |
| Directly operated stores | 115 | 117 | 118 | 118 | 119 |
| Franchisee-operated stores | 26 | 28 | 28 | 28 | 28 |
| **Total Praxis Stores** | **141** | **145** | **146** | **146** | **147** |
| **Formido** | | | | | |
| Directly operated stores | 18 | 18 | 20 | 18 | 19 |
| Franchisee-operated stores | 65 | 66 | 64 | 66 | 62 |
| **Total Formido Stores** | **83** | **84** | **84** | **84** | **81** |
| **Total Netherlands Stores** | **224** | **229** | **230** | **230** | **228** |
| **Total Stores** | **376** | **387** | **389** | **389** | **386** |

(1) As of April 30, 2017, we operated two stores in Luxembourg.

| (%) | Year ended January 31, 2015 | Year ended January 31, 2016 | Year ended January 31, 2017 | Three months ended April 30, 2017 |
|---|---|---|---|---|
| **Change in Like-for-Like Sales**[(1)]: | (0.2) | 0.6 | 1.0 | 2.7 |
| Belgium and Luxembourg | (1.1) | (0.4) | (0.1) | 1.3 |
| The Netherlands | 0.8 | 1.9 | 2.4 | 5.1 |

(1) Change in Like-for-Like Sales refers to the change in revenue for Like-for-Like Stores during the relevant period-over-period under comparison. Like-for-Like Stores refer to those directly operated stores and franchisee-operated stores that were, in each case, in operation for not less than one year prior to the year or quarter for which Like-for-Like Sales or Change in Like-for-Like Sales, as applicable, is being measured. Definitions and calculations of Like-for-Like Sales differ among companies in the retail industry, and therefore Like-for-Like Stores metrics disclosed by us may not be comparable to the metrics disclosed by other companies. See ''*Presentation of Financial and Other Data.*''

### Other financial data

| (in € millions, unless otherwise stated) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | (unaudited) | | (unaudited) | | (unaudited) |
| Gross Profit Margin | 34.6% | 34.6% | 34.2% | 33.1% | 33.6% | 34.4% |
| **Capital expenditure:** | 33 | 37 | 35 | 4 | 3 | 34 |
| Development capital expenditure[(1)] | 7 | 10 | 8 | 1 | 1 | 8 |
| Maintenance capital expenditure[(1)] | 24 | 24 | 24 | 3 | 1 | 22 |
| Other capital expenditure[(1)] | 2 | 3 | 3 | 1 | 1 | 3 |
| Change in adjusted net working capital[(2)] | 13 | (32) | (28) | 1 | 20 | (9) |
| Adjusted EBITDA[(3)(4)] | 86 | 86 | 89 | 12 | 20 | 97 |
| Adjusted EBITDAR[(3)(6)] | 166 | 171 | 173 | 33 | 41 | 182 |
| Adjusted EBITDA margin[(5)] | 6.6% | 6.4% | 6.6% | 3.5% | 5.7% | 7.1% |
| Run-Rate Adjusted EBITDA[(3)(4)] | | | | | | 107 |
| **As adjusted financial data of the Issuer:** | | | | | | |
| As adjusted cash and cash equivalents[(7)] | | | | | | 55 |
| As adjusted total debt[(8)] | | | | | | 476 |
| As adjusted net debt[(9)] | | | | | | 421 |
| As adjusted interest expense[(10)] | | | | | | |
| Ratio of as adjusted net debt to Run-Rate Adjusted EBITDA | | | | | | 3.9x |
| Ratio of Run-Rate Adjusted EBITDA to as adjusted interest expense | | | | | | |

(1) Development capital expenditure consists primarily of costs with respect to fixtures and fittings and other professional expenses in connection with new store openings as well as investments in our digital channel. Maintenance capital expenditure consists primarily of repairs, purchases of fixtures and fittings, and expenses in connection with the refurbishment of our existing directly operated stores, range reviews (which includes certain capital expenditures such as the purchase of fixtures and shelves) and IT (excluding investments in our digital channel). Other capital expenditure consists primarily of logistics and small projects.

(2) ''Adjusted net working capital'' consists of inventories, trade debtors, trade creditors (which represent invoices relating to the purchase of goods) and cost creditors (which represent invoices relating to our costs except those relating to the purchase of goods, and includes, for example, capital expenditures, IT service contracts and rent) and other working capital items (which consist primarily of value added tax, holiday allowance, accruals, prepaid rent, supplier benefits, social security payments and loyalty program credits) and provisions, adjusted to eliminate the intercompany payable under the Maxeda DIY Intercompany Loan, and ''change in adjusted net working capital'' consists of increases and decreases in adjusted net working capital.

(3) Adjusted EBITDA, Adjusted EBITDAR and Run-Rate Adjusted EBITDA are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Adjusted EBITDA, Adjusted EBITDAR and Run-Rate Adjusted EBITDA as presented in this offering memorandum may differ from and may not be comparable with similarly titled measures used by other companies, and differ from ''Consolidated EBITDA'' as defined in the section ''*Description of the Notes*'' of this offering memorandum and in the Indenture. We present Adjusted EBITDA, Adjusted EBITDAR and Run-Rate Adjusted EBITDA for informational purposes only. This information does not represent the results we would have achieved had each of the items for which an adjustment is made occurred at the dates indicated. There can be no assurance that items we have identified for adjustment as nonrecurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted EBITDA, Adjusted EBITDAR 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 accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations for the periods presented, may not be comparable with 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 Adjusted EBITDA, Adjusted EBITDAR and Run-Rate Adjusted EBITDA because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. Adjusted EBITDA, Adjusted EBITDAR and Run-Rate Adjusted EBITDA 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. See ''*Presentation of Financial and Other Data*.''

(4) ''Adjusted EBITDA'' represents our results for the year as adjusted for certain items we believe are non-cash or nonrecurring. ''Run-Rate Adjusted EBITDA'' represents our Adjusted EBITDA as adjusted for certain annualized identified

cost savings. The following table is a reconciliation of our operating results to Adjusted EBITDA and Run-Rate Adjusted EBITDA for the periods indicated:

| (in € millions) | Year ended January 31, 2015 | Year ended January 31, 2016 | Year ended January 31, 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | | | (unaudited) | (unaudited) | (unaudited) |
| **Results for the year** | **(5)** | **(14)** | **8** | (3) | 6 | 17 |
| Finance expense[(a)] | 24 | 34 | 25 | 4 | 8 | 29 |
| Income taxes | 10 | 6 | 10 | 2 | 3 | 11 |
| Depreciation on assets | 24 | 24 | 22 | 5 | 5 | 22 |
| Amortization of intangibles | 3 | 4 | 5 | 1 | 1 | 6 |
| Exceptional items[(b)]* | 28 | 26 | 16 | 2 | (3) | 11 |
| Impairment[(c)] | 2 | 6 | 3 | 1 | 0 | 1 |
| **Adjusted EBITDA*** | **86** | **86** | **89** | **12** | **20** | **97** |
| Annualized identified cost savings[(d)]* | | | | | | 10 |
| **Run-Rate Adjusted EBITDA[(e)]*** | | | | | | **107** |

(a) Includes exceptional foreign exchange gains and losses primarily relating to the U.S. dollar hedging of our sourcing costs for products sourced through our procurement agent in Shanghai.

(b) We classify significant nonrecurring income and expenses as exceptional items. We believe the separate reporting of exceptional items helps provide an indication of our underlying business performance. Exceptional items consist of the following items for the periods reported:

* Unaudited.

| (in € millions) | Year ended January 31, 2015 | Year ended January 31, 2016 | Year ended January 31, 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|---|---|
| | | (unaudited) | | (unaudited) | | (unaudited) |
| Restructuring and transformation expenditures[(i)] | 5 | 13 | 10 | 1 | 1 | 10 |
| Logistics costs[(ii)] | 0 | 0 | 1 | 0 | 0 | 0 |
| Management and directors fees[(iii)] | 4 | (3) | 1 | 0 | 0 | 1 |
| Litigation expenses[(iv)] | 5 | 2 | 3 | 1 | 0 | 2 |
| Consulting and advisory fees[(v)] | 11 | 12 | 1 | 0 | 0 | 1 |
| Pension costs[(vi)] | 4 | 4 | 2 | 0 | 0 | 2 |
| Sale and leaseback[(vii)] | 0 | (2) | 0 | 0 | (5) | (5) |
| **Total** | **28** | **26** | **16** | **2** | **(3)** | **11** |

(i) Restructuring and transformation expenditures primarily relate to the costs associated with the centralization of our procurement departments in the year ended January 31, 2016, the centralization of certain of our headquarters functions in the years ended January 31, 2015 and 2016 and the associated headcount reductions as part of our ongoing efforts to simplify our organization and reduce our costs, as well as headcount reductions in certain of our stores that occurred in January 2017.

(ii) Logistics costs for the year ended January 31, 2017 relate to the costs associated with the one-off tender process for a new logistics services provider. Following this tender process, we entered into a handling and transport agreement with ID Logistics in September 2016, which expires on September 30, 2021, pursuant to which ID Logistics operates our distribution center in Willebroek, Belgium. ID Logistics replaces our former logistics services provider, who had provided logistics and warehousing services for us for the last nine years.

(iii) Management and directors fees in the year ended January 31, 2015 primarily relate to €4 million of management fees paid by Maxeda DIY Group to our former shareholders and passed through in an equivalent amount to Maxeda DIY. In connection with the change in shareholders of Maxeda DIY Group as a result of the financial restructuring of our group in the year ended January 31, 2016, accrued but unpaid management fees were waived by our former shareholders in the year ended January 31, 2016. The directors of Maxeda DIY Group have received €0.7 million in directors fees in the year ended January 31, 2017.

(iv) Litigation expenses for the year ended January 31, 2015, primarily relate to an expense of €2.9 million resulting from a claim from the Belgian tax authorities against a former subsidiary of our group as well as an increase in a provision by €0.7 million resulting from a reevaluation of the claim under a counter guarantee issued in relation to a former subsidiary of our group (which was settled in the year ended January 31, 2016, for an amount of €0.5 million below the provision), for the year ended January 31, 2016, to a provision of €1.9 million in relation to a claim of Belgian customs authorities (which was settled for €1.1 million and incurred €0.3 million in fees for lawyers in the year ended January 31, 2017) and for the year ended January 31, 2017, to an expense of €1.2 million in connection with two claims under rental guarantees provided by Maxeda DIY Group for rent obligations of two stores leased by a former subsidiary of our group as well as an expense of €0.8 million related to claims under a repurchase guarantee and from the bankruptcy receiver following the bankruptcy of two former franchisees. For further information, see ''*Business—Legal proceedings—Dispute with Pavast Beheer B.V. and Unibail-Rodamco Nederland Winkels B.V.*''

(v) We incurred consulting and advisory fees in connection with a proposed refinancing process, strategic transactions and our financial restructuring undertaken in the years ended January 31, 2015 and January 31, 2016.

(vi) Pension costs mainly relate to charges resulting from the revaluation of defined benefit obligations in connection with changes in the underlying actuarial assumptions of such defined benefit plans. In addition, for the year ended January 31, 2016, the adjustment includes a charge of €1.5 million from the first-time recognition of two defined benefit plans in Belgium due to a change in regulation. For the years ended January 31, 2015 and 2016, the adjustment also includes charges of €1.3 million and €0.7 million, respectively, related to one-off contributions to pension plans in connection with head count reductions in Belgium.

(vii) Sale and leaseback relates to the nonrecurring gain from a sale and leaseback of three stores for €2 million in the year ended January 31, 2016 and a sale and leaseback of ten stores for €5 million in the three months ended April 30, 2017.

(c) Represents an impairment of the carrying amount of the net asset value of certain loss-making stores. During each of the years ended January 31, 2015, 2016 and 2017, and the three months ended May 1, 2016, impairments were recognized in respect of certain of our directly operated stores in the Netherlands and Belgium.

(d) Represents run-rate cost savings (which are annualized based on cost savings actually realized or contractually agreed in the twelve months ended April 30, 2017, or on contractually agreed terms) that we will seek to realize as part of our ongoing efforts to simplify our organization and reduce our cost base. We estimate that the annualized impact of initiatives implemented or contracted will reach €9.1 million by January 31, 2018 and €9.5 million by January 31, 2019. Annualized run-rate cost savings consist of the following:

| **(in € millions)** | **Twelve months ended April 30, 2017 (unaudited)** |
|---|---|
| Headquarters reorganization[(i)] | 3.8 |
| Contract terminations and renegotiations[(ii)] | 5.8 |
| **Total** | **9.5** |

(i) Represents the full-year effect of the estimated cost savings relating to the centralization of certain of our headquarters functions through our shared services center in Belgium, which was finalized in January 2017, and the associated net reduction of 66 full-time equivalents (€3.1 million), as well as the relocation of our Amsterdam headquarters in June 2017 and the termination of the rental contract of our former headquarters, resulting in an annual net occupancy cost reduction of €0.7 million. Our new headquarters lease has a term of ten years.

(ii) Consists of (a) rental renegotiations, (b) logistics cost reductions, (c) sponsorship terminations and (d) cleaning contract renegotiations.

(a) Rental negotiations represent the full-year effect of the agreed decrease in rental expense (€1.1 million) resulting from lease renegotiations in connection with lease renewals for 16 of our directly operated Praxis stores in the Netherlands signed between 2016 and April 2017. We estimate that the annualized impact of these decreases in total expense will reach €0.7 million by January 31, 2018 and €1.1 million by January 31, 2019.

(b) Logistics cost reductions represent the full-year effect of the estimated cost savings (€3.2 million) related to the reduction in logistics costs (based on constant volumes as of October 2016) resulting from our entry into a handling and transport agreement with a new logistics services provider, ID Logistics, in September 2016, which expires on September 30, 2021, pursuant to which ID Logistics will operate our distribution center in Willebroek, Belgium. Certain of the anticipated reductions in logistics costs have only been realized since the implementation of our new warehouse management system in January 2017 and the phase-out of certain temporary employees.

(c) Sponsorship terminations represent the full-year effect of the estimated cost savings (€0.8 million) resulting from the termination in May 2017 of our sponsorship agreement with *Eigen Huis & Tuin*, a Dutch television program about DIY-related topics, and €0.2 million from the termination of our sponsorship agreement in January 2017 with *Une Brique dans le Ventre* and *Baksteen in de Maag*, Belgian television programs about DIY-related topics. Following these terminations, we do not currently intend to invest in alternative sponsorship opportunities.

(d) Cleaning contract renegotiations represent the full-year effect of the estimated cost savings (€0.5 million) related to the renegotiation in May 2017 of our agreement with Jette Clean N.V., the company providing cleaning services for our directly operated stores in Belgium.

(e) In evaluating Run-Rate Adjusted EBITDA, you should be aware that, as an analytical tool, it is subject to certain limitations. In particular, run-rate cost savings are based on management estimates and assumptions and are forward looking in nature. As such, this information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial impact or results of these actions and initiatives for the periods presented and may not be comparable with 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. Our presentation of Run-Rate Adjusted EBITDA has additional limitations as an analytical tool. For example, Run-Rate Adjusted EBITDA does not reflect capital expenditures that we expect to incur to implement the initiatives described above. If one or more of our underlying assumptions regarding these items proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated time frame, the expected benefits from our cost-saving measures.

Run-Rate Adjusted EBITDA does not reflect certain additional identified cost synergies that we expect to realize over the same period, including an estimated €0.9 million from an anticipated reduction in energy costs from the installation of low-energy LED lighting in substantially all our directly operated stores. In addition, Run-Rate Adjusted EBITDA does not reflect an estimated €6.9 million of anticipated reduction in labor costs resulting from the renegotiation of collective bargaining agreements with the labor unions in Belgium in order to more closely align the labor costs of our directly operated stores in Belgium with the labor costs of our franchisee-operated stores in Belgium and our competitors. These labor cost reductions agreed in the framework agreement for our new collective bargaining agreement consist, in particular, of (1) a reduced number of employees in a selected number of stores, (2) reduced wage costs associated with Sunday trading and (3) reduced costs per new employee (compared to the cost of an existing employee in a similar role). The framework agreement for our new collective bargaining agreement in Belgium was approved by the labor unions in May 2017. We expect the actual new collective bargaining agreement will come into effect in August 2017. The reduced cost per new employee under this new agreement will be realized by us over time as existing employees under our old collective bargaining agreement leave, and new employees under the new collective bargaining agreement join. Historically we have had an employee turnover rate of 5% per year.

(5) ''Adjusted EBITDA margin'' is defined as Adjusted EBITDA divided by our revenues for the period.

(6) ''Adjusted EBITDAR'' is defined as Adjusted EBITDA adjusted for rent expenses net of rental income received from properties subleased to franchisees. We believe that Adjusted EBITDA and Adjusted EBITDAR assist in understanding our trading performance because it gives an indication of our ability to service our indebtedness. The following table is a reconciliation of our Adjusted EBITDA to Adjusted EBITDAR for the periods indicated:

| | Year ended January 31, | | | Three months ended May 1, | Three months ended April 30, | Twelve months ended April 30, |
|---|---|---|---|---|---|---|
| **(€ in millions)** | **2015** | **2016** | **2017** | **2016** | **2017** | **2017** |
| | **(unaudited)** | | | **(unaudited)** | | **(unaudited)** |
| **Adjusted EBITDA** | **86** | **86** | **89** | **12** | **20** | **97** |
| Rent expenses[(1)] | 81 | 85 | 84 | 21 | 21 | 85 |
| **Adjusted EBITDAR** | **166** | **171** | **173** | **33** | **41** | **182** |

(1) Rent expenses are shown net of rent amounts invoiced to franchises under sublease.

(7) As adjusted cash and cash equivalents represents total cash and cash equivalents of €74 million, including Operational Cash, as of April 30, 2017, adjusted to give pro forma effect to (i) the €18 million decrease in cash on hand used by Maxeda DIY on June 29, 2017, to repay €18 million in principal amount of indebtedness outstanding under our Existing Facilities and (ii) the Refinancing Transactions as described in ''*Use of Proceeds.*''

(8) As adjusted total debt as of April 30, 2017, represents total third-party borrowings, as adjusted to give pro forma effect to the Refinancing Transactions, including the Offering and the use of proceeds as contemplated under the ''*Use of Proceeds,*'' as if they occurred on April 30, 2017.

(9) As adjusted net debt represents as adjusted total debt less as adjusted cash and cash equivalents.

(10) As adjusted interest expense represents interest payable for the twelve months ended April 30, 2017, adjusted to give effect to the Refinancing Transactions, including the Offering and the use of proceeds as contemplated under ''*Use of Proceeds*,'' as if they occurred on May 1, 2016. This reflects the interest expense in connection with (i) the portion of our existing financial indebtedness that is expected to remain outstanding following completion of the Refinancing Transactions and (ii) the Notes offered hereby, and assumes that the Revolving Credit Facility will be undrawn as of the Issue Date.

## RISK FACTORS

*In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due, respectively, and you could lose all or part of your investment. This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this offering memorandum.*

### Risks related to our market and our business

***We operate in highly competitive markets, which could adversely affect demand for our products and could decrease our market value.***

The DIY retail sector is highly competitive and highly fragmented in the markets in which we operate. We face significant competition from local, regional, national and international DIY retailers, as well as from privately owned single-site retailers. Currently, our major competitors are Hubo, Gamma, Mr. Bricolage, Karwei, Hornbach and Bauhaus. In recent years, competition has increased as general retailers such as department stores, electronics stores, garden centers, supermarkets, discount retailers, mail order retailers and internet retailers have entered or expanded their presence in the DIY market. Competition in the DIY retail sector is primarily based on price, product mix, quality and services offered to customers. Competition will likely increase as a result of the use of e-commerce and the internet as distribution channels by existing and new competitors, who may be able to provide lower prices, greater choice and/or superior convenience through their e-commerce sales channels. Our customers are increasingly using computers, tablets, smart phones and other mobile devices to shop online and compare prices and products. Furthermore, some of our competitors, both DIY retailers and general retailers, are larger than us, or are divisions or subsidiaries of larger corporations, and are more established or have greater financial or other resources than we do, which may put them in an advantageous position when negotiating contracts with major suppliers or acquiring retail real estate, and may enable them to devote greater resources to advertising and marketing campaigns. We also face competition from other European operators of large superstores, some of which may expand into Belgium and the Netherlands, or have recently expanded into the Netherlands, such as Bauhaus, either through organic growth or by acquiring smaller DIY retailers with an existing market share in Belgium and the Netherlands. Large competitors could use economies of scale to their advantage, and may be able to, among other things, purchase inventory and/or sell products at lower prices, make substantial marketing expenditures or offer a superior in-store experience compared to our stores. We may not be able to effectively compete with these retailers, which could threaten our market position in the markets in which we operate, and negatively affect our levels of sales and profit margins. We believe that developing and maintaining a competitive advantage will require continued investment in modernizing or replacing our stores, sourcing and developing new products, maintaining and developing our digital capability and our logistics network, including our suppliers, distribution channels, sales and marketing, and customer relationships. We cannot assure you that we will have sufficient resources to make the necessary investments, which may put us at a competitive disadvantage. If we are unable to compete effectively, our business, financial condition, results of operations and cash flow may be adversely affected.

***We may not be able to accurately predict and address customer preferences, demand and demographics.***

We have assembled our product offering across our multiple retail formats and have built a multi-modal customer delivery platform that attempts to provide our customers with an extensive range of DIY products that address their needs. The success of our business depends in part on our ability to identify and respond promptly to evolving trends in product technological developments, local population demographics and consumer preferences, expectations and needs, while also managing appropriate inventory levels and maintaining an excellent customer experience. It is difficult to successfully predict the products and services our customers will demand. In addition, we must offer a sufficient range of products to satisfy varying consumer preferences and demographics. Our competitors, including online competitors, may stock a greater number of SKUs than our stores, or may offer a more compelling product mix. We also must be able to train our in-store personnel to understand new products, some of which are technologically complex, and sell those products to our customers. We may not be able to accurately predict customer preferences or demand for certain products, and some of our products may be rendered obsolete because of developments in technology. If we are unable to successfully predict or respond to changing trends or misjudge the market or consumer demand and demographics, our revenue will decline and we may have a substantial amount of unsold inventory, a portion of which may be perishable goods, or miss sales opportunities. In response, we may be forced to rely on additional markdowns or promotional sales to dispose of excess or slow-moving inventory. We may spend substantial sums developing products with our suppliers, or we may enter into minimum purchase contracts with suppliers for goods, which may exacerbate losses if those products are not successful. In contrast, in the event that certain products are more successful than anticipated, we may need to restock initial inventories at one or more of our locations. Despite our robust supply chain, we may not be able to replenish a particular store that has reduced stock and we may therefore end up with insufficient inventory at particular locations. Such an inventory shortage might result in unfilled orders and lost revenues. Any failure to adequately address consumer preferences and properly maintain inventory levels could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Customer expectations about the methods they use to purchase and receive products or services are also becoming more demanding. Customers now routinely use technology and mobile devices to rapidly compare products and prices, determine real-time product availability and purchase products. Once products are purchased, customers are demanding convenient options for delivery of those products, and they often expect quick and low-cost delivery. We must continually anticipate and adapt to these changes in the purchase and delivery process. Failure to provide a compelling online presence or to adapt our product delivery model to shifting market expectations, especially in comparison to our competitors, may result in lost sales opportunities and adversely affect our results. Customers are also using social media to provide feedback and information about our company, products and services in a manner that can be quickly and broadly disseminated. To the extent a customer has a negative experience and shares it over social media, it may impact our brand and reputation.

Furthermore, we have a store base that requires maintenance and space reallocation initiatives to deliver the shopping experience that our customers desire. We must also maintain a safe store environment for our customers and associates. If we cannot maintain our stores and utilize our store space effectively, timely identify or respond to changing consumer preferences, expectations and home improvement needs differentiate the customer experience for our main customer groups or effectively implement a comprehensive and compelling merchandising assortment, our reputation, the demand for our products and services, and our market share, could be adversely affected.

***We are affected by general economic conditions, including the condition of the housing markets, in our regions.***

Our results of operations are affected by the prevailing economic climate, including GDP growth, unemployment levels, salaries (including minimum wages), the availability of consumer credit, consumer confidence, demographic developments and consumer perception of economic conditions. These factors affect all markets in which we operate, although to different degrees. Consumers may spend less money on DIY products during economic downturns or in periods of low economic growth, as they seek to increase savings and postpone cost-intensive improvement projects. The effects may be more pronounced during extended periods of economic downturn or low economic growth. Consequently, during periods of economic downturn or low economic growth, we have recorded, and may continue to record, lower sales, which could have a material adverse effect on our business, financial condition, results of operations and cash flow. Although we have established a diverse supplier base and try, where feasible, to maintain alternative sources for our products, global economic conditions and uncertainties may impact our suppliers, particularly if they are forced to close manufacturing plants that supply important products to us, or if the cost of raw materials increases. Suppliers would normally seek to pass increased raw materials costs through to us, and may be able to do so depending on our contractual relationship with them and our ability to obtain alternative supply. Any increase in the prices at which we purchase our inventory could adversely affect the margins on the products we sell, and we may not be able to raise our retail prices due to competition or other factors.

In addition to general economic conditions, the condition of local housing markets particularly affects consumer demand for the products we sell in the Netherlands. The DIY retail sector is dependent on the general propensity of consumers to build, renovate and improve homes, since the majority of our DIY products are used for home improvement, refurbishment and renovation. In stable or strong housing markets, sales of DIY products benefit from housing moves and renovations undertaken by consumers. However, in a weaker housing market, factors such as tighter restrictions on the availability of mortgage financing, slower household formation growth rates, lower existing home sales and falling home prices may limit consumers' discretionary spending. Consumers thus would be less likely to move houses or undertake renovations on existing properties, which could result in a decreased demand for DIY products. Accordingly, weak housing markets in the countries in which we operate may result in a decrease in the sales of our DIY products, which could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Our business depends on a strong brand image and reputation.***

We believe that the brand image we have developed has contributed significantly to the success of our business to date. We also believe that maintaining and enhancing our brand is integral to the success of our business and to the implementation of our business plans. Our maintenance, promotion and positioning of our brand will depend largely on the success of our marketing and merchandising efforts, and our ability to provide good customer experiences. Our brand could be adversely affected if we fail to achieve these objectives or if negative publicity tarnishes our public image or reputation. Our brand image may be diminished if we fail to maintain high standards for, among other things, the timely and efficient delivery of quality products and an after-sales service, if we fail to maintain high social and environmental standards for all our operations and activities, if we fail to comply with local laws and regulations or if we experience other negative events that affect our image or reputation. Moreover, other factors that we may be unable to control, such as any safety issues with our products due to the fault of the supplier and any resulting product liability claims against us, could tarnish our reputation. The widespread use of social media by consumers to disseminate negative retail experiences could exacerbate these reputational risks. Any failure to maintain a strong brand image could have an adverse effect on our business, results of operations and financial condition.

The brand names of our private label products represent an important asset of our business. Maintaining the reputation of and value associated with these brand names is central to our success. Certain of our policies, including our pricing policies and our expansion policies, could damage our reputation and the value associated with our brand names and could have a material adverse effect on our business, financial condition, results of operations and cash flow. If we are unable to control and guarantee the quality of our products and services, our reputation may be diminished, which may result in a material adverse effect on our business, financial condition, results of operations and cash flow.

***Our success depends upon our ability to attract, train and retain qualified and motivated employees while also controlling our labor costs.***

Our customers expect a high level of customer service and product knowledge from our employees. To meet the needs and expectations of our customers, we must attract, train and retain a large number of qualified and competent employees while at the same time controlling labor costs. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates, the automatic indexation of wages in Belgium, and health and other insurance costs, as well as the impact of legislation or regulations governing labor relations, minimum wage or healthcare benefits. An inability to provide wages and/or benefits that are competitive within the markets in which we operate could adversely affect our profit margins. In addition, we compete with other retail businesses for many of our employees in hourly positions, and we invest significant resources in training and motivating them to maintain a high level of job satisfaction. These positions have historically had high turnover rates, which can lead to increased training and retention costs, particularly as the economy continues to improve and the labor market tightens. There can be no assurance that we will be able to attract or retain suitable employees in the future. A shortage of suitable employees could detrimentally impact our in-store customer service and may consequently result in reputational harm and adversely affect our results.

***We may be unable to optimize our operational efficiency in accordance with our strategy and realize the cost savings we are seeking.***

We cannot assure you that we will be able to effectively implement our operational efficiency strategies. We will seek to realize significant cost savings in procurement, central office functions, inventory management and information technology through the cost-saving programs assumed in our Run-Rate Adjusted EBITDA. See ''*Summary—Summary Historical Financial Information and Other Data—Other financial data*.'' In order to realize these cost savings, we expect to incur material expenditures, which may be higher than our estimated amount. Our anticipated cost savings are based upon assumptions about our ability to implement our cost-saving measures in a timely fashion and within certain cost parameters. Furthermore, our ability to achieve the planned cost savings is dependent upon a significant number of factors, some of which may be beyond our control. We may be unable to achieve these anticipated cost savings in a timely manner, if at all.

If one or more of our underlying assumptions regarding these projects proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated time frame, the expected benefits from our cost-saving measures. Furthermore, pricing pressure from our customers or competitors or other variables may deprive us of some of the anticipated long-term benefits from the cost-saving measures that we have assumed in our calculation of Run-Rate Adjusted EBITDA. Our new business initiatives could result in unintended consequences, such as the loss of customers and key suppliers, a reduction in administrative or operational capabilities, or collective action by our workers. Our inability to realize the anticipated cost savings from our operational efficiency strategies could have a material adverse effect on our business, results of operations, financial condition and cash flow.

***Our franchise ownership structure exposes us to a number of risks.***

As of April 30, 2017, 182 of our 386 stores were operated on a franchise basis, in both Belgium (92 of our 156 Belgian stores) and the Netherlands (90 of our 228 Dutch stores). As of April 30, 2017, our franchisee-operated stores were owned and operated by an aggregate of 133 franchisees, with the largest franchisee operating six stores. Historically, franchisees enabled us to rapidly add significant scale at a low investment rate. Although we believe that franchisee-operated stores are beneficial to us because the capital required to grow and maintain our store portfolio is partially funded by franchisees, it also presents a number of drawbacks, such as our limited influence over franchisees and our reliance on franchisees to implement major initiatives, our limited ability to facilitate changes in store ownership and limitations on our enforcement of franchise obligations due to bankruptcy or insolvency proceedings.

Our operating results in part depend upon our franchisees' sales volumes and financial viability. However, we cannot control many factors that impact the profitability of franchisees' stores because our franchisees are independent operators. Consequently, franchisees may not successfully operate stores in a manner consistent with our standards and requirements. In addition, franchisees may not hire and train the most qualified managers and other store personnel. Our franchisees may also experience financial difficulties, impairing the quality of their customer offerings and be forced to close their stores or enter into insolvency proceedings. For a limited number of our franchisees, we have granted guarantees in favor of their local financing banks for the purchase of stock and inventory. As of January 31, 2017, the aggregate amount of franchisee obligations for which we have granted such guarantees amounted to €31 million. If our franchisees experience financial difficulties, they may be unable to pay their debts and cause us to buy back their inventory and stock. While we can ultimately take action to terminate franchisees that do not comply with the standards contained in our franchise agreements, we may not be able to identify problems and take action quickly enough and, as a result, our image and reputation may suffer and our results of operations could decline.

In certain cases, for instance when we wish to maintain long-term control over a particularly attractive retail location, we enter into a head lease of a property and sublet such property to a franchisee to the extent necessary for our franchisees to secure suitable premises. In these circumstances we are exposed to the risk that the tenants under those subleases fail to comply with their obligations under those subleases, including obligations to pay the rent required. As of April 30, 2017, we sublet 48 stores to our Brico franchisees, eleven to our Formido franchisees and five to our Praxis franchisees. To the extent a significant number of these franchisees default on their obligations under our subleases, we would be required to continue to fulfill the obligations under the head lease, which could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our efforts to build alignment with franchisees may result in a delay in the implementation of our marketing and advertising programs and other key initiatives such as store refurbishments. The failure of our franchisees to support our marketing programs and strategic initiatives could adversely affect our ability to implement our business strategy and could materially harm our business, results of operations, financial condition and cash flow. Some of our principal competitors may have greater influence over their stores than we do. As a result, our competitors may have a greater ability to implement operational initiatives and business strategies, including their marketing and advertising programs. In addition, we may be involved in disputes with our franchisees. We generally seek to resolve any disagreements with our franchisees amicably. Formal dispute resolution occurs through arbitration, if provided under the applicable franchise agreement, or through litigation. Moreover, franchisees operate some of our most profitable stores. Should a dispute arise with one of these franchisees, we may lose significant franchisee revenue or suffer damage to our reputation if these stores must close as a result of arbitration or litigation proceedings. We cannot predict the outcome of any arbitration or litigation, the effect of any adverse judgment of a court or arbitrator against us or the amount of any settlement that we may be forced to enter into with any third-party. Even if we were successful in defending such proceedings, we would still suffer from the distraction of management resources to such proceedings, incur certain expenses and possibly face harm to our reputation from case-related publicity. The involvement in litigation and arbitration proceedings may have a material adverse effect on our net assets, financial condition and results of operations.

***The properties in which we operate our stores are subject to certain permits and licenses.***

The properties in which we operate our stores, or in which we may operate new stores, are subject to certain permits and licenses from the applicable governmental authorities. We cannot assure you that we will be able to renew such permits and licenses in a timely manner, or that the permits and licenses that we have applied for will be obtained. In addition, we cannot assume that we will obtain such permits and licenses in a timely manner for the opening of new stores. If we are unable to renew or obtain such permits and licenses, we may not be able to open or operate a store, or we may be subject to certain penalties which vary from the imposition of fines to the termination of our business in the respective properties, as the case may be. Such penalties, especially the termination of our activities in the properties in which we operate our stores, may adversely affect our business, financial condition, results of operations and cash flow.

***Our business is subject to the risks and costs associated with our predominantly leasehold property portfolio.***

We lease all but one of our properties, which are located throughout Belgium, Luxembourg and the Netherlands, and accordingly we are subject to price increases, periodic rent reviews and renegotiations in the rental property markets in which we operate. Our current leases expire at various times. Our Dutch leases had an average remaining lease term of approximately four and a half years as of April 30, 2017. Furthermore, as of April 30, 2017, 69% of our Dutch stores had leases that expire within the next five years. Our Belgian leases had an average remaining lease term of approximately eight years as of April 30, 2017. As of April 30, 2017, the current term of the head leases of 52% of our Belgian stores expire within the next five years. Our ability to maintain our existing rental rates, to maintain our lease agreements or to renew any expired or terminated lease on commercially favorable terms, or at all, will depend on many factors that are not within our control, such as, among other things, conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective landlords. If we are unable to renew our leases, we may not be able to lease a suitable replacement location on commercially favorable terms, or at all. In addition, there may be regulatory and/or legal restrictions in order to lease a property or open a new store in certain locations. In Belgium, as of April 30, 2017, 37%, or 42, of our stores for which we have entered into head leases were with one commercial landlord, Redevco. The current terms for the leases of 21 of these stores will expire in January 2019, but each of these 21 leases has three remaining renewal terms of nine years each. We may be adversely affected if we experience any difficulty negotiating new leases or renewing leases on commercially favorable terms with Redevco. In addition, our ability to continue to operate stores leased from Redevco may be adversely affected if Redevco experiences financial difficulty or seeks to terminate its relationship with us.

From time to time we may be unable to terminate leases prior to their scheduled expiration without incurring a significant fee or financial penalty. As a result, we may not be able to terminate leases at our option, and in such circumstances, we may be unable to cease operating an unprofitable store which could have a material adverse effect on our business, financial condition, results of operations and cash flow.

If we seek to modernize or refurbish our stores, we may need consents from landlords or local authorities. If any such works are carried out, or have been carried out previously, without consent, disputes may arise that may result in our having to undertake reinstatement works or the landlord seeking the termination of the relevant lease. At the end of a lease we may face dilapidation claims from landlords which (whether founded or unfounded) may require us to make unforeseen payments to landlords and could have a material adverse effect on our business, results of operations or financial condition.

In addition, our operations are subject to price increases from various utility providers, and increases in local taxes and assessments, in the areas in which we operate. Any unanticipated or sharp increases in our rental payments, utilities, taxes or assessments could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Finally, we have, from time to time, guaranteed the lease obligations of certain of our subsidiaries, including entities that are our former subsidiaries. As of April 30, 2017, we were party to two guarantees relating to one of our former subsidiaries, resulting in court proceedings concerning the scope of our liability under the guarantees. See ''*Business—Legal proceedings—Dispute with Pavast Beheer B.V. and Unibail-Rodamco Nederland Winkels B.V.*''

***Interruptions at any of our warehouses and distribution facilities or disruptions in our existing supply chain could have a material adverse effect on our operations.***

When we purchase products from certain of our suppliers, we take delivery of those products at either our stores or our warehouses, distribution centers or third-party facilities, known as ''flow through centers,'' before we arrange for their transportation to our stores for sale. We rely on three distribution centers in Belgium and two flow through centers, one in Belgium and the other in the Netherlands, for the storage and distribution of our products. Because we rely on only five facilities for the storage and distribution of our products, any major breakdown, disturbance or accident which affects any of these facilities would have a material impact on the operation of our supply chain, which would adversely impact our ability to distribute products to our stores in a timely manner. In addition, any contractual dispute with the owners of our flow through centers could disrupt our use of those facilities and impact our ability to supply our products to our stores. Thus, any significant disturbance, whether owing to a natural catastrophe or a contractual dispute with third parties, could affect our in-store inventory and our ability to meet our customers' requirements.

Furthermore, because we source a portion of our products from Asia and other parts of Europe outside Belgium and the Netherlands where we operate our stores, our logistics providers may encounter issues associated with international shipping that could affect their ability to deliver our products on time or at all. For instance, there may be delays or cancellations in the shipments of our products as a result of, but not limited to, natural catastrophes, geopolitical issues, labor disruptions or any unforeseen failures in the operations of our third-party partners. Any delay in our shipments of products could affect our ability to offer our full product range. Failures in our supply chain, such as those mentioned above, could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Our business is seasonal and can be adversely affected by sustained periods of unfavorable weather.***

Our sales volumes tend to fluctuate based on weather conditions, particularly sales of garden products (such as plants and garden furniture). In general, our revenue is the highest during April through July and lowest during the winter months of December through February. Significant periods of unfavorable weather conditions, extreme weather conditions, such as drought in the summer months, heavy snowfall, floods or unseasonal conditions may result in unsold inventory, especially of seasonal merchandise, which is difficult to clear without relying on markdowns or promotional sales. In addition, significant cash requirements during the periods of the year when our cash on hand is low could result in us not being able to meet our obligations. Any of the foregoing could significantly affect our business, financial condition, results of operations and cash flow.

***We may not be able to successfully grow our digital platform or capitalize on the growing e-commerce market.***

Access to the internet from computers, tablets, smart phones and other mobile communication devices has empowered our customers and changed the way they shop and how we interact with them. Our stores' websites are an important sales channel for our products. We therefore must continue to make our websites attractive for our customers, easy to use, efficient for the purchase of our products and free of performance issues.

Our ability to continue to develop our online sales depends on a number of factors, including our ability to successfully market our website, the hiring, training and retention of qualified personnel, our ability to integrate our growing online operations on a profitable basis, the capability of our existing distribution center to accommodate our growing online operations, the effect of any competition our online operations may have with our existing stores, increased competition from other retailers as they introduce or enhance their own transactional websites or expand their existing online functionalities and product offering, and consumers' changing preferences with respect to how they shop online, for example, through mobile and tablet applications. Since many other DIY and general retailers are enhancing their own digital platforms, we will likely incur significant capital expenditure to maintain and develop our own platform to stay competitive. If we fail to operate a successful digital platform, we could lose business to our competitors. A loss of market share to our competitors as a result of our inability to grow our digital platform and the incurrence of significant capital expenditure related thereto could have a material adverse effect on our business, financial condition, results of operations and cash flow. Additionally, growing our online platform will result in increased reliance on information technology, the interruption or failure of which could adversely affect our business.

In addition, we must continually anticipate and adapt to the increasing use of social media and mobile devices by our customers in the purchasing process. We must ensure that our website remains compatible with mobile devices and operates without performance issues on newer devices in order to maintain and further develop our reputation as a reliable online vendor. To the extent a customer has a negative experience and shares it over social media, it may impact our brand and reputation. The harm may be immediate without affording us an opportunity for redress or correction. These platforms also could be used for the dissemination of trade secret information or compromise other valuable company assets, any of which could harm our business.

Additionally, performance issues with these customer-facing technology systems, including temporary outages caused by distributed denial of service or other cyber attacks, or a complete failure of one or more of them without a disaster recovery plan that can be quickly implemented could quickly destroy the positive benefits they provide to our home improvement business and negatively affect our customers' perceptions of us as a reliable online vendor and source of information about home improvement products and services. The costs of maintaining and enhancing our customer-facing technology systems has increased in recent years in line with an increase in customer demand for e-commerce services. Future costs associated with further expanding our e-commerce platform could be substantial.

***Our plans for expansion may not be successful.***

We plan to continue to expand by rolling out new stores and refurbishing and upgrading our existing stores. Our ability to expand depends on our ability to continue to secure suitable locations on commercially reasonable terms. We cannot assure you that we will continue to be able to secure high quality real estate on terms and rates acceptable to us. If our competitors are able to secure such sites, they may be able to increase their market share in these areas and consequently restrict our ability to expand. Additionally, we may experience difficulties securing new retail space due to regulatory measures, such as approvals from regional or local planning authorities. Although we prepare investments in new locations on the basis of detailed market research analyses which examine, among other criteria, catchment area, purchasing power, potential demand and competition, we may still face the risk of unsatisfactory sales performance in new locations. Our market research analysis may prove to be inadequate, particularly due to factors that are difficult to predict, such as customer behavior, or the data available may prove to be insufficient, such as in periods when market conditions are changing. We cannot guarantee that investments in new locations will yield the anticipated returns. Investments in unsuitable locations could have a material adverse effect on our business, financial condition, results of operations and cash flow.

The successful execution of our expansion strategy also depends on our ability to integrate new operations into our existing business, including our distribution network, and achieve economies of scale. The success of our selective expansion strategy will depend upon our ability to open and operate new stores and renovate and refurbish existing stores on a timely and cost effective basis, while continuing to increase sales at other existing stores. We cannot assure you that the opening of new stores will exclude the possibility of the diverting of sales from our existing stores, thereby reducing sales in those stores. The growth and refurbishment of our store network could place a strain on our management systems, infrastructure and resources. Any failure, or delay, in responding to these challenges or in implementing our expansion strategy in a timely and cost effective manner could have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, our expansion strategy is capital intensive. New store openings involve significant capital expenditure. In the future, we may be unable to arrange financing for our expansion plans on favorable terms, if at all. Consequently, we may not be able to implement our expansion plans as anticipated, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Our future growth and profitability could be adversely affected if our advertising and marketing programs are not effective in generating sufficient levels of customer awareness and traffic.***

We rely heavily on print advertising, especially brochures and direct mail, to promote our products and new store openings, to increase consumer awareness of our product offers and pricing and to increase store traffic. In addition, we rely on and will increasingly rely on other forms of media advertising to market our products to potential and existing customers. For example, we maintain Facebook and Twitter accounts. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations on the use of these platforms and devices could adversely impact our business or subject us to fines or other penalties. Our future growth and profitability will depend in large part upon the appropriateness, effectiveness and efficiency of our advertising and marketing programs. In order for our advertising and marketing programs to be successful, we must manage advertising and marketing costs effectively in order to maintain acceptable operating margins and returns on our marketing investment, and convert customer awareness into actual store visits and product purchases.

***Our business and competitive position could be harmed if we are unable to protect and enforce our intellectual property rights or if our activities infringe or are alleged to infringe intellectual property rights owned by third parties.***

Our store brand trademarks, such as Brico, Brico Plan-It, Praxis and Formido, and the trademarks for our private label brands, such as Perfection, Sencys and Central Park, are central to the value of our brands. Third parties may in the future try to challenge the ownership and/or validity of our intellectual property. In addition, our business is subject to the risk of third parties infringing our intellectual property rights. We may not always be successful in securing protection for or stopping infringements of our intellectual property rights. We may need to resort to litigation in the future to enforce our intellectual property rights. Any such litigation could result in substantial costs and a diversion of resources. Our failure to protect and enforce our intellectual property rights could have a material adverse effect on our business, results of operations or financial condition. It is also possible that we may infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge our right to continue to sell certain products and/or may seek damages from us. Any infringement or other intellectual property claim made against us, whether or not it has merit, could be time consuming, result in costly litigation, cause product delays or require us to enter into royalty or licensing agreements. If successful, such complaints could lead to products or services being withdrawn from our stores and could have a material adverse effect on our business, results of operations or financial condition.

***If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our design and technology, products and services could be harmed significantly.***

We rely on trade secrets, know-how and other proprietary information in operating our business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors, could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products or services and harming our ability to maintain or increase our customer base.

***We may encounter difficulties in our relationships with third-party suppliers.***

We purchase our goods through a broad international network of third-party suppliers and producers. Our ability to continue to identify and develop relationships with qualified suppliers and producers who can satisfy our high standards for quality and our need to access products in a timely and efficient manner is a significant challenge. We believe that there are a limited number of reliable, high quality third-party suppliers in the industry who are prepared to provide a sufficient volume and quantity of products, and if we were required to obtain additional or alternative agreements or arrangements in the future with third-party suppliers, we may be unable to do so on satisfactory terms or in a timely manner. This could limit our ability to maintain our quality standards and meet customer demand for our products. If our existing suppliers were unable or unwilling to continue to supply our needs, or if they were to be willing to do so only at higher prices or on commercially unfavorable terms, our ability to provide materials, products and services to our customers at competitive prices will be adversely affected. For example, our ability to obtain an adequate volume and quality of wood, particularly hard-to-find species of wood, depends on our suppliers' ability to furnish such wood, which, in turn, could be affected by, among other things, forest fires, insect infestation, tree diseases, prolonged drought, other adverse weather and climate conditions, and government regulations relating to forest management practices, each of which may threaten our suppliers' ability to perform their contractual obligations to us. Since we may be unable to procure such materials and products elsewhere at short notice, we may experience supply delays, and we may be forced to revise the terms, including the price, on which we supply products to our customers, which could prompt our customers to purchase those products from our competitors.

As part of our focus on product differentiation, we have formed strategic alliances and exclusive relationships with selected suppliers to market a variety of third-party branded products. We have also developed relationships with selected suppliers to allow us to market certain of their branded products exclusively in our stores, although these products do not form part of our private label portfolio. If we are unable to manage and expand these alliances and relationships or identify alternative sources for comparable branded products, we may not be able to effectively differentiate our product offerings, which may impact our revenue and gross margin results. For example, we have entered into an agreement with one of our Asian suppliers, Positec, pursuant to which we have the exclusive right in the Netherlands, Belgium and Luxembourg to sell Positec's hand held power tools under three of its brands (Worx, Xceed and Rockwell) in our stores and online. If our contract with Positec is terminated or if we otherwise do not meet certain of our contractual obligations, Positec can terminate our right to exclusively sell these branded products.

Some of our contracts with our suppliers contain best efforts undertakings to meet minimum purchase levels. While we aim to meet these requirements, there can be no assurance that unforeseen circumstances, such as a sudden change in consumer preferences or natural disasters, will make it difficult to do so. Any disputes with our suppliers regarding these minimum spending requirements may result in litigation or other action and such disputes could lead to long-term harm to our relationship with the supplier, affecting our ability to offer the supplier's products in the future. If a supplier fails to meet our manufacturing specification or volume requirements in those arrangements, we may terminate our agreement with such supplier. However, we may encounter difficulty in replacing such supplier with a new supplier that can provide the products we seek on satisfactory terms.

***If we cannot successfully manage the unique challenges presented by sourcing from international markets, we may not be successful in our international operations.***

We source directly and indirectly a portion of our products from countries outside Europe, and we expect such portion will increase. Our ability to successfully source products and materials from international markets is affected by many of the same risks we face in our European operations, as well as unique costs and difficulties in managing international operations. Our international operations, including any expansion in international markets, may be adversely affected by local laws and customs, European laws applicable to foreign operations, and other legal and regulatory constraints, as well as political and economic conditions. Risks inherent in international operations also include, among others:

- delays in, or damage during, shipping;
- increased costs of storage and transportation;
- the imposition of duties, taxes and other charges on imports;
- increased security requirements applicable to imported goods;
- currency and exchange rate risks;
- political instability;
- local anti-bribery law compliance;
- difficulties in enforcing intellectual property rights;
- access to local suppliers; and
- risks related to labor practices.

If any of these risks were to manifest themselves, in isolation or in combination, we may be unable to offer our products to our customers at expected prices or at all, resulting in decreased sales which could adversely affect our business, financial condition, results of operations and cash flow. For example, in 2015, we were subject to an anti-dumping investigation by the Belgian customs authority in connection with certain of our product imports from China. However, this investigation has been closed and we settled with the Belgian customs authority for €1.1 million in 2016 (for which we had recorded a provision of €1.9 million for the year ended January 31, 2016).

***Our reputation could be jeopardized by negative public perceptions of us or our suppliers, including with respect to ethical business practices.***

Our reputation could be harmed if we fail to maintain ethical standards for the manufacture of our products. Any negative publicity about these types of concerns may reduce demand for our merchandise. Certain of our products are manufactured by suppliers based in the Far East. The working conditions and social standards of employees in these countries historically have been and continue to be subject to criticism from international bodies, such as the International Labor Organization (ILO). Different legal systems and political and cultural influences in these countries make it more difficult to introduce acceptable social standards. Failure to comply with ethical, social, product, labor, health and safety or environmental standards, or related political considerations, could damage our reputation and potentially lead to various adverse consumer actions, including boycotts.

We seek to ensure that our suppliers operate in an ethical manner, in part by requiring Maxeda suppliers to sign a code of conduct and a vendor manual. However, we do not control our suppliers or their employment practices and there is therefore a risk that our suppliers may not comply with our standards, or may otherwise fail to operate their businesses in an appropriately ethical manner. The standards we impose on our suppliers also may not be sufficiently rigorous, including as a result of heightened public demand for ethical business practices. Unfavorable publicity concerning our own ethical practices or those of our suppliers could lead to substantial erosion in the reputation of, or value associated with, our brands, customer boycotts and the incurrence of costs and potential shortfall in the supply of products as we address the underlying concern with the supplier.

Failure to comply with local laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial statement information could also harm our reputation. Damage to our reputation or the loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations and financial condition, as well as require additional investment to rebuild our reputation.

***We may face increasing prices in raw materials and energy.***

We purchase and sell products that are made with, among other materials, crude oil, copper, wood or steel. The prices of many of these materials are volatile and set by international commodities markets. We sell raw materials, such as wood, to our customers as part of our DIY retail business. If we or our suppliers face increasing purchase prices for those materials, the prices we pay to purchase inventory may increase and we may not be able to pass on these costs to our customers. Furthermore, higher prices for products involving energy-intensive manufacturing processes could also lead to an increase in the overall procurement costs for the finished products we stock. Increases in energy prices also affect the operating costs of our store network and may only be offset to a limited degree through energy-saving measures. If we are unable to pass on these energy costs to our customers, or only following a certain delay, we may face declining margins. Increases in the prices of raw materials and energy could significantly affect our business, financial condition, results of operations and cash flow.

***Our business operations could be adversely affected by natural disasters, public health crises, political crises or other catastrophic events.***

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war and other political instability; or other catastrophic events, whether occurring in the Netherlands, Belgium or internationally, could disrupt our operations, the operations of our franchisees, or the operations of one or more of our suppliers. In particular, these types of events could impact our product supply chain from or to the impacted region and could impact our ability or the ability of our franchisees or other third parties to operate our stores or websites. In addition, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally.

To the extent that such events were to result in the closure of one or more of our stores or impair our ability to purchase, receive or replenish inventory, our operations and financial performance could be materially and adversely affected. In particular, acts of terrorism could result in us experiencing a decline in our revenue if consumers are deterred from shopping in general or if one or more of our stores, due to their location, are perceived to be particularly at risk from such acts of terrorism. In addition, any of these events could result in price increases for, or shortages of, fuel, delays in opening new stores, and/or a temporary or long-term disruption to our supply chain. In addition, these events can have indirect consequences (such as increases in the cost of insurance) if they result in a significant loss of property or other insurable damage. Moreover, our disaster recovery plans may be insufficient to cope adequately with such unforeseen circumstances. To the extent any of these events occur, our operations and financial results could be materially adversely affected.

***Our business is subject to increased transportation costs and the disruption of transportation services.***

Logistics is an important element of our cost structure. We transport products between our warehouses, distribution centers and stores and deliver certain of our products to our customers. Transportation costs have historically fluctuated significantly over time, particularly as a result of fluctuating oil prices, and increases could result in reduced profits. We also depend on third parties for transporting certain of our products to our distribution centers and to our customers through our Drop Shipment Model and our Store Home Delivery Model, and these services are subject to price changes and could be disrupted. We are sometimes required to source products internationally, and therefore we may be subject to higher transport costs and may face a greater threat of damage to our products during shipping, either of which may have a negative impact on our inventory costs and working capital. In addition, pursuant to our expansion strategy, we intend to open additional stores, which may increase our exposure to logistics costs and risks. Any increases in the cost of transportation or any disruption in transportation could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Changes in credit and debit card provider requirements or applicable regulations, and a lack of alternative consumer financing options for our products, could adversely affect our business.***

Since a substantial portion of our revenue, including through our stores' digital channels, is made to customers who pay for their purchases with credit or debit cards rather than cash, we are exposed to a variety of risks associated with credit and debit cards. For credit and debit card payments, we pay interchange and other fees. These fees may increase over time, which would increase our operating expenses and adversely affect our results of operations. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We can also be subject to fraud and other crimes related to the unauthorized use of credit and debit card information by our clients, including through our stores' digital channels, which could harm our reputation and subject us to expensive and time-consuming litigation. Any failure to comply with applicable requirements or regulations may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made. We may also experience disruptions or other difficulties with credit card providers or electronic payment systems, which may cause difficulties for us and our customers. Our customers could lose confidence in certain payment methods, which may result in a shift to new payment methods or potential changes to our payment systems that may result in higher costs. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Additionally, many of the DIY products sold in our stores, particularly in our ''Big Box'' stores, require substantial expenditure on the part of consumers. Products such as heavy home appliances (''white goods''), bathroom fixtures, bulk construction materials and certain decorative finishes can be expensive and, unlike certain of our competitors, we do not offer consumer credit services or installment payment plans to help consumers finance these large purchases. By not providing such financing options, we avoid the need to administer consumer accounts and collections, and are exempt from various regulations governing the provision of consumer credit; however, our lack of alternative financing options could result in certain customers cancelling or postponing large purchases, or purchasing from a competitor that offers such financing alternatives, which could affect our results.

***Shop crime and fraud in our stores may adversely affect our business.***

We seek to prevent shop crime and fraud in our stores. Accordingly, in recent years we have invested annually in training, security techniques, preventive measures and equipment. We have security cameras and use retail security tags in our stores. We also monitor and analyze cash differences on a regular basis. Despite these efforts, shop crime and fraud continue as new methods of committing fraud continue to be developed, including those performed by our employees and third parties engaged by us. Fraud and other cyber-crimes may also target our digital platforms. We have faced in the past, and may face in the future, phishing and social engineering attempts, noncompliance with procedures on loyalty cards and noncompliance with expense notes. There can be no assurance that continued or expanded efforts to counteract this trend will be effective or that the cost of such efforts will not increase. Moreover, as part of our day-to-day operations, we manage a significant amount of cash at the cash registers in our stores, which increases our risk of experiencing shop crime and fraud that could lead to a decrease in our cash levels in-store. The failure to control and reduce shop crime and fraud in a cost-effective manner could have a material adverse impact on our business, financial condition, results of operations and cash flow. In addition, any shop crime or fraud may give rise to litigation, which could be time consuming for our management team, costly and have a material adverse effect on our reputation.

***Any inability to update our information technology and/or a disruption in our information technology systems could adversely affect our operations.***

Our business activities rely to a significant degree on the efficient and uninterrupted operation of our IT systems, particularly because our stores must record and process a substantial volume of retail transactions and inventory management information quickly and accurately, and our digital platform is an increasingly important part of our business. Any significant disruption to the operations of our IT systems could significantly affect our ability to carry out retail transactions in-store and online. Any resulting loss in sales from a critical failure of our IT systems thus could have a material adverse effect on our business, financial condition and results of operations.

We anticipate that, in line with our expansion and optimization of our existing operations, we will from time to time be required to upgrade our IT systems, which will entail significant investments. The introduction of new software or upgrades require not only considerable investment but also skilled personnel, and may not be successful or may take longer than initially anticipated. If we were not able to implement such new systems, if required, in a timely and cost effective manner, our business, financial condition, results of operations and cash flow could be adversely affected.

In addition, a considerable proportion of our IT systems is hosted externally (including cloud services) by third-party service providers. Any significant disruption or breakdown in any of the systems at the relevant provider's facilities would result in a significant disruption of our operations and could significantly affect our ability to manage our IT systems, which in turn could adversely affect our business, financial condition, results of operations and cash flow.

***If we do not maintain the privacy and security of customer, employee, supplier or our business information, we could damage our reputation, incur substantial additional costs and become subject to litigation.***

Our business involves the storage and transmission of customers' personal information, consumer preferences and credit card information, as well as confidential information about our employees, our suppliers and our own business. For example, we collect and store certain customer data using our loyalty card program, including personal information and information regarding our customers' preferences and purchasing patterns. While we believe we employ industry-standard methods for data protection, our information systems have faced in the past, and may face in the future, cyber attacks, and are vulnerable to an increasing threat of continually evolving cybersecurity risks, as cyber criminals develop new ways to gain unlawful access to protected information systems. Any significant compromise or breach of our data security, whether external or internal, or misuse of associate or customer data, could significantly damage our reputation, cause the disclosure of confidential customer, employee, supplier or business information, and result in significant costs, lost sales, fines and lawsuits. While we have implemented systems and processes to protect us against unauthorized access to or to use of secure data and to prevent data loss, there can be no guarantee that these procedures are adequate to safeguard against all data security breaches or misuse of the data. Moreover, regulations related to information security, data collection and use, and privacy are becoming increasingly rigorous in the countries and regions in which we operate, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs.

***We depend on management and other key personnel.***

The successful operation of our business depends on the availability of skilled management and our continued ability to attract and retain highly skilled, qualified and motivated personnel. In particular, we are in the process of implementing large-scale strategic initiatives as part of our ''Back to Growth'' strategy, and are reliant upon certain members of our senior management for the successful implementation of these initiatives and the execution of our overall growth strategy. We cannot assure you that we will continue to employ key personnel or that we will be able to attract and retain qualified personnel in the future. Even if we are able to attract new qualified members of management or personnel, we cannot ensure a smooth transition with respect to the role of the successor. New management or key personnel may alter our existing business plans, change our financial policies or strategies for the future. We cannot assure you that any new strategies or business models adopted by any new management or key personnel will attract customers, or generate revenue or operating margins consistent with our prior performance.

***Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect our business.***

A significant part of our workforce is, and other members of our workforce in the future may be, represented by unions. Although we believe that we have good relations with the labor unions that represent our labor force, we cannot assure you that we will not experience a deterioration in our labor relations, resulting in strikes or other disturbances occasioned by our unionized labor force, particularly in Belgium. For example, labor unions may organize strikes if they disagree with our business strategy for our group. Furthermore, we cannot assure you that, upon the expiration of existing collective bargaining agreements with the unions representing our labor force, we will be able to reach new agreements on satisfactory terms or that we would agree on such new agreements without work stoppages, strikes or similar industrial actions. For example, we experienced short strikes in Belgium in 2015 in connection with intended changes to labor laws by the government. We experienced short strikes in Belgium in April 2017 in connection with the renegotiation of our collective bargaining agreements with the unions. We estimate that the impact of these strikes in Belgium in April 2017 was approximately €5.2 million, or 2.9% of the revenue of our Belgian operations for the three months ended April 30, 2017, based on the sales achieved by the impacted stores for the comparable retail days in the prior year. If our workers were to engage in industrial action, our operations could be adversely affected and our business, financial condition, results of operations and cash flow could suffer material harm.

In addition, work stoppages or other disruptions of the business operations, strikes or similar measures at our suppliers' sites or any logistics provider could impact our ability to deliver our products and services to our customers. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Compliance with or changes in the regulatory environment could adversely affect our business.***

We are subject to and must comply with various EU directives and other national and local laws and regulations governing, among other things, advertising, product safety, intellectual property protection, health and safety, labor, building, environment, tax and other laws and regulations, including consumer credit and consumer protection regulations and zoning and occupancy ordinances, which regulate retailers generally and/or govern the importation, promotion and sale of merchandise. These laws and regulations may change or become more stringent, and consequently compliance with these regulations could lead to increased costs, and violations of these regulations could result in damage payments, substantial fines, the revocation of applicable permits, remediation costs for existing liabilities and increased costs for future liabilities, and materially harm our financial condition and results of operations. In addition, a tightening up of zoning and planning regulations may limit our ability to expand our business and therefore adversely affect our financial condition, results of operations and cash flow.

***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 may be subject to investigations or challenges with respect to our tax liabilities that may adversely impact our results of operations. In addition, negative public attention regarding such investigations or challenges or our tax structure in general could damage our brand or reputation.***

From time to time, we are involved in discussions with tax authorities regarding our tax liabilities, which may lead to a revision in our tax liabilities, and therefore impact our financial position. In such a case, we may be subject to negative public attention, which could have an adverse impact on our reputation or relations with our customers, employees, franchisees, suppliers or other third parties.

***Our results may be adversely affected by increases in the rate of value added tax or other applicable tariffs.***

Our results may be adversely affected by increases in the rate of value added tax (''VAT'') or other applicable tariffs. VAT has historically increased and could increase further in the future or be expanded to cover products and services not previously covered. To date, we have been able to increase the prices of our products to match the increase in VAT. If we are unable to do so in the future, our profitability margins will be negatively impacted. On the other hand, when passing the increase in VAT on to our customers by raising the prices of our products, the demand for our products could decline.

In addition, we often rely on generally available interpretations of the regulation applicable to VAT and other taxes and tariffs. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these regulations. If our tax positions are challenged by relevant tax authorities, the increase in the rate of VAT applicable to our activities or the imposition of additional taxes or tariffs 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, results of operations and cash flow.

***We are subject to currency exchange and inflation risk, which may adversely affect our financial condition and results of operations.***

We are exposed to fluctuations in currency exchange rates because we source, either directly or indirectly, a portion of our products from foreign suppliers. Accordingly, the purchase price of our products may not be denominated in euro, which is the currency in which we generate our revenues. A portion of the currencies in which we purchase supplies are pegged to the U.S. dollar. If the value of the currency in which the purchase price of our products is denominated increases relative to the euro, the profit margin for any such transaction would be reduced.

Although we engage in foreign exchange hedging transactions to reduce our foreign currency exposure, our hedging strategies may not adequately protect our operating results from the effects of exchange rate fluctuations, and will reduce any benefit that we might otherwise have received from favorable movements in exchange rates. Inflation and fluctuations in currency exchange rates may thus adversely affect our business, financial condition, results of operations and cash flow.

***We are subject to liquidity and credit risk, which may adversely affect our financial condition and results of operations.***

We may be unable to obtain long-term financing for our investments for growth such as investments in DIY stores, the procurement of large quantities of merchandise or other investments, from banks if financing conditions in the capital markets change. We try to counter this risk by flexibly adjusting our investments, maintaining a sufficient liquidity cushion and with short- and medium-term financing based on existing credit lines. If we become obligated to immediately repay any funds drawn due to a default under any financing documentation, we would be required to obtain refinancing, which may only be available on stricter terms and conditions. If any of the aforementioned risks materializes, this could have a material adverse impact on our business, financial condition, results of operations and cash flow. In addition, as of July 1, 2017, a new law became effective in the Netherlands, which stipulates that in contractual relationships between companies, the payment term can never be longer than 60 days if the debtor is a ''large'' company and the creditor is a ''small'' or ''medium''-sized company, as such terms are defined under the law. Since our Dutch subsidiaries qualify as ''large'' companies under the law, and because we usually tend to apply a 90-day payment term to our creditors, this law will impact our working capital in the future. However, for contractual relationships already in existence as of July 1, 2017, there is an applicable grace period allowing the parties until June 30, 2018, to adjust the payment terms in accordance with the law. This new law could impact our working capital by up to approximately €22 million beginning on June 30, 2018. We are currently investigating purchasing our supplies through our Belgian subsidiaries and other alternatives in order to limit the impact of such law on our operations. This change, or if a further change in regulation were to cause an additional reduction in payment terms, may adversely affect our business, financial condition, results of operations and cash flow.

In addition, trade credit from our suppliers is an important source of financing for the purchase of the inventory we sell in our stores. Accordingly, the loss of, or a reduction in, trade credit could have a significant adverse impact on our inventory levels and operating cash flow and negatively impact our liquidity. Our suppliers may seek credit insurance to protect against the nonpayment of amounts due to them. If credit insurance is not available to suppliers at reasonable terms or at all, suppliers may demand accelerated payment of amounts due to them or require advance payments or letters of credit before goods are shipped to us. A negative change in our credit ratings or our suppliers' perception of our creditworthiness, including due to pending debt maturities, may impact their willingness to provide trade credit to us. Any adverse changes in our trade credit for these or other reasons could increase our costs of financing our inventory or negatively impact our ability to deliver products to our customers, which may adversely affect our business, financial condition, results of operations and cash flow.

While the risk of defaulted receivables is considerably reduced due to our retail format of cash-and-carry and is generally limited to the carrying amounts of the financial assets, we are generally exposed to risks of financial losses in connection with financial investments and derivative financial instruments. We endeavor to limit these credit risks by working exclusively with contractual partners of strong credit worthiness and selecting banks covered by collective deposit security arrangements, but we cannot exclude the possibility that one or more of our contractual parties may be unable to comply in part or in full with the obligations entered into under financial instruments. If such a risk materializes, there may be a material adverse effect on our business, financial condition, results of operations and cash flow.

***We are subject to certain competition and antitrust laws.***

Our business is subject to applicable competition and antitrust laws, as well as the rules and regulations of the European Union. We may become subject to legal action or investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of antitrust laws, which could result in fines or other forms of liability, or otherwise damage our business reputation, which could have a material adverse effect on our business, results of operations and financial condition. Such laws and regulations could limit or prohibit our ability to grow in certain markets.

***We have been and may in the future be subject to litigation.***

In the normal course of our business operations, we may be involved with legal proceedings initiated by our customers, employees, suppliers and other third parties, both in court and out of court. See ''*Business—Legal proceedings*.'' These legal proceedings, whether individually or in the aggregate, could involve substantial claims for damages or other payments and, even if we successfully dispose of lawsuits without direct adverse financial effect, such alleged claims could have a material adverse effect on our reputation and divert our financial and management resources from more beneficial uses. If a court or arbitral body found us to be liable under any such claims, the resulting litigation or arbitration expense and any damage to our reputation could have a material adverse effect on our business, financial condition, results of operations and cash flow.

We are regularly involved in disputes in the ordinary course of business, the majority of which are related to supplier conflicts. For many of our supplier contracts, we sign memoranda of understanding with our suppliers that allow us to terminate our contractual relationship with them if they fail to meet certain of our quality or performance criteria. See ''*Business—Supply chain—Suppliers*.'' While such contracted-for provisions allow us to terminate relationships that do not meet our quality or performance criteria, those criteria may be open to interpretation. Accordingly, we still face the risk of litigation should any former supplier claim that it did in fact meet our criteria and that we had no contractual right to terminate the agreement on that basis. We have been and are involved in such proceedings currently. We cannot assure you that we will prevail in any or all of such disputes. If any or all of such disputes are decided adversely to us, our business, financial condition, results of operations and cash flow could be adversely affected.

***As a DIY retailer, we are subject to product liability claims and product recalls.***

Products that we sell may be faulty or defective. Such faults or defects can cause damage to the property or health of customers or third parties and could lead to serious indirect or consequential damages. In addition, faulty and defective products can diminish the market acceptance of products sold by us and harm our reputation. Although we or the injured party in question might also be able to make a claim against the supplier in the case of product defects or warranty events, we bear a portion of, and in some cases the primary risk of, product liability and warranty claims. In the event that a product series proves to be defective, it may be necessary for us to carry out a product recall and pay the costs of procuring defect-free replacement products. In addition, if products turn out to be defective, claims based on consumer protection regulations can also be brought against us. Even if, as of the date of this offering memorandum, we are not subject to any material product liability or warranty claims, we cannot assure you that we will not be subject to such claims in the future. Product liability and warranty claims as well as product recalls can damage our overall reputation and lead to temporary or long-term buying restraint. Each of the aforementioned risks may have a material adverse effect on our business, financial condition, results of operations and cash flow.

In particular, as we seek to expand our private label product offerings, we may become subject to increased risks due to our greater role in the design, manufacture, marketing and sale of those products. The risks include greater responsibility for administering and complying with applicable regulatory requirements, increased potential product liability and product recall exposure, and increased potential reputational risks related to the responsible sourcing of those products. In addition, to effectively execute our product differentiation strategy, we must also be able to successfully protect our proprietary rights and navigate and avoid claims related to the proprietary rights of third parties. Furthermore, an increase in sales of our private label products may adversely affect sales of certain of our vendors' branded products, which in turn could adversely affect our relationships with certain of our vendors. Any failure to appropriately address some or all of these risks could damage our reputation and have an adverse effect on our business, financial condition, results of operations and cash flow.

***We may not have adequate remedies against our suppliers for defective merchandise and for unsatisfactory services, which could damage our reputation and brand image, and harm our business.***

Any failure by our suppliers to adhere to product safety or manufacturing safety standards could result in serious product defects that may not be detected by our quality control procedures, which may in turn lead to product recalls. The reputation of our brand could be damaged by the marketing of defective products, especially in the event of serious defects such as products containing harmful substances causing physical harm or other health problems. Such serious defects could also lead to a significant decline in sales. In addition, there is a risk that compliance lapses by our suppliers could occur which could lead to investigations by agencies responsible for international trade or health and safety compliance. Resulting penalties or enforcement actions could delay future imports or otherwise negatively impact our business. In all such cases, especially if there is a prolonged impact on product quality, our business, financial condition, results of operations and cash flow may be materially adversely affected.

Additionally, if products that we purchase from suppliers are damaged or prove to be defective, we may not be able to return products to these suppliers and obtain refunds of our purchase price or obtain other indemnification from them. Our suppliers' limited capacities may result in a supplier's inability to replace any defective merchandise in a timely manner, especially during peak selling seasons such as April through July. In addition, our suppliers' limited capitalization or liquidity may mean that a supplier that has supplied defective merchandise will not be able to refund the purchase price to us or pay us any penalties or damages associated with any defects.

***Existing insurance coverage may turn out to be inadequate.***

We seek to cover foreseeable risks through insurance coverage. Such insurance coverage, however, may not fully cover the risks to which we are exposed. This can be the case with insurance covering legal and administrative claims as well as with respect to insurance covering other risks. For certain risks, adequate insurance coverage may not be available on the market at all or may not be available on reasonable commercial terms. Consequently, any harm resulting from the materialization of these risks could result in significant capital expenditures and expenses as well as liabilities, which could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***We may be required to increase our pension fund contributions.***

In the Netherlands, certain of our employees participate in a multi-employer pension scheme. The scheme is effectively a defined contribution scheme whereby the vast majority of our Dutch employees who are older than 20 years contribute to a multi-employee pension plan. Our total contributions for the year ended January 31, 2017, were €4 million. In Belgium, certain of our employees participate in a defined contribution plan that is average-pay based and administered by an insurance company. Our total contributions to this plan for the year ended January 31, 2017, were €8 million. In Belgium, we also make contributions to a defined benefit plan for executives. The plan is final-pay based and administered by an insurance company. The pension plans expose us to actuarial risks such as longevity risk, interest rate risk, salary risk and investment risk. In addition, changes in actuarial and financial assumptions used in determining the contribution level may require us to increase our pension fund contributions in 2017 and beyond. If we are required to increase our cash contributions to the pension scheme, our business, financial condition, results of operations and cash flows could be materially adversely affected.

***The interests of our current or future controlling shareholders may be inconsistent with the interests of holders of the Notes.***

The interests of our shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. The Sponsors currently hold a controlling stake in our group. As a result, the Sponsors have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. 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 Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. If our group achieves certain net leverage ratios following an asset sale, it may dividend the proceeds of such sale to the shareholders without first reducing the outstanding principal amount of the Notes. The interests of the Sponsors could conflict with interests of holders of each series of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The Sponsors could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of the Notes.

## Risks related to the Notes

***Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.***

We are, and following the issuance of the Notes, will continue to be, highly leveraged. We cannot guarantee that we will be able to generate sufficient cash flow from operations to service our debt obligations on an ongoing basis. As of the expected Issue Date, after giving effect to the Refinancing Transactions, we would have had €476 million of outstanding indebtedness, comprising the Notes and €1 million of finance leases in Belgium. In addition, as of the expected Issue Date, we expect to have no funded indebtedness outstanding under the Revolving Credit Facility and to have approximately €7 million of outstanding but undrawn letters of credit under the Revolving Credit Facility Agreement, which we expect will be rolled over from the Existing Senior Facilities Agreement.

The degree to which we will remain leveraged following the issuance of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to obtain additional financing to fund working capital, capital expenditure, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

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.

We experience significant fluctuations in our monthly and intra-month working capital. Fluctuations in our monthly working capital are driven by payments to our trade creditors that tend to be higher in the months following our peak seasons to pay for stock purchases made during such peak seasons. In addition, our intra-month working capital varies significantly due to regularly scheduled payments on certain days of each month to our trade creditors as well as to our employees and landlords. As a result, we may rely on our Revolving Credit Facility to fund a portion of our working capital requirements following the Issue Date. Drawings under our Revolving Credit Facility will vary and may be substantially higher during certain months and weeks to compensate for our seasonally reduced cash reserves. For a discussion of our working capital see ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted net working capital.*''

Despite our substantial leverage, we may still be able to incur more debt under the Indenture, which could further exacerbate the risks described above. Any debt that we incur at a non-Guarantor subsidiary level would be structurally senior to the Notes. Any debt that benefits from ''super priority'' liens (including the Revolving Credit Facility, certain hedging obligations and certain other indebtedness permitted to be incurred under the Indenture) would receive proceeds from enforcement of Collateral prior to the Notes. Additionally, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. The Indenture and the Revolving Credit Facility Agreement will restrict, among other things, our ability to:

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

All these limitations will be subject to significant exceptions and qualifications. See ''*Description of the Notes—Certain Covenants*.'' The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, the Revolving Credit Facility Agreement requires us to comply with a financial test under certain circumstances. Our ability to meet that financial test can be affected by events beyond our control, and we cannot assure you that we will meet it. A breach of this test could result in a restriction on the ability to make new drawings under the Revolving Credit Facility Agreement, but would not result in a default or an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding under the Revolving Credit Facility Agreement, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could enforce against any collateral granted to them to secure repayment of those amounts.

***Despite our current indebtedness and restrictive covenants, we and our subsidiaries will still be able to incur significant additional amounts of debt or make certain restricted payments, which could further exacerbate the risks associated with our substantial leverage.***

We may be able to incur substantial additional indebtedness in the future. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness as such term is defined under those agreements. Moreover, although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on our ability to make restricted payments, including the declaration and payment of dividends, we will be able to make substantial restricted payments under certain circumstances. Adding new debt to our and our subsidiaries' existing debt levels or making restricted payments could exacerbate the risks associated with our substantial leverage described above, including our possible inability to service our debt.

***We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise.***

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

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated revenue growth, cost savings and operating improvements will be realized or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs, including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility Agreement, which will mature six months prior to the maturity of the Notes. See ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.''

The commitments under the Revolving Credit Facility can be further increased, assuming we have the ability to incur such additional debt under the restrictive covenants included in the Indenture. See ''*Description of Other Indebtedness*'' and ''*Description of the Notes*.'' At the maturity of 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 (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

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

The type, timing and terms of any future financing, restructuring, asset sales or other capital-raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay all of our debt.

Any failure to make payments on any series of the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Indenture and the Revolving Credit Facility Agreement may 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 condition and results of operations. There can be no assurance that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

***Loans under the Revolving Credit Facility Agreement and the Floating Rate Notes will bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.***

Loans under the Revolving Credit Facility Agreement will bear interest at floating rates of interest per annum equal to EURIBOR or LIBOR (as the case may be), as adjusted periodically, plus a margin. We will also be exposed to floating interest rates associated with the Floating Rate Notes. Fluctuations in EURIBOR or LIBOR, or the occurrence of a ''market disruption event'' (as defined in the Revolving Credit Facility Agreement) may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations. Although we may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. To the extent that interest rates or any drawings were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

Following allegations of manipulation of LIBOR, regulators and law enforcement agencies from a number of national governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR may have been manipulating or attempting to manipulate EURIBOR. Actions by EURIBOR-EBF (the association that sets the regulatory framework for the calculation of EURIBOR), other regulators or law enforcement agencies could result in changes to the manner in which EURIBOR is determined. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR, which could have an adverse impact on our ability to service debt on drawings under the Revolving Credit Facility, the Floating Rate Notes or any future indebtedness that bears interest at floating rates of interest.

***Our hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.***

We are party to certain interest rate and exchange rate swaps and we may enter into additional interest hedging agreements to hedge our exposure to fluctuations in interest rates, primarily under the Revolving Credit Facility and the Floating Rate Notes. Under any such agreements, we are exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. Also, such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from interest rate or foreign currency fluctuations. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss.

***Creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility, certain hedging obligations and certain other indebtedness permitted to be incurred on a priority basis under the Indenture are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.***

The Notes and the Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the Revolving Credit Facility Agreement. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the Notes. The Indenture and the Intercreditor Agreement will permit currency and interest rate hedging and certain other indebtedness incurred in accordance with the Indenture to be secured on a priority basis.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility, certain hedging obligations and any other indebtedness permitted to be incurred on a priority basis under the Indenture will be entitled to be repaid with the proceeds of the

Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under Super Senior Liabilities (as defined in the Intercreditor Agreement) are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all obligations under Super Senior Liabilities have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank pari passu and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes. In addition, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes.

The Intercreditor Agreement will provide that a common security agent, who will serve as the Security Agent for the secured parties with respect to the Collateral, 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 (as defined in the Intercreditor Agreement) for the purpose of enforcement. See ''*Description of Other Indebtedness—Intercreditor Agreement*'' and ''*Description of the Notes—Security*.''

Creditors under Super Senior Liabilities 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.

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets of such entities securing such Notes and Guarantees may be released. See ''*Description of Other Indebtedness—Intercreditor Agreement*'' and ''*Description of the Notes—Security—Release of Liens*.''

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

The Notes and the Guarantees will be secured by first-priority security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the Revolving Credit Facility Agreement. We may increase the amounts available under the Revolving Credit Facilities or incur additional Super Senior Liabilities permitted under the Indenture, as a result of which the amount that will benefit from ''super priority'' first-priority security interests in the Collateral may be increased up to the amount permitted under the Indenture. The Collateral may secure additional debt ranking *pari passu* with the Notes to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under each series of the Notes. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The value of the Collateral is based on certain assumptions. The fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Furthermore, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the security granted over the shares of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, the Trustee or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim (if the relevant guarantee has not been released) against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral.

In addition, the Collateral may not be liquid, and its value to other parties may be less than its value to us. Likewise, we cannot assure you that there will be a market for the pledged shares or other Collateral or, if such market does exist, that there will not be substantial delays in their liquidation. In addition, the value of this Collateral may fluctuate over time.

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

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, because the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. Each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding-up proceeding after the Issue Date, any mortgage or security interest in the Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being voided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest.

The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes.

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside bankruptcy, the *actio pauliana* provisions. The *actio pauliana* provisions offer creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third-party or agrees to provide or provides security for any of its or a third-party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside the bankruptcy of the relevant person and may be nullified by the bankruptcy trustee in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if: (i) the person performed such acts without an obligation to do so (*onverplicht*); (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*om niet*) in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance.

If a Dutch court found that the issuance of the Notes or the Guarantees (as applicable) and the granting by the Issuer or the Dutch Guarantors (as applicable) of the Collateral involved a fraudulent conveyance that did not qualify for any defense under Dutch law, then the issuance of the Notes, the grant of the Guarantees (as applicable) and the granting of the Collateral could be nullified. As a result of such successful challenges, holders of the Notes or the Guarantees (as applicable) may not enjoy the benefit of the Notes, the Guarantees (as applicable) or the Collateral, and the value of any consideration that holders of the Guarantees and the Collateral, as applicable, could also be subject to recovery from the holders of the other creditors of the Issuer and, possibly, from subsequent transferees. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

***Your 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 assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor, as applicable, of the security. 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 required to perfect any of these liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taken over the claims the security taker (as creditor) has against the debtor. Finally, since the ranking of pledges is determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification) has priority. Neither the Trustee nor the Security Agent has any obligation or responsibility to monitor the acquisition of additional property or rights that constitute collateral or the perfection of, or to take steps or actions to perfect or ensure the perfection of, any security interest in the Notes against third parties. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

***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 certain of the Collateral may be restricted by local law.***

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the relevant Notes but will be granted only in favor of the Security Agent, which will hold the Collateral for the lenders under the Revolving Credit Facility and our hedging obligations, the holders of the Notes and the holders of any additional debt secured by Collateral permitted to be incurred under the Indenture. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

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

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

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

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

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the enforcement of share pledges, whether by means of a public auction or a private sale, may be subject to certain specific requirements and the Security Agent may need to obtain the consent of a third-party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

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

Under various circumstances, the Guarantees and the Collateral securing the Notes will be released automatically. See ''*Description of the Notes—Notes Guarantees*'' and ''*Description of the Notes—Security—Release of Liens*.'' In addition, if the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, then claims under the Notes and the Guarantees may be released or transferred. See ''*Description of Other Indebtedness—Intercreditor Agreement*'' and ''*Description of the Notes—Security—Release of Liens*.'' Your ability to recover on the Notes could be materially impaired in such circumstances.

The Intercreditor Agreement also provides that the Collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes, if the Issuer has confirmed in writing to the Security Agent that it has determined that it is neither possible nor desirable to implement any such refinancing on terms satisfactory to it by instead granting additional Collateral and/or amending the terms of the existing Collateral. In certain jurisdictions, such a release and retaking of Collateral may give rise to the start of a new ''hardening period'' in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes.

***The interests of holders of Floating Rate Notes and the interests of the holders of Fixed Rate Notes may be inconsistent and the interests of holders of additional notes under the Indenture may be inconsistent with the holders of the Notes under the Indenture.***

The Floating Rate Notes and the Fixed Rate Notes will be issued pursuant to a single indenture and will vote as a single class with respect to amendments, waivers or other modifications of the Indenture other than with respect to amendments, waivers or other modifications that will only affect the Fixed Rate Notes of a particular series or the Floating Rate Notes of a particular series. The Floating Rate Notes will bear interest at a floating rate, will have a different call schedule and call protection, and will have other features that will differ from the Fixed Rate Notes. As a result of these differences, the interests of holders of the Floating Rate Notes and the interests of holders of the Fixed Rate Notes could conflict. In addition, the holders of one series of Notes may be in a position to agree to certain terms in a consent solicitation that would be beneficial to such series of Notes but adverse to the economic interest of the other series of Notes; however, to the extent the relevant amendment or waiver is approved by the holders of a majority in aggregate principal amount of the Notes then outstanding (subject to the limited exceptions described above), all holders of the Notes will be bound by such amendment. Furthermore, a series of additional notes may be issued under the Indenture that have different terms in respect of currency, interest rate, maturity, call schedule and other matters. Such additional notes will also generally vote as a single class with other series of notes issued under the Indenture, but may have interests that differ from the holders of other series of notes issued under the Indenture, including the Notes.

***Investors may face foreign exchange risks by investing in the Notes.***

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments.

***The Issuer is a holding company, conducts no business operations of its own and will depend on cash flows from its subsidiaries to make payments on the Notes.***

The Issuer is a holding company with no revenue-generating activities of its own and does not have any business operations, material assets (other than the shares it owns in Maxeda DIY) or liabilities (other than the Maxeda DIY Intercompany Loan and those incurred in connection with its incorporation and the Refinancing Transactions). Repayment of the Issuer's indebtedness, including under the Notes, is dependent on the profitability and cash flow of our subsidiaries and their ability to make such cash available to us, by dividend distributions, or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. Furthermore, goodwill impairment and other non-cash charges in our profit or loss account, as well as charges recognized directly in equity, if incurred, could reduce our subsidiaries' reserves available for distribution and thus reduce or prevent upstream dividend payments to the Issuer.

While the Indenture and the Revolving Credit Facility Agreement, respectively, will limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, such limitations are subject to certain significant qualifications and exceptions. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

***The Notes will be structurally subordinated to the liabilities of non-Guarantor members of our group.***

Some, but not all, of the members of our group will guarantee the Notes. For the twelve months ended April 30, 2017, the Guarantors generated 89% and 92% of our consolidated revenue and Adjusted EBITDA, respectively, and as of April 30, 2017, held 92% of our consolidated total assets. In addition, as of April 30, 2017, our subsidiaries that will not guarantee the Notes did not have any outstanding third-party financial indebtedness. Unless a member of our group is a Guarantor, such member will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. The Indenture will, subject to some limitations, permit our non-Guarantor restricted subsidiaries to incur substantial amounts of additional indebtedness and will not restrict the amount of other liabilities that may be incurred by these subsidiaries. Generally, holders of indebtedness of, and trade creditors of, non-guarantor companies, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such non-guarantor companies before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor company 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 (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such company; and

- the creditors of such non-guarantor company, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

***Dutch and Belgian insolvency laws and the insolvency laws of other jurisdictions may provide you with less protection than United States bankruptcy law.***

We are incorporated under the laws of the Netherlands. The Guarantors are incorporated under the laws of the Netherlands and Belgium. Any insolvency proceedings by or against us or any of the Guarantors will likely be based on the insolvency laws of the jurisdiction of incorporation of the relevant entity and not of the United States. In the event we or any Guarantor experience financial difficulty, no prediction can be made as to which jurisdiction's or jurisdictions' insolvency or similar proceedings would be commenced or as to the outcome of such proceedings. Any enforcement of the Guarantees after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of incorporation or other jurisdictions. The insolvency and other laws of each of these jurisdictions may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of the rights of secured and other creditors, the ability to void preferential transfer, the priority of governmental and other creditors, the ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdictions laws should apply, adversely affect your ability to enforce your rights under the Guarantees in these jurisdictions and limit any amounts that you may receive. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

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

The Notes will be issued by the Issuer, which is incorporated under the laws of the Netherlands, and the Notes will be guaranteed by the Guarantors, which are incorporated under the laws of the Netherlands and Belgium. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in the Netherlands and such other jurisdictions. Proceedings could also be initiated in the Netherlands, Belgium or other countries to enforce your rights against Collateral located there. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's and the Guarantors' jurisdictions may be materially different from, or in conflict with, each other and those of the United States, including in the areas of the rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the security in those jurisdictions or limit any amounts that you may receive.

***Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.***

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Guarantee would be subject to certain generally available defenses. See ''*Certain*

*Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*.'' The same limitations may apply to security interests (other than the Guarantees) that will be provided by the Guarantors in certain jurisdictions.

Enforcement of any of the Guarantees or security against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, the preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Guarantee or other security depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Guarantee against any Guarantor.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) void or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, to hinder, delay or defraud creditors or shareholders of the Guarantor; or, in certain jurisdictions, when the granting of the Guarantees has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor: (i) was insolvent or rendered insolvent because of the relevant Guarantee; (ii) was undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture or other securities pursuant to the Security Documents.

We cannot assure you which standard a court would apply in determining whether a Guarantor was ''insolvent'' at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee or other security will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution, or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. It is possible that the entire Guarantee or other security may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, 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.

The payment of dividends to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents. We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments or payments of principal and interest on the intercompany loan that reduce our distributable profits and reserves to zero. We intend to make dividends and enter into intercompany loans to service indebtedness and for tax planning purposes. There can be no assurance that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents, whether or not we distribute dividends or enter into intercompany loans. The payment of dividends to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees. In addition, the payment under the Guarantees and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions. See ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*'' for further information.

***We may not be able to obtain the funds required to repurchase the Notes upon a Change of Control and the occurrence of certain important corporate events will not constitute a Change of Control.***

The Indenture will contain provisions relating to certain events constituting a ''change of control.'' Upon the occurrence of a change of control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may trigger a mandatory prepayment of the Revolving Credit Facility Agreement and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. If we repay all or a portion of the principal under the relevant series of Notes in an amount over 50% of the principal amount of the Floating Rate Notes and the Fixed Rate Notes in aggregate, we are required under the terms of the Revolving Credit Facility Agreement to reduce the commitments under the Revolving Credit Facility proportionately in accordance with the terms of the Revolving Credit Facility Agreement. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control were to occur at a time when our group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer would remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that our group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility. See ''*Description of the Notes—Change of Control*.''

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a ''Change of Control'' as defined in the Indenture. Except as described under ''*Description of the Notes—Change of Control*,'' the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

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 if a certain net consolidated leverage ratio calculated in accordance with the ''*Description of the Notes*'' is not exceeded in connection with such an event. In this case holders of Notes would not be entitled to require the Issuer to repurchase their Notes and would only be able to rely on the then prevailing trading prices in order to exit their investments, which might be lower than the 101% change of control repurchase price. See ''*Description of the Notes—Change of Control*'' and ''*Description of the Notes—Certain Definitions—Change of Control Triggering Event*.''

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

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

Owners of the book-entry interests will not be considered owners or holders of relevant Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee, Transfer Agent, Paying Agent, the Calculation Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including the enforcement of security for the Notes and the Guarantees. Instead, if you own a book-entry interest, you will be reliant on the common depositary (or its nominee) (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

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

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

We cannot assure you as to:

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

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

Although an application will be made to The Exchange for the listing of and permission to deal in each series of the Notes on the Official List of the Exchange, we cannot assure you that either series of the Notes will be or remain listed. Although no assurance can be made as to the liquidity of the Notes as a result of the admission to the Official List of the Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Exchange may have a material effect on a holder's ability to resell the relevant Notes, as applicable, in the secondary market.

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

***United States civil liabilities may not be enforceable against us.***

The Issuer and the Dutch Guarantors are incorporated under the laws of the Netherlands, the Belgian Guarantors are incorporated under the laws of Belgium, and all our assets are located outside the United States. In addition, all members of our board and our officers reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in United States courts in any action. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon United States laws. See ''*Service of Process and Enforcement of Civil Liabilities*.''

There is no treaty between the United States and the Netherlands or Belgium for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. This may give rise to difficulties in respect of the enforcement in the Netherlands or Belgium of judgments obtained in the United States.

*The Netherlands*

A final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the United States federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re-litigated before a Dutch court. Under current practice however, a Dutch court will generally grant the same judgment without a review of the merits of the underlying claim if (i) the foreign court rendering that judgment has jurisdiction over the matter on internationally acceptable grounds and has conducted the proceedings in accordance with generally accepted principles of fair trial, (ii) that judgment does not contravene public policy of the Netherlands (*openbare orde*) of the Netherlands, (iii) the foreign judgment is not in conflict with a decision rendered by a Dutch court between the same parties, nor with an earlier judgment rendered by a foreign court in proceedings involving the same cause of action and between the same parties, provided that the earlier decision can be recognized in the Netherlands, and (iv) the foreign judgment is, according to the law of its country of origin, final and conclusive in such a way that all appeals have been exhausted and no other remedy could be obtained from a competent judicial body.

Based on the foregoing, there can be no assurance that United States investors will be able to enforce against us or members of our board of directors or officers who are residents of the Netherlands or countries other than the United States any judgments obtained in United States courts in civil and commercial matters.

In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors or our officers in an original action predicated solely upon the United States laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts, respectively. See ''*Service of Process and Enforcement of Civil Liabilities*'' for further information.

*Belgium*

As a general principle, procedural rules are governed by the law of the jurisdiction of the court (*lex fori*). In Belgium the procedural rules contained in, among others, the Belgian Judicial Code and the Code of Private International Law will apply when recognition and enforcement of judgments rendered by United States courts is sought in Belgium. As such, and in accordance with such procedural rules, a final and enforceable judgment of the courts exercising jurisdiction in the United States would be recognized and enforced by the courts of Belgium without review on the merits provided that certain conditions are complied with. Accordingly:

(i) the claimant will have to produce documentary evidence that a final decision has been obtained, that due process has been observed in obtaining such judgment, and that the final decision has been notified to the defendant and is enforceable under the applicable law; and

(ii) the recognition and enforcement will be refused in specifically circumscribed situations including instances where the recognition and enforcement of the foreign judgment would be a manifest violation of public policy, where the foreign courts have not respected the rights of defense, where the foreign judgment is not final or where the assumption of jurisdiction by the foreign court has breached certain principles of Belgian law.

***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 relevant 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.

***The transferability of the Notes may be limited under applicable securities laws.***

The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are not being offered for sale in the United States except to ''qualified institutional buyers'' in accordance with Rule 144A. We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). See ''*Transfer Restrictions*.'' It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

## USE OF PROCEEDS

We estimate that gross proceeds from the sale of the Notes will be €475 million. We intend to use the proceeds of the Offering to (i) repay all amounts outstanding under the Existing Facilities and (ii) pay fees and expenses in connection with the Refinancing Transactions, including the fees and expenses to be incurred in connection with the Offering.

In connection with the Refinancing Transactions, the Issuer will enter into the Revolving Credit Facility Agreement to provide for a Revolving Credit Facility in the amount of €50 million to finance our general corporate and ongoing working capital needs. We expect the Revolving Credit Facility to be undrawn as of the Issue Date.

The following table sets forth the estimated sources and uses of the proceeds from the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences in the amount required to repay and cancel the Existing Facilities on the Issue Date, differences in our estimates of fees and expenses, any original issue discount on the Notes and the actual Issue Date.

| Sources of Funds | Amount | Uses of Funds | Amount |
|---|---|---|---|
| | (in € millions) | | (in € millions) |
| Notes offered hereby | 475 | Repayment of Existing Facilities[(1)] | 469 |
| Cash on hand | 2 | Estimated transaction costs[(2)] | 8 |
| **Total Sources** | **477** | **Total Uses** | **477** |

(1) Represents the repayment of the estimated total outstanding euro-denominated indebtedness under the Existing Facilities, including accrued interest (€1.9 million) and break costs (€0.1 million) as of the Issue Date. We pay interest under the Existing Facilities on a monthly basis, and the amount of interest we will be required to pay will vary based on the actual Issue Date. We intend to pay any additional interest under the Existing Facilities using cash on hand. On June 29, 2017, we repaid €18 million in principal amount of indebtedness outstanding under the Existing Facilities using cash on hand and, after giving effect to such repayment, €467 million in principal amount remained outstanding under the Existing Facilities. On the Issue Date, the Issuer will use the proceeds of the Offering to repay approximately €467 million in principal amount of intercompany debt under the Maxeda DIY Intercompany Loan, and to pay an estimated €8 million in fees and expenses associated with the Refinancing Transactions. Maxeda DIY will, in turn, use this repayment of intercompany debt, as well as cash on hand to repay in full the Existing Facilities, including accrued interest and break costs, and to cancel any undrawn revolving commitments thereunder. Following the completion of the Refinancing Transactions, approximately €118 million of indebtedness will remain outstanding under the Maxeda DIY Intercompany Loan.

(2) Reflects our estimate of fees and expenses associated with the Refinancing Transactions, including discounts and other commissions, advisory and other professional fees, and transaction costs. Any increase in the actual transaction costs will be paid using cash on hand.

## CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of (i) Maxeda DIY as of April 30, 2017, on a historical consolidated basis and (ii) the Issuer as of April 30, 2017, on a consolidated basis and as adjusted to give effect to the Refinancing Transactions (including the use of proceeds from this Offering).

There are no material differences between the consolidated statement of financial position of Maxeda DIY and the Issuer, except that Maxeda DIY's consolidated statement of financial position reflects the loan receivable in connection with the Maxeda DIY Intercompany Loan in financial fixed assets and the income received from interest payments made on the Maxeda DIY Intercompany Loan in total group equity. These amounts would not appear in the consolidated statement of financial position of the Issuer.

The table below should be read in conjunction with "*Summary—Summary Historical Consolidated Financial Information and Other Data*," "*Use of Proceeds*," "*Selected Historical Financial Information*" and our consolidated financial statements and related notes included elsewhere in this offering memorandum.

| | As of April 30, 2017 | |
|---|---|---|
| **(in € millions)** | **Maxeda DIY Actual** | **The Issuer As adjusted** |
| | **(unaudited)** | |
| **Cash and cash equivalents**(1) | 74 | 72 |
| Notes offered hereby(2) | — | 475 |
| Revolving Credit Facility(3) | — | — |
| Existing Facilities(4) | 484 | — |
| Other indebtedness(5) | 1 | 1 |
| **Total third-party borrowings**(6) | **485** | **476** |
| **Shareholder equity**(7) | **430** | **(154)** |
| **Total capitalization**(8) | **915** | **322** |

(1) Includes Operational Cash. The as adjusted figure does not reflect the decrease of €18 million in cash that was used to finance the partial repayment of the principal amount of indebtedness outstanding under the Existing Facilities on June 29, 2017.

(2) Represents the aggregate principal amount of Notes offered hereby.

(3) Represents the €50 million Revolving Credit Facility agreement to be entered into on or about the Issue Date. We expect the Revolving Credit Facility to be undrawn as of the Issue Date.

(4) As of April 30, 2017, we had €484 million in principal amount of indebtedness outstanding under our Existing Facilities (excluding accrued interest). On June 29, 2017, we repaid €18 million in principal amount of indebtedness outstanding under our Existing Facilities using cash on hand. On the Issue Date, the Issuer will use the net proceeds of the Offering to repay approximately €467 million in principal amount of intercompany debt under the Maxeda DIY Intercompany Loan. Following the completion of the Refinancing Transactions, approximately €118 million of indebtedness will remain outstanding under the Maxeda DIY Intercompany Loan.

(5) Other indebtedness comprises finance leases of PLAN-IT NV. See "*Description of Other Indebtedness—Other indebtedness.*"

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

(7) The difference between the shareholder equity of Maxeda DIY and the shareholder equity of the Issuer reflects the Maxeda DIY Intercompany Loan.

(8) Total capitalization reflects total third-party borrowings plus shareholder equity.

## SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables summarize certain of our historical financial and other data for the periods ended on and as of the dates indicated below. We have extracted (i) the consolidated financial data of Maxeda DIY as of April 30, 2017, and for the three months ended May 1, 2016, and April 30, 2017, from the Unaudited Interim Financial Statements included elsewhere in this offering memorandum and (ii) the consolidated financial data of Maxeda DIY as of and for the years ended January 31, 2015, 2016 and 2017, from the Audited Financial Statements included elsewhere in this offering memorandum.

The Unaudited Interim Financial Statements have been prepared using the same accounting principles and on the same basis as the Audited Financial Statements and contain all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of the financial position and results of operations for the periods presented. In addition, the three-month period ended April 30, 2017, represents 13 calendar weeks in accordance with the retail calendar that we use for the preparation of our management accounts.

The consolidated financial statements included in this offering memorandum for Maxeda DIY and its subsidiaries have been prepared in accordance with IFRS and have been presented in euro. Our historical results for any prior period are not necessarily indicative of our results expected in any future period.

Prospective investors should read the summary data presented below in conjunction with, and the summary data presented below is qualified in its entirety by reference to, ''*Presentation of Financial and Other Data*,'' ''*Use of Proceeds*,'' ''*Capitalization*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and the financial statements of Maxeda DIY included elsewhere in this offering memorandum.

### Selected Consolidated Statement of Profit or Loss

| | Year ended January 31, | | | Three months ended May 1, | Three months ended April 30, | Twelve months ended April 30, |
|---|---|---|---|---|---|---|
| **(in € millions)** | **2015** | **2016** | **2017** | **2016** | **2017** | **2017** |
| | | | | **(unaudited)** | | **(unaudited)** |
| **Revenue:** | | | | | | |
| Belgium and Luxembourg | 700 | 706 | 710 | 179 | 181 | 712 |
| The Netherlands | 614 | 631 | 645 | 162 | 170 | 653 |
| **Total** | 1,314 | 1,337 | 1,355 | 341 | 351 | 1,365 |
| Cost of sales | (860) | (874) | (891) | (228) | (233) | (896) |
| **Gross profit** | **454** | **463** | **464** | **113** | **118** | **469** |
| Selling and distribution cost | (347) | (367) | (363) | (96) | (93) | (360) |
| General and administrative expenses | (78) | (70) | (58) | (14) | (8) | (52) |
| **Operating result** | **29** | **26** | **43** | 3 | 17 | 57 |
| Financial income and expense | (24) | (34) | (25) | (4) | (8) | (29) |
| **Income before income taxes** | **5** | **(8)** | **18** | **(1)** | **9** | **28** |
| Income taxes | (10) | (6) | (10) | (2) | (3) | (11) |
| **Result for the period** | **(5)** | **(14)** | **8** | **(3)** | **6** | **17** |

### Selected Consolidated Statement of Financial Position

| (in € millions) | As of January 31, 2015 | 2016 | 2017 | As of April 30, 2017 (unaudited) |
|---|---|---|---|---|
| ***Non-current assets:*** | | | | |
| Intangible fixed assets | 206 | 210 | 215 | 213 |
| Property, plant and equipment | 89 | 87 | 87 | 85 |
| Financial fixed assets[(1)] | 830 | 574 | 583 | 585 |
| ***Current assets:*** | | | | |
| Inventories | 296 | 309 | 310 | 340 |
| Trade and other receivables | 90 | 99 | 98 | 110 |
| Cash and cash equivalents | 169 | 100 | 59 | 74 |
| **Total assets** | **1,680** | **1,380** | **1,353** | **1,409** |
| Financial liabilities (loans) | 714 | 481 | 464 | 464 |
| Trade and other current payables | 424 | 411 | 396 | 457 |
| **Total liabilities** | **1,251** | **964** | **929** | **979** |

(1) Represents the receivable under the Maxeda DIY Intercompany Loan plus accrued interest.

### Selected Consolidated Statement of Cash Flows

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 (unaudited) | Three months ended April 30, 2017 (unaudited) |
|---|---|---|---|---|---|
| Cash flow from/(used in) operating activities | 39 | (7) | 9 | (8) | 13* |
| Cash flow from/(used in) investing activities | (33) | (37) | (35) | (4) | 2 |
| Cash flow from/(used in) financing activities | 41 | (25) | (15) | — | — |
| **Net cash flow** | **47** | **(69)** | **(41)** | **(12)** | 15 |
| Cash and cash equivalents as of the beginning of the period | 122 | 169 | 100 | 100 | 59* |
| **Cash and cash equivalents as of period end** | **169** | **100** | **59** | **88** | **74** |

* As a result of the difference between the period-end closing of the January management accounts (January 29, 2017, due to the retail calendar we use for our management accounts) and the period-end closing of our annual consolidated financial statements (January 31, 2017), a cash outflow of €15 million, consisting of end-of-month trade payables (€6 million) and other taxes and social security contributions (€9 million), is included in both our annual consolidated financial statements as of and for the year ended January 31, 2017 and our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017. In order to avoid double-counting this cash outflow, we have only reflected it in the year ended January 31, 2017, and accordingly the cash flows from/(used in) operating activities shown in this table will differ from the cash flows reflected in our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017.

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

*The following is a discussion and analysis of the results of operations and financial condition of Maxeda DIY based on the Audited Financial Statements and the Unaudited Interim Financial Statements. See ''Presentation of Financial and Other Data.''*

*You should read this discussion in conjunction with the consolidated financial statements of Maxeda DIY and the accompanying notes included elsewhere in the offering memorandum as well as the ''Selected Historical Financial Data.'' A summary of the critical accounting estimates that have been applied to Maxeda DIY's consolidated financial statements is set forth below in ''—Critical accounting judgments.'' This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see ''Risk Factors.''*

### Overview

We are a leading DIY retailer in Belgium and the Netherlands. In the year ended January 31, 2017, we had the largest combined share of the Belgian DIY Market through our Brico and Brico Plan-It brands, with a market share of approximately 42% based on Transactional Sales. In the Netherlands, we estimate that we had the second largest combined share of the Dutch DIY Superstores Market through our Praxis and Formido brands, with a market share of approximately 31% based on Transactional Sales.

Our store portfolio consists of directly operated stores and franchisee-operated stores trading under four store brands: Brico, Brico Plan-It, Praxis and Formido. As of April 30, 2017, we operated a total of 386 stores (including 182 franchisee-operated stores), comprising 228 stores in the Netherlands under our Praxis and Formido brands and 156 stores in Belgium and two stores in Luxembourg under our Brico and Brico Plan-It brands. During the twelve months ended April 30, 2017, our directly operated stores accounted for 79.0% of our revenue, our franchisee-operated stores accounted for 19.0% of our revenue and our online sales accounted for 2.0% of our revenue.

### Key factors affecting results of operations

Our performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on our results are set forth below. For further discussion of the factors affecting our results of operations, see ''*Risk Factors*.''

#### *Consumer preferences and demands*

Our revenues in any given period are impacted by our ability to maintain our appeal to existing customers and attract new customers, which depends on continuously developing and offering a compelling range of products (including our private label products) and services that are responsive to evolving trends and consumer preferences. For instance, our increasing focus on growing our online offering and the introduction of several customer delivery options is a result of changing consumer shopping patterns and behaviors. Specific factors affecting consumer spending on our products and Like-for-Like Sales growth include our ability to maintain and improve our attractive product assortment and pricing (including through enhancing our sales and marketing strategies), the location and overall aesthetic appeal of our stores, the accessibility and integration of our in-store and digital channels, our ability to effectively predict and respond to quickly changing consumer demands and preferences, our ability to respond to existing and future competition and our ability to provide superior customer service.

In order to attract more customers to our stores, we invest in training our employees to be able to address requests from our customers and to specialize in certain of our products in accordance with consumer preferences. We also from time to time hire employees specialized in particular fields of the DIY industry to address customers' demands at a specific store. Training employees and hiring specialists require significant investments and may have an impact on our margins if our revenues do not increase proportionally with our investments.

### ***Distribution channels, product mix and product pricing***

*Distribution channels*

Our results of operations are impacted by the successful integration of our multiple distribution channels. Through our multi-format business, we can provide our customers with a wide range of style, quality and value shopping alternatives, we can adjust our stores' size, layouts, promotional efforts and product offerings to target distinct demographics and DIY needs and we can grow in existing markets and penetrate new markets. Our various brands, because they sell different products in different size formats, generate different sales per square foot and margins, and as a result consumer preferences for one brand over another will affect our results. Our ''City'' and ''Mid Box'' formats combined accounted for approximately 82.2% of our revenue, primarily due to the large number of ''City'' and ''Mid Box'' stores we operate (375 stores), as compared to our Brico Plan-It ''Big Box'' stores (eleven stores). While our ''Big Box'' format accounted for approximately 17.7% of our revenue for the year ended January 31, 2017, our Brico Plan-It stores generate higher sales per store than our other store brands, primarily due to Brico Plan-It's focus on DIY customers undertaking larger and more expensive projects.

In addition, we are continuing to develop our significant e-commerce presence, attracting over 60 million online visits and €27.0 million in internet sales, or 2.0% of our revenue, for the twelve months ended April 30, 2017. Our opportunities to expand our e-commerce sales are greater in areas where we have a brick-and-mortar store, because e-commerce sales are positively impacted by the convenience of our Click & Collect option. We have invested in our digital platform by developing websites with online ordering capabilities for each of our four store brands. All our product ranges are available on our digital platform and we have further expanded the availability of SKUs on our websites through the development of our Drop Shipment Model, through which certain suppliers deliver products directly to the consumer's home. In addition, we offer a Click & Collect service, whereby consumers can order and purchase products online and collect them in-store, and our Store Home Delivery Model, through which a customer can order a product on our website and such product is delivered directly from the store to the customer at his or her preferred shipping address. The expansion of our digital platform and the integration of online capabilities into our physical stores has had a positive impact on our revenue because it is less costly to fulfill orders that are picked up in our stores than orders delivered directly to our customers. Our investments into mobile applications have also allowed us to continue to adapt to changing consumer preferences and drive consumer spending on our products. Our ability to continue to grow our e-commerce presence will impact our results.

*Product mix*

Our multi-format business provides us with the platform to offer a comprehensive and compelling product mix, which drives our revenue generation. For example, our ''Big Box'' stores, all operating under our Brico Plan-It brand, offer larger products and more-extensive product ranges targeted at DIY consumers undertaking larger DIY projects while our ''City stores,'' operating under our Brico and Praxis brands, offer a smaller selection of convenience products in more-confined markets and our ''Mid Box'' stores, operating under our Brico, Praxis and Formido brands, provide an intermediate range of products for everyday needs. Our larger products generally provide for higher transactional values, and thus a shift towards larger and more advanced products in any period would positively impact our sales and profitability. We regularly perform product range reviews and tailor the product offerings in our stores to their respective target demographics in order to be able to offer an appropriate product mix selected for the specific customers of each distinct store brand.

*Product pricing*

The price of our products has a direct impact on our revenue and is dependent on general economic conditions and pricing pressure from our competitors in the markets in which we operate, especially in the Netherlands. If pricing competition increases, we may sell fewer products than expected or we may sell these at lower prices. Certain of our competitors have in the past launched large-scale discount campaigns which have intensified price competition in the DIY sector. We have responded to this pressure by selectively reducing some of our own prices and by increasing our focus on higher-margin products. We successfully reduced prices while maintaining margins by improving operational efficiencies as a result of the implementation of our cost reduction initiatives and by leveraging economies of scale. However, sustained or intensified pricing pressure from brick-and-mortar and online competitors, could erode our profitability margins and market share.

For the twelve months ended April 30, 2017, 25% of our revenue was derived from products that were being advertised in our promotional leaflets and sold at promotional prices, and the remaining 75% of our revenue was derived from products that were not being sold at promotional prices. On average, we offer in these leaflets a 28% discount on our products sold at promotional prices. Moreover, of the products we sell, approximately 3.2% are perishable goods (mainly plants). As part of our effort to rationalize our product ranges, we seek to increase our inventory turnover rates by clearing out-of-date products and other slow-moving items at marked down prices shortly after they become obsolete, which is typically the result of changing seasons or the introduction of newer products. This reduces the margins we realize on our products even if our revenue has increased or remained stable over the same period. The share of our revenue attributable to our private label products has remained stable at 31% between January 31, 2015 and January 31, 2017. The number of our private label products, which depending on the product category, can yield margins of 40% to 70%, has also remained stable.

***Store rollout and store refurbishment expenses***

We continue to selectively expand our store network by opening new directly operated stores and franchisee-operated stores, both within our existing geographic area and in new markets. The number and types of stores we have open in any period will impact our sales and profitability. The table below shows the number of stores operated by country, store brand and operational ownership as of the dates indicated:

| | As of January 31, | | | As of May 1, | As of April 30, |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2016 | 2017 |
| **Number of stores:** | | | | | |
| ***Belgium and Luxembourg***[(1)] | | | | | |
| **Brico** | | | | | |
| Directly operated stores | 49 | 52 | 56 | 53 | 55 |
| Franchisee-operated stores | 92 | 95 | 92 | 95 | 92 |
| **Total Brico Stores** | **141** | **147** | **148** | **148** | **147** |
| **Brico Plan-It** | | | | | |
| Directly operated stores | 11 | 11 | 11 | 11 | 11 |
| **Total Belgium and Luxembourg Stores** | **152** | **158** | **159** | **158** | **158** |
| ***The Netherlands*** | | | | | |
| **Praxis** | | | | | |
| Directly operated stores | 115 | 117 | 118 | 118 | 119 |
| Franchisee-operated stores | 26 | 28 | 28 | 28 | 28 |
| **Total Praxis Stores** | **141** | **145** | **146** | **146** | **147** |
| **Formido** | | | | | |
| Directly operated stores | 18 | 18 | 20 | 18 | 19 |
| Franchisee-operated stores | 65 | 66 | 64 | 66 | 62 |
| **Total Formido Stores** | **83** | **84** | **84** | **84** | **81** |
| **Total Netherlands Stores** | **224** | **229** | **230** | **230** | **228** |
| **Total Stores** | **376** | **387** | **389** | **389** | **386** |

(1) As of April 30, 2017, we operated two stores in Luxembourg.

Since February 1, 2015, we have increased our store count by ten stores on a net basis, opening six new Brico stores and six new Praxis stores while closing two Formido stores. In 2017, we plan to convert one directly operated Brico store into a franchisee-operated Brico store, to convert three franchisee-operated Brico stores into directly operated Brico stores, and to close two franchisee-operated Brico stores. In addition, we undertake a rolling program of store refurbishments across our store base to maintain the quality of our infrastructure and in-store experience. Since February 1, 2015, we have completed substantial store refurbishments, having refurbished six of our directly operated Brico stores and implemented additional store upgrades in Praxis and Brico Plan-It stores aimed at enhancing customer experience. In 2017, we plan to complete substantial refurbishments of four additional stores, including one Brico Plan-It store and three Brico stores. We also regularly refurbish individual departments within our large-format Brico Plan-It stores as part of the refurbishment program for that store brand, and we intend to entirely refurbish two to three selected Brico stores per year over the next three years. Our refurbished stores more closely reflect our brand identity and, we believe, make the shopping experience easier and more pleasurable. The key elements of the refurbishment program include renovations and expansions, improving layouts, introducing new presentations and enhancing the appeal of our stores to more closely reflect the relevant brand proposition. We record such store refurbishment expenses as capital expenditures.

***General economic conditions and factors affecting consumer spending in Belgium and the Netherlands***

Our results are impacted by the general economic conditions and factors affecting consumer sentiment and overall consumer spending in the markets in which we operate. General economic factors affecting consumer spending include the prevailing economic climate, levels of employment, salaries (including minimum wages), the availability of consumer credit, consumer confidence and consumer perceptions of economic conditions. The health of the housing markets in Belgium and the Netherlands also affects our business, because sales of home improvement products and other household goods benefit from strong housing sales. Consumer purchases of nonessential items (including those required for large projects, such as updating kitchens and bathrooms) can decline in an unfavorable economic environment, especially when disposable income and consumer confidence decrease. However, trends in the renovation and improvement of existing homes can also substantially impact our results even in a weaker housing market, because homeowners may invest in home improvements when they postpone new home purchases. A comparatively high rate of home ownership in Belgium and a focus on larger-scale projects to improve home comfort are reflected in higher sales of ''non-mobile'' products, with a ''Big Box'' store format particularly popular in this market, contributing to higher sales densities and resulting margins. By contrast, the Dutch DIY market is primarily driven by trends in the housing market (i.e., home sales and new builds), and by smaller-scale maintenance, repair and decoration projects such as painting and flooring, with smaller store formats being more popular in the Netherlands and comprising a higher relative share of sales compared to the Belgian market.

An economic downturn or a prolonged decrease in consumer spending in our markets could lead to an increase in consumer demand for discounted products with lower selling prices, which may force us to accept sales with lower margins. For example, we have experienced pricing pressure from competitors during the recent economic downturn, particularly in the Netherlands where our business is tied more closely to the health of the overall housing market, and have, as a result, selectively adjusted entry level price points for certain of our products to match our competitors and maintain our market share. The Dutch DIY market is more competitive than the Belgian DIY market, which may also be contributing to pricing pressure and lower margins in the Netherlands. Moreover, the DIY market in Belgium displayed resiliency through the recent economic downturn compared with many other European markets, displaying a compound annual growth rate of 1.7% from year ended January 31, 2011 to year ended January 31, 2017. The DIY market in Belgium has in recent years been characterized by supportive consumer confidence, a favorable trend for retail spending and a stable pricing environment, with a focus on home improvement products. In comparison, the DIY market in the Netherlands has been regaining traction since 2014, growing at a CAGR of 3.5% from the year ended January 31, 2015 through the year ended January 31, 2017, an overall recovery of 7.1%. The Dutch DIY market reflects rising consumer confidence levels on the back of the growing housing market, and stands to benefit from increasingly supportive macroeconomic indicators, such as positive GDP growth, lower unemployment levels and an increasing consumer price index.

***Our ability to effectively compete with other DIY retailers***

Competitive pressure from other DIY retailers affects our ability to attract customers in the markets in which we operate. Our major competitors are primarily other national and international DIY retailers, such as Hubo, Gamma and Mr. Bricolage in Belgium and Gamma, Karwei and Hornbach in the Netherlands. In recent years, competition has increased as general retailers such as department stores, electronics stores, garden centers, supermarkets, discount retailers and internet retailers have entered or expanded their presence in the DIY market. Competition from other retailers affects our ability to attract customers and may cause pricing pressure, require us to make additional capital expenditures to upgrade stores or increase costs as we seek to provide more competitive products and services. In order to enhance our marketing strategy, increase the loyalty of our customers and improve our customers' experience in-store, we have also implemented several tactical promotional initiatives in both Belgium and the Netherlands such as loyalty cards. We also anticipate extending the Sunday trading hours of certain of our Belgian stores. Additionally we have invested in staff training programs focused on optimizing time allocation and improving the focus on customer service. We also intend to continue to undertake periodic product range reviews to ensure that we tailor the products that we offer across our retail channels to meet consumer demands and effectively compete in the market.

We have historically been successful in maintaining our market shares in our primary markets. For example, in Belgium our market share has remained stable at 42% of the Belgian DIY Market in the year ended January 31, 2017, compared to 43% in the year ended January 31, 2013, in spite of increased competition from existing competitors. In the Netherlands our market share has remained stable at 31% of the Dutch DIY Superstores Market in the year ended January 31, 2017, compared to 31% in the year ended January 31, 2013, in spite of increased competition from existing competitors and new market entrants, such as Bauhaus. However, as the competitive dynamic in our markets continues to evolve, we cannot assure you that we will be successful in protecting or growing our market share in the future.

***Cost-saving initiatives***

Beginning in 2016, we initiated our ''Back to Simplicity'' strategy with the aim of optimizing functions and reducing costs across our business. Among other things, our ''Back to Simplicity'' strategy has entailed simplifying and centralizing our administrative functions, ceasing unprofitable activities, reducing our fixed cost base, accelerating operational synergies and cash flow generation, and reinvesting in our employees with respect to their customer satisfaction services and DIY knowledge. The first phase of implementation has already yielded substantial strategic and operational improvements, including €6.8 million in realized cost savings for the twelve months ended April 30, 2017, and resulted in a leaner cost base for our business. Without these cost-savings initiatives, we believe that our Adjusted EBITDA would have decreased between the years ended January 31, 2016 and January 31, 2017, due to the increase in our costs, particularly due to the impact of inflation and the annual indexation of certain of our costs in Belgium in accordance with the development of the health index. We incurred restructuring and transformation expenditures of €5.2 million in the year ended January 31, 2015, €12.9 million in the year ended January 31, 2016 and €10.0 million in the year ended January 31, 2017, in connection with our ongoing efforts to simplify our organization and reduce our costs, primarily related to the centralization of certain of our headquarters functions and the associated headcount reductions.

We continue to implement various cost savings initiatives under our ''Back to Simplicity'' strategy in an effort to simplify our organization and reduce our costs. For example, we have identified and will seek to realize €9.5 million in estimated annualized run-rate cost savings as part of our ''Back to Simplicity'' plan in connection with (i) the centralization of certain of our headquarters' functions through our shared service center in Belgium and the associated headcount reductions (€3.1 million), the relocation of our headquarters in Amsterdam in June 2017 and the resulting decrease in rent expenses (€0.7 million), (ii) the decrease in rental expense resulting from lease renegotiations in relation to 16 of our directly operated Praxis stores (€1.1 million), (iii) the reduction in logistics costs resulting from the entry into a handling and transport agreement with a new logistics services provider, ID Logistics, in September 2016 (€3.2 million), (iv) the termination of certain sponsorship agreements (€1.0 million) and (v) cost reductions resulting from the renegotiation of our agreement with our cleaning services provider for our directly operated stores in Belgium (€0.5 million). We estimate that the annualized impact of initiatives implemented or contracted will reach €9.1 million by January 31, 2018 and €9.5 million by January 31, 2019, at which point we expect to have fully realized the additional €0.4 million run-rate effect in rental expense decreases resulting from lease renegotiations with respect to our Praxis stores in the Netherlands. We intend to continue implementing these cost-savings initiatives over the coming years, and we have reflected our projected annualized cost savings in our presentation of Run-Rate Adjusted EBITDA. We cannot, however, assure you that we will be able to realize all or any of these projected cost savings.

In the future we intend to continue to focus on cost management, and have identified certain additional initiatives which we believe will contribute to improved profitability, such as: (i) enhancing the efficiency and optimizing the return of our print media marketing campaigns; (ii) further strengthening relationships with certain preferred suppliers; (iii) reevaluating our maintenance and repair contracts; (iv) reducing working hours for uniformed guards in our stores; (iv) implementing a new car lease program; and (v) reducing the cost of our utilities. We also aim to improve our working capital requirements by reducing our level of sourcing from Asia in order to reduce our inventory to more efficient levels and by converting certain directly operated stores into franchisee-operated stores. For example, we have aimed to reduce costs while ensuring the quality and security of supply for a number of our key products and building longer-term relationships with certain of our key suppliers through the implementation of a strategic program (our ''Margin Enhancement Program'') pursuant to which our vendor management team works with certain of our strategic suppliers to implement rebate or discount regimes on our orders with these suppliers with the aim of realizing additional savings, discounts and cash contributions, increased synergies and better aligning prices across our formats.

We use our Shanghai sourcing agent, Surity Sourcing Ltd., to source products in Asia, which has resulted in a lower cost of sales. However, we sold our interests in Surity Sourcing Ltd. in 2016, and while we continue to source a portion of our products through this agent, we intend to reduce our level of sourcing from Asia in order to more efficiently manage our inventory levels and improve working capital. See ''*Business—Suppliers.*'' We aim to source our products from suppliers that can deliver their products directly to our flow through centers in order to minimize the use of warehouses and limit our working capital requirements. However, we are sometimes required to source products internationally, which may have a negative impact on our inventory costs and working capital due to the higher costs of storage and transport.

***Inflation and rental expenses***

Our results of operations are impacted by inflation. In Belgium, the rental costs of our directly operated stores are subject to annual indexation in accordance with the development of the health index. Our policy has been to cap these price indexing provisions, if possible; although this does not preclude the likelihood of moderate rent increases in Belgium in 2017 in line with the expected inflation trend for the year. Our annual rental expense under our operating leases, net of sublease payments received from franchisees, was €84.2 million for the year ended January 31, 2017. In addition, in Belgium, the salary paid to our employees undergoes automatic inflation in accordance with the applicable health index and is also adjusted as a result of the outcome of negotiations with labor unions on new collective labor agreements. In Belgium, the impact on our revenue of indexation increases under our labor agreements was 1.8% in the year ended January 31, 2017 compared to the prior year. In the Netherlands, the impact on our revenue of indexation increases under our labor agreements was 1.75% in the year ended January 31, 2017 compared to the prior year. Although we seek to offset the impact of indexations on labor and rent through our cost saving initiatives, labor and rental costs are key cost components that can escalate our operational expenses and decrease our cash flow in a given year.

Inflation can also affect levels of employment, disposable income, consumer confidence and consumer willingness to spend. High inflation rates can negatively affect each of these factors, which can then reduce consumer demand for our products, reduce customer traffic in our stores and on our digital platform, and lead to the loss of sales. Inflation is also a risk to our business and financial condition because, in many cases, our expenses are not recorded at one time but instead (for example) over the life of a particular supply contract or franchise or lease agreement. Accordingly, a greater than expected increase in inflation related to the cost of leases and other property costs, labor costs and merchandise costs can result in higher levels of expenditure than initially estimated at the time the expenses were initially agreed.

***Foreign exchange***

Our international procurement activities, particularly the wholesale purchase of products for our stores from foreign suppliers, expose us to foreign exchange risks, primarily with respect to the U.S. dollar, which impact our results of operations. Although our policy is to hedge against the commitments recorded in our ordering system and we use forward contracts to manage our foreign exchange risk arising from future commercial transactions and recognized financial liabilities, unfavorable currency exchange rates on payments under our U.S. dollar-denominated supplier contracts can nevertheless have a significant impact on our financial condition. For example, in the year ended January 31, 2017, we purchased goods in the amount of €871 million, of which 10.8% was sourced from Asia. We purchased a portion of these goods sourced from Asia in U.S. dollars through forward contracts denominated in U.S. dollars. Therefore, we are subject to certain shifts in currency valuations, such as the depreciation of the euro against the U.S. dollar and vice versa.

### *Seasonality, weather and trade periods*

Our business activities are cyclical and are subject to significant seasonal influences. Our most important trading period in terms of revenue, operating results and cash flow has historically been the spring and early summer, with 40% of our revenue in the year ended January 31, 2017, generated from April to July, when we experience a significant increase in sales of outdoor and gardening products, among other things. We incur additional expenses in advance of the spring and early summer seasons in anticipation of higher sales during that period, including increased inventory and advertising as well as the hiring of additional employees. By contrast, our lowest sales volume occurs during our third and fourth fiscal quarters. Past trends indicate that, in addition to the spring and early summer seasons, peaks in revenue also occur as a result of promotional events and seasonal sales. See ''*Risk Factors—Risks related to our market and our business—Our business is seasonal and can be adversely affected by sustained periods of unfavorable weather*.''

Our results are also affected by periods of abnormal, severe or unseasonable weather conditions. Periods of unseasonably warm or cold weather could affect demand for certain of our seasonal products, such as heating products used during winter or outdoor/gardening products more popular in warmer months, thereby resulting in large quantities of unsold inventory or the need to heavily discount certain products. Adverse weather conditions early in a particular season could have a double impact on our profitability, leading to a slowdown in sales at full margin followed by more extensive markdowns at the end of the season. See ''*Risk Factors—Risks related to our market and our business—Our business is seasonal and can be adversely affected by sustained periods of unfavorable weather*.''

## Key income statement line items

### *Revenue*

Revenue comprises (i) the sales value of the goods sold and services rendered, net of VAT and sales discounts, including those discounts provided in connection with bonus or loyalty cards from our directly operated stores and (ii) the purchase value of goods delivered to franchisees (after any discounts) and franchise fees from our franchisee-operated stores. For our group's directly operated stores, revenue is recognized at the moment of the delivery to consumers, and for franchisee-operated stores, at the moment that the economic risk is transferred to the franchisee, which mostly coincides with the delivery of goods to the franchisee since there are no repurchase obligations under our franchise agreements.

### *Cost of sales*

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location in a condition ready for sale for both our directly operated stores and franchisee-operated stores. These costs include those of purchasing, storing, rent, depreciation of property, plant and equipment, salaries and transporting products to the extent that it relates to bringing the inventories to the location in a condition ready for sale.

### *Gross Profit Margin*

Gross Profit Margin is calculated as operating results for the period divided by our revenue for the period.

### *Selling and distribution cost*

Selling expenses consist of store employees' salaries and wages (for our directly operated stores), store expenses (for our directly operated stores), e-commerce costs, rent income and rent expense (for our directly operated stores) or depreciation related to stores (for our directly operated stores), advertising and marketing costs (for our directly operated stores and for our franchisee-operated stores, the latter of which are funded by the franchisee fee we charge to each franchisee), and other selling expenses (for our directly operated stores and franchisee-operated stores).

### *General and administrative expenses*

General and administrative expenses are the costs of general management of our group companies, including asset sales and all costs that do not qualify as either cost of sales or selling and distribution costs.

### *Financial income and expense*

Financial income and expense includes interest income and expense (including accrued but unpaid interest), exchange rate differences that do not relate to participating interest or retail merchandise transactions, gains and losses on interest rate hedging operations involving financial derivatives, the amortization of financing costs and any results realized upon redemption of financial liabilities.

### *Income tax expenses*

Income tax expenses represents the sum of current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

## Results of operations

### *Three months ended April 30, 2017 compared to three months ended May 1, 2016*

The following table presents our results of operations for the three months ended May 1, 2016 and April 30, 2017.

| (in € millions, unless otherwise stated)[1] | Three months ended May 1, 2016 | Three months ended April 30, 2017 | Change in %[2] |
|---|---|---|---|
| | (unaudited) | | |
| Revenue | 341 | 351 | 2.9 |
| Belgium and Luxembourg | 179 | 181 | 1.1 |
| Netherlands | 162 | 170 | 4.9 |
| Cost of sales | (228) | (233) | 2.2 |
| **Gross profit** | **113** | **118** | **4.4** |
| Selling and distribution cost | (96) | (93) | (3.2) |
| General and administrative expenses | (14) | (8) | (43) |
| **Operating results** | **3** | **17** | **NM** |
| Financial income and expense | (4) | (8) | NM |
| **Income before income taxes** | **(1)** | **9** | **NM** |
| Income taxes | (2) | (3) | NM |
| **Results for the period** | **(3)** | **6** | **NM** |
| **Gross Profit Margin** | **33.1%** | **33.6%** | **0.5** |
| Belgium and Luxembourg | 34.4% | 34.5% | 0.1 |
| Netherlands | 31.8% | 32.8% | 1.0 |

(1) NM means ''not meaningful.''

(2) Reflects a change in percentage terms except with respect to Gross Profit Margin, which reflects a change in percentage points.

*Revenue*

Revenue for the three months ended April 30, 2017, increased by €10 million, or 2.9%, to €351 million from €341 million for the three months ended May 1, 2016, primarily due to the increase in revenue from directly operated stores, which is the result of Like-for-Like Sales having increased by 2.7% compared to the three months ended May 1, 2016. This increase in Like-for-Like Sales was primarily due to the increase in sales of our garden, wood and paint products. Non-Like-for-Like Sales increased primarily due to the conversion of three former franchisee-operated stores into directly operated stores in Belgium and the Netherlands and the opening of one new Brico store in Belgium since May 1, 2016.

Revenue for Belgium and Luxembourg for the three months ended April 30, 2017, increased by €2 million, or 1.1%, to €181 million from €179 million for the three months ended May 1, 2016, primarily due to the increase in revenue from our directly operated stores, which is the result of Like-for-Like Sales having increased by 0.6% compared to the three months ended May 1, 2016, despite the short strikes in Belgium and the negative impact of roadworks near our Antwerp and Anderlecht Brico Plan-It stores. We estimate that the impact of the strikes was approximately €5.2 million, or 2.9% of the revenue of our Belgian operations for the three months ended May 1, 2016, based on the sales achieved by the impacted stores for the comparable retail days in the prior year. Additionally, non-Like-for-Like Sales of our directly operated stores also increased primarily due to the conversion of one former franchisee-operated store into a directly operated store and the opening of one Brico store in Doornik, Belgium.

Revenue for the Netherlands for the three months ended April 30, 2017, increased by €8 million, or 4.9%, to €170 million from €162 million for the three months ended May 1, 2016, primarily due to the increase in revenue from directly operated stores, which is the result of Like-for-Like Sales having increased by 6.1% compared to the three months ended May 1, 2016. This increase in Like-for-Like Sales was primarily due to the increase in sales of our garden, wood and paint products. Non-Like-for-Like Sales also increased, but were partly offset by decreased revenue from our franchisee-operated stores primarily due to the conversion of two former franchisee-operated Formido stores into two directly operated Formido stores.

*Cost of sales*

Cost of sales for the three months ended April 30, 2017, increased by €5 million, or 2.2%, to €233 million from €228 million for the three months ended May 1, 2016, primarily due to an increase in revenue, which was partially offset by the increase in Gross Profit Margin mainly due to lower logistics costs.

*Gross profit*

Gross profit for the three months ended April 30, 2017, increased by €5 million, or 4.4%, to €118 million from €113 million for the three months ended May 1, 2016, primarily due to increased revenue from our directly operated stores and lower logistics costs, primarily resulting from the entry into a handling and transport agreement with our new logistics provider, ID Logistics.

Gross Profit Margin increased by 0.5% to 33.6% during the three months ended April 30, 2017, from 33.1% during the three months ended May 1, 2016, as a result of the lower cost of sales due to our Margin Enhancement Program. Gross Profit Margin for Belgium increased by 0.1% to 34.5% in the three months ended April 30, 2017, from 34.4% in the three months ended May 1, 2016. Gross Profit Margin for the Netherlands increased by 1.0%, to 32.8% in the three months ended April 30, 2017, from 31.8% in the three months ended May 1, 2016, primarily due to higher contributions from our Margin Enhancement Program and lower inventory shrinkage.

*Selling and distribution cost*

Selling and distribution costs in the three months ended April 30, 2017, decreased by €3 million, or 3.2%, to €93 million from €96 million in the three months ended May 1, 2016, primarily due to lower sales and promotion expenses, as well as an impairment of €1 million recognized in relation to our stores for the three months ended May 1, 2016. This was partially offset by higher costs associated with an increase in the number of our directly operated stores, because we had four more directly operated stores in the three months ended April 30, 2017 than we did in the three months ended May 1, 2016, as well as increases in labor and rent in line with the increase in the relevant consumer price indices.

*General and administrative expenses*

General and administrative expenses in the three months ended April 30, 2017, decreased by €6 million, or 43%, to €8 million from €14 million in the three months ended May 1, 2016. This decrease in general and administrative expenses was primarily due to a sale and leaseback of ten Praxis stores in the three months ended April 30, 2017, which resulted in a one-off benefit of €5 million recorded in general and administrative expenses. Excluding this impact, our costs increased due to higher labor expenses resulting from wage indexations, which were more than offset by the impact of our cost-saving initiatives.

*Financial income and expense*

Financial expense in the three months ended April 30, 2017 was €8 million, compared to financial expense of €4 million for the three months ended May 1, 2016, primarily due to a decrease in accrued interest income under the Maxeda DIY Intercompany Loan. In addition, we incurred a non-cash revaluation loss of €1 million for the three months ended April 30, 2017 primarily due to unfavorable currency exchange rates on payments under our U.S. dollar-denominated supplier contracts.

*Income taxes*

Income taxes in the three months ended April 30, 2017, increased by €1 million to €3 million from €2 million for the three months ended May 1, 2016, primarily due to higher income before income taxes.

***Year ended January 31, 2017 compared to year ended January 31, 2016***

The following table presents our results of operations for the years ended January 31, 2016 and January 31, 2017.

| (in € millions, unless otherwise stated)[1] | Year ended January 31, 2016 | Year ended January 31, 2017 | Change in %[2] |
|---|---|---|---|
| Revenue | 1,337 | 1,355 | 1.3 |
| Belgium and Luxembourg | 706 | 710 | 0.6 |
| Netherlands | 631 | 645 | 2.2 |
| Cost of sales | (874) | (891) | 1.9 |
| **Gross profit** | **463** | **464** | **0.2** |
| Selling and distribution cost | (367) | (363) | (1.1) |
| General and administrative expenses | (70) | (58) | (17.1) |
| **Operating results** | **26** | **43** | **65.4** |
| Financial income and expense | (34) | (25) | (26.5) |
| **Income before income taxes** | **(8)** | **18** | **NM** |
| Income taxes | (6) | (10) | 66.7 |
| **Results for the year** | **(14)** | **8** | **NM** |
| **Gross Profit Margin** | 34.6% | 34.2% | (0.4) |
| Belgium and Luxembourg | 36.0% | 35.9% | (0.2) |
| Netherlands | 33.1% | 32.7% | (0.4) |

(1) NM means "not meaningful."

(2) Reflects a change in percentage terms except with respect to Gross Profit Margin, which reflects a change in percentage points.

*Revenue*

Revenue for the year ended January 31, 2017, increased by €18 million, or 1.3%, to €1,355 million from €1,337 million for the year ended January 31, 2016, primarily due to an increase of €10 million in revenue due to online sales through our Store Home Delivery and Drop Shipment delivery models and an increase of non-Like-for-Like Sales from our directly operated stores. Like-for-Like Sales from our directly operated stores increased slightly over the same period by 0.1%. Revenue from our franchisee-operated stores for the year ended January 31, 2017, increased by €3 million compared to the year ended January 31, 2016, primarily due to an increase in Like-for-Like Sales.

Revenue for Belgium and Luxembourg in the year ended January 31, 2017, increased by €4 million, or 0.6%, to €710 million from €706 million for the year ended January 31, 2016, primarily due to an increase in revenues from our digital channel of €1 million, increased sales from our franchisee-operated stores and an increase in Like-for-Like Sales for our directly operated Brico stores primarily as a result of increased sales of electrical tools, wood and sanitary decoration products. This increase was partially offset by a decrease in Like-for-Like Sales for our Brico Plan-It stores primarily due to roadworks near two of our biggest Brico Plan-It stores in Anderlecht and Antwerp that contributed to revenue declines of €1.1 million and €2.6 million, respectively, at these stores, as well as increased competition affecting our Brico Plan-It store in Rocourt primarily due to the opening of a competitor's new store.

Revenue for the Netherlands in the year ended January 31, 2017, increased by €14 million, or 2.2%, to €645 million from €631 million for the year ended January 31, 2016, primarily due to an increase in revenue of €9 million from our digital channel for sales under our Store Home Delivery and Drop

Shipment models and an increase in Like-for-Like Sales for our Dutch stores as a result of increased sales of lighting, wood and garden products. This increase was partially offset by a decrease in sales of electrical tools and sanitary decoration products.

*Cost of sales*

Cost of sales for the year ended January 31, 2017, increased by €17 million, or 1.9%, to €891 million from €874 million for the year ended January 31, 2016, primarily due to an increase in revenue for the year ended January 31, 2017.

*Gross profit*

Gross profit for the year ended January 31, 2017, increased by €1 million, or 0.2%, to €464 million from €463 million for the year ended January 31, 2016, primarily due to increased revenue.

Our Gross Profit Margin decreased by 0.4%, to 34.2% for the year ended January 31, 2017, compared to 34.6% for the year ended January 31, 2016. The decrease is primarily due to a sales mix effect (higher online sales at a lower margin). Gross Profit Margin for Belgium and Luxembourg decreased by 0.2% to 35.9% for the year ended January 31, 2017, compared to 36.0% for the year ended January 31, 2016, primarily due to a slightly lower intake margin in our directly operated stores and a sales mix effect of higher e-commerce sales at a lower margin. Gross Profit Margin for the Netherlands decreased by 0.4% to 32.7% for the year ended January 31, 2017, compared to 33.1% for the year ended January 31, 2016, primarily due to a sales mix effect of higher e-commerce sales at a lower margin.

*Selling and distribution cost*

Selling and distribution costs in the year ended January 31, 2017, decreased by €4 million, or 1.1%, to €363 million from €367 million in the year ended January 31, 2016. This decrease was driven by lower impairment in relation to our stores. Impairment for the year ended January 31, 2017, decreased by €3 million, to €3 million, from €6 million for the year ended January 31, 2016. Increases in labor and rent (in line with the increase in the relevant consumer price indices) were offset by several cost-saving initiatives including, for example, a temporary hiring freeze and savings on marketing and e-commerce expenses.

*General and administrative expenses*

General and administrative expenses in the year ended January 31, 2017, decreased by €12 million, or 17.1%, to €58 million from €70 million in the year ended January 31, 2016. This decrease in general and administrative expenses was due to €13 million of consulting fees we incurred in the year ended January 31, 2016, relating to a refinancing project and the implementation of our cost-saving initiatives, including the restructuring of our headquarters, in the year ended January 31, 2017. This decrease was partially offset by a sale and leaseback of three stores for €2 million in the year ended January 31, 2016.

*Financial income and expense*

Financial expense in the year ended January 31, 2017, amounted to €25 million, compared to financial expense of €34 million for the year ended January 31, 2016, primarily due to a refinancing in connection with the financial restructuring of our group and a decrease in third-party interest expense, which was partially offset by a decrease in accrued interest income from the Maxeda DIY Intercompany Loan. In addition, we incurred a non-cash loss of €4 million for the year ended January 31, 2016, compared to a non-cash profit of €1 million for the year ended January 31, 2017, primarily due to the fair value impact of unfavorable currency exchange rates on payments under our U.S. dollar-denominated supplier contracts.

*Income taxes*

Income taxes in the year ended January 31, 2017, increased by €4 million to €10 million from €6 million for the year ended January 31, 2016, primarily due to a higher tax liability for our Belgian subsidiaries as a result of their higher net income for the year ended January 31, 2017, and the recognition of €3 million in deferred tax assets in the year ended January 31, 2016.

***Year ended January 31, 2016 compared to year ended January 31, 2015***

The following table presents our results of operations for the years ended January 31, 2015 and January 31, 2016.

| (€ in millions, unless otherwise stated)[1] | Year ended January 31, 2015 | Year ended January 31, 2016 | Change in %[2] |
|---|---|---|---|
| Revenue | 1,314 | 1,337 | 1.8 |
| Belgium and Luxembourg | 700 | 706 | 0.9 |
| Netherlands | 614 | 631 | 2.8 |
| Cost of sales | (860) | (874) | 1.6 |
| **Gross profit** | **454** | **463** | **2.0** |
| Selling and distribution cost | (347) | (367) | 5.8 |
| General and administrative expenses | (78) | (70) | (10.3) |
| **Operating results** | **29** | **26** | **(10.3)** |
| Financial income and expense | (24) | (34) | 41.7 |
| **Income before income taxes** | **5** | **(8)** | **NM** |
| Income taxes | (10) | (6) | (40.0) |
| **Results for the year** | **(5)** | **(14)** | **NM** |
| **Gross Profit Margin** | 34.6% | 34.6% | 0.0 |
| Belgium and Luxembourg | 36.0% | 36.0% | 0.0 |
| Netherlands | 32.9% | 33.1% | 0.2 |

(1) NM means ''not meaningful.''

(2) Reflects a change in percentage terms except with respect to Gross Profit Margin, which reflects a change in percentage points.

*Revenue*

Revenue for the year ended January 31, 2016, increased by €23 million, or 1.8%, to €1,337 million from €1,314 million for the year ended January 31, 2015, primarily due to an €8 million increase in revenue due to online sales through our Store Home Delivery and Drop Shipment delivery models and an increase of non-Like-for-Like Sales from our directly operated stores. Like-for-Like Sales from our directly operated stores increased slightly by 0.2%. Revenue from our franchisee-operated stores for the year ended January 31, 2016, increased by €2 million compared to the year ended January 31, 2015, primarily due to non Like-for-Like Sales, as the revenue from new franchisee-operated stores was higher than the decrease in sales due to the closing of franchisee-operated stores and/or the conversion of franchisee-operated stores to directly operated stores.

Revenue for Belgium and Luxembourg in the year ended January 31, 2016, increased by €6 million, or 0.9%, to €706 million from €700 million for the year ended January 31, 2015, primarily due to an increase of 2.1% in Like-for-Like Sales for our Brico Plan-It stores as a result of increased sales of garden and decoration products and an increase in non-Like-for-Like Sales from our expansion projects. This increase was partially offset by a decrease of 1.5% in Like-for-Like Sales for our Brico directly operated stores due to a decrease in sales of paint, wood and sanitary decoration products.

Revenue for the Netherlands in the year ended January 31, 2016, increased by €17 million, or 2.8%, to €631 million from €614 million for the year ended January 31, 2015, primarily due to an increase of 2.6% in Like-for-Like Sales for our Praxis directly operated stores as a result of increased sales of tools and wood and garden products, an increase in revenues from our digital channel for Praxis and several expansion projects relating to our garden center stores and ''City'' stores.

*Cost of sales*

Cost of sales for the year ended January 31, 2016, increased by €14 million, or 1.6%, to €874 million from €860 million for the year ended January 31, 2015, primarily due to higher revenue as Gross Profit Margin remained stable at 34.6%.

*Gross profit*

Gross profit for the year ended January 31, 2016, increased by €9 million, or 2.0%, to €463 million from €454 million for the year ended January 31, 2015, primarily due to increased revenue.

Our Gross Profit Margin remained stable at 34.6% during the years ended January 31, 2016 and January 31, 2015. Our Gross Profit Margin was negatively impacted by an unfavorable sales mix effect as the increase in revenue in the Netherlands (where we have a lower Gross Profit Margin compared to Belgium) was higher than the revenue increase in Belgium. Gross Profit Margin for Belgium and Luxembourg remained stable at 36.0%. Gross Profit Margin for the Netherlands increased by 0.2% to 33.1% for the year ended January 31, 2016, primarily due to a decrease in inventory write-offs and lower discounts on inventory in connection with our range reviews. This increase was partially offset by an unfavorable sales mix effect due to increased revenue from our online sales for Praxis with a lower Gross Profit Margin.

*Selling and distribution cost*

Selling and distribution costs in the year ended January 31, 2016, increased by €20 million, or 5.8%, to €367 million from €347 million in the year ended January 31, 2015, primarily due to impairment in relation to our stores for the year ended January 31, 2016, having increased by €4 million to €6 million, from €2 million for the year ended January 31, 2015. As result of higher non-Like-for-Like Sales from our store expansion projects, our selling and distribution costs increased by €4 million as did our like-for-like costs as a result of the indexation on labor and rent and increased expenses related to maintenance and the expansion of our digital channel (and, in particular, increased labor costs related to the expansion of our online team), our customer service initiatives and the services associated with our Store Home Delivery Model.

*General and administrative expenses*

General and administrative expenses in the year ended January 31, 2016, decreased by €8 million, or 10.3%, to €70 million from €78 million in the year ended January 31, 2015. This decrease in general and administrative expenses was primarily due to exceptional income from the sale and leaseback of three Praxis stores and the waiver of accrued but unpaid management fees by our former shareholders, as well as lower overhead costs in the year ended January 31, 2016, due to headcount reductions at our headquarters.

*Financial income and expense*

Financial expense in the year ended January 31, 2016, was €34 million compared to financial expense of €24 million for the year ended January 31, 2015, an increase primarily due to the incurrence of a non-cash loss of €4 million for the year ended January 31, 2016, as a result of unfavorable currency exchange rates on payments under our U.S. dollar-denominated supply contracts compared to a positive impact of €4 million for the year ended January 31, 2015.

*Income taxes*

Income taxes in the year ended January 31, 2016, decreased by €4 million, or 40.0%, to €6 million from €10 million for the year ended January 31, 2015, primarily due to the recognition of €3 million in deferred tax assets in the year ended January 31, 2016 of our Belgian subsidiaries and a settlement payment in the amount of €1 million during the year ended January 31, 2015, arising from a transfer pricing audit conducted by Belgian tax authorities in respect of our Brico stores.

## Liquidity and capital resources

Our primary source of liquidity is cash flows from operations. Our primary cash needs relate to capital and other expenditures for opening new stores and maintaining and refurbishing existing stores, meeting debt service requirements and funding our working capital requirements. The most significant components of our working capital are inventories, trade debtors, trade and cost creditors, and other working capital, including short-term prepayments and accruals. We believe that, based on our current cash flows, these sources of liquidity, together with existing available borrowings under the Revolving Credit Facility, will be sufficient to fund our operations, capital expenditure and debt service for at least the next twelve months.

We are highly leveraged and have significant debt service obligations. As of the Issue Date, after giving effect to the Refinancing Transactions, we expect to have €476 million of indebtedness, comprised of the Notes and €1 million of finance leases in Belgium. We will also be able to borrow up to €50 million under the Revolving Credit Facility. We expect to have approximately €7 million of outstanding but undrawn letters of credit under the Revolving Credit Facility, which we expect will be rolled over from the Existing Senior Facilities Agreement.

The Indenture governing the Notes offered hereby and the Revolving Credit Facility Agreement will contain restrictive covenants that may limit our ability to finance our future opportunities and capital needs, and pursue business opportunities and activities. In addition, the Revolving Credit Facility also will require us to comply with a leverage ratio under certain circumstances in order for us to continue to be able to draw funds under this facility.

Our ability to generate cash depends on our future operating performance, which in turn depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control, as well as the other factors discussed in ''—*Key factors affecting results of operations*'' and ''*Risk Factors*.'' In addition, as of July 1, 2017, a new law came into effect in the Netherlands, which stipulates that in contractual relationships between companies, the payment term can never be longer than 60 days if the debtor is a ''large'' company and the creditor is a ''small'' or ''medium''-sized company, as such terms are defined under the law. Since our Dutch subsidiaries qualify as ''large'' companies under the law, and because we usually tend to apply a 90-day payment term to our creditors, this law will impact our working capital in the future. However, for contractual relationships already in existence as of July 1, 2017, there is an applicable grace period that gives the parties until June 30, 2018 to adjust the payment terms in accordance with the law. This new law could impact our working capital by up to approximately €22 million beginning on June 30, 2018. We are currently investigating purchasing our supplies through our Belgian subsidiaries and other alternatives in order to limit the impact of this law on our operations. Trade credit from our suppliers is also an important source of financing for the purchase of the inventory we sell in our stores. Accordingly, the loss of, or reduction in, trade credit could have a significant adverse impact on our inventory levels and operating cash flow and negatively impact our liquidity. Our suppliers may seek credit insurance to protect against nonpayment of amounts due to them. If credit insurance is not available to suppliers at reasonable terms or at all, suppliers may demand accelerated payment of amounts due to them or require advance payments or letters of credit before goods are shipped to us. A negative change in our credit ratings or our suppliers' perception of our creditworthiness, including due to pending debt maturities, may impact their willingness to provide trade credit to us and adversely affect our cash flow.

We will have access to the Revolving Credit Facility to service our working capital and general corporate needs. The availability of this facility is dependent upon certain conditions described further under ''*Description of Other Indebtedness—Revolving Credit Facility Agreement*.''

We cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

### *Cash flows*

The table below sets forth certain information related to our cash flows.

| (in € millions) | Year ended January 31, 2015 | Year ended January 31, 2016 | Year ended January 31, 2017 | Three months ended May 1, 2016 (unaudited) | Three months ended April 30, 2017 (unaudited) |
|---|---|---|---|---|---|
| **Cash flow from/(used in) operating activities** | 39 | (7) | 9 | (8) | 13* |
| **Cash flow from/(used in) investing activities** | (33) | (37) | (35) | (4) | 2 |
| **Cash flow from/(used in) financing activities** | 41 | (25) | (15) | — | — |
| **Net cash flow** | **47** | **(69)** | **(41)** | **(12)** | **15** |
| Net cash at the beginning of the year | 122 | 169 | 100 | 100 | 59* |
| **Net cash as at year-end** | **169** | **100** | **59** | **88** | **74** |

* As a result of the difference between the period-end closing of the January management accounts (January 29, 2017, due to the retail calendar we use for our management accounts) and the period-end closing of our annual consolidated financial statements (January 31, 2017), a cash outflow of €15 million, consisting of end-of-month trade payables (€6 million) and other taxes and social security contributions (€9 million), is included in both our annual consolidated financial statements as of and for the year ended January 31, 2017 and our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017. In order to avoid double-counting this cash outflow, we have only reflected it in the year ended January 31, 2017, and accordingly the cash flows from/(used in) operating activities shown in this table will differ from the cash flows reflected in our unaudited condensed consolidated interim financial statements for the three months ended April 30, 2017.

*Cash flow from operating activities*

Our cash flow from operating activities is primarily driven by movements in our operating results before amortization, depreciation and impairment, our adjusted net working capital, and interest and tax expenses. For the purposes of the following discussion, we have outlined the key factors affecting our cash flows from operating activities other than parent intercompany payables of Maxeda DIY owed to Maxeda DIY Group.

Our cash flow from operating activities for the three months ended April 30, 2017 amounted to an inflow of €13 million, primarily due to operating results before amortization, depreciation and impairment of €18 million, excluding a €5 million profit on a sale and lease-back transaction recorded in the cash flow from investing activities, and a positive cash flow from the change in adjusted net working capital of €20 million, excluding a cash outflow of €15 million included in our audited consolidated financial statements as of and for the year ended January 31, 2017, which were partly offset by interest expenses of €19 million and a corporate income tax liability of €6 million.

Our cash flow from operating activities for the three months ended May 1, 2016 amounted to an outflow of €8 million, primarily due to operating results before amortization, depreciation and impairment of €10 million and a positive cash flow from the change in adjusted net working capital of €1 million, which were more than offset by interest expenses of €18 million and a corporate income tax liability of €6 million.

Our cash flow from operating activities for the year ended January 31, 2017, amounted to an inflow of €9 million, primarily due to operating results before amortization, depreciation and impairment of €73 million, which were partially offset by interest expenses of €33 million, a corporate income tax liability of €6 million and negative cash flow from the change in adjusted net working capital of €28 million.

Our cash flow from operating activities for the year ended January 31, 2016, amounted to an outflow of €7 million, primarily due to operating results before amortization, depreciation and impairment of €60 million, which were more than offset by interest expenses of €30 million, an increase by €8 million compared to the year ended January 31, 2015, primarily due to a switch from PIK interest to cash interest on our former mezzanine debt facility as well as a corporate income tax liability of €9 million and negative cash flow from the change in adjusted net working capital of €32 million.

Our cash flow from operating activities for the year ended January 31, 2015, amounted to an inflow of €39 million, primarily due to operating results before amortization, depreciation and impairment of €58 million, and a positive cash flow from the change in adjusted net working capital of €13 million, which were partially offset by interest expenses amounting to €22 million and a corporate income tax liability of €9 million.

*Cash flow used in investing activities*

Cash used in investing activities principally relates to capital expenditure on growth in our trading space, the refurbishment and maintenance of our existing stores, concept changes, range review-related changes and the investment in our multi-channel platforms, our distribution center and IT as well as intangible assets.

The following table shows our cash flow from investing activities by type of capital expenditure for the years ended January 31, 2015, 2016, 2017, and for the three months ended May 1, 2016 and April 30, 2017:

The table below sets forth certain information related to our cash flows.

| | Year ended January 31, | | | Three months ended May 1, | Three months ended April 30, |
|---|---|---|---|---|---|
| **(in € millions)** | **2015** | **2016** | **2017** | **2016** | **2017** |
| | | | | **(unaudited)** | |
| Development capital expenditure[(1)] | 7 | 10 | 8 | 1 | 1 |
| Maintenance capital expenditure[(2)] | 24 | 24 | 24 | 3 | 1 |
| Other capital expenditure[(3)] | 2 | 3 | 3 | 1 | 1 |
| Net gain on purchase and sale of tangible fixed assets | 0 | 0 | 0 | 0 | (5) |
| **Total cash flow from investing activities** | **33** | **37** | **35** | **4** | **(2)** |

(1) Development capital expenditure consists primarily of costs with respect to fixtures and fittings and other professional expenses in connection with new store openings as well as investments in our digital channel.

(2) Maintenance capital expenditure consists primarily of repairs, purchases of fixtures and fittings, and expenses in connection with the refurbishment of our existing directly operated stores, range reviews (which includes certain capital expenditures such as the purchase of fixtures and shelves) and IT (excluding investments in our digital channel).

(3) Other capital expenditure consists primarily of logistics and small projects.

For the three months ended April 30, 2017, cash flow from investing activities was €2 million compared to a cash outflow of €4 million for the three months ended May 1, 2016, primarily due to a sale and leaseback of ten Praxis stores in the three months ended April 30, 2017, which resulted in a nonrecurring benefit of €5 million, and different intra-year phasing of maintenance expenditures and IT projects.

For the year ended January 31, 2017, cash flow used in development and maintenance capital expenditures was €32 million compared to €34 million for the year ended January 31, 2016, and €31 million for the year ended January 31, 2015. Our capital expenditure used in development and maintenance decreased by €2 million for the year ended January 31, 2017, compared to the year ended January 31, 2016 primarily due to fewer investments in new store openings and in our digital channel. Our capital expenditure used in development and maintenance increased by €3 million for the year ended January 31, 2016, in comparison to the year ended January 31, 2015 due to higher investments in new store openings and inventory and in our digital channel.

We expect our capital expenditure for the year ending January 31, 2018 to be in the range of €35 million to €38 million. This capital expenditure will be incurred primarily in relation to new store openings, store refurbishments and maintenance, a review of our store ranges and IT investments.

*Cash flow from financing activities*

Cash flows from financing activities for the year ended January 31, 2017, increased by €10 million from a cash outflow of €25 million for the year ended January 31, 2016, to a cash outflow of €15 million for the year ended January 31, 2017. This increase was primarily due a reimbursement in the amount of €15 million under the Existing Facilities for the year ended January 31, 2017, compared to a repayment in the amount of €20 million under the revolving facility under the Existing Facilities and a reimbursement in the amount of €15 million under the Existing Facilities for the year ended January 31, 2016, and a utilization of €10 million under the term loan E under the Existing Facilities.

Cash flows from financing activities for the year ended January 31, 2016, decreased by €66 million from a cash inflow of €41 million for the year ended January 31, 2015, to a cash outflow of €25 million for the year ended January 31, 2016. This decrease was primarily due to the utilization of €42 million under our Existing Facilities for the year ended January 31, 2015, compared to a repayment in the amount of €20 million under the revolving facility under the Existing Facilities and a reimbursement in the amount of €15 million under the term loan B under the Existing Facilities for the year ended January 31, 2016, and a utilization of €10 million under the term loan E under the Existing Facilities.

## Adjusted net working capital

Adjusted net working capital consists of inventories, trade debtors, trade creditors (which represent invoices relating to the purchase of goods) and cost creditors (which represent invoices relating to all costs except those relating to the purchase of goods, including, for example, capital expenditures, IT service contracts and rent) and other working capital (which consists primarily of value added tax, holiday allowance, accruals, prepaid rent, supplier benefits, social security payments and loyalty program credits) and provisions, adjusted to eliminate parent intercompany payables. We experience high working capital ahead of spring and we typically generate high revenue during spring and summer due to improved weather conditions that encourage sales of seasonal products such as barbecues and outdoor and garden products. During this season our revenue tends to outpace our creditor payments, resulting in negative working capital towards the end of the summer season. For the year ended January 31, 2017, we generated 40% of our revenue between April and July. As a result, we experience higher working capital ahead of these periods and will require liquidity in order to fund such working capital needs from cash and/or drawings under the Revolving Credit Facility. For instance, in the twelve months ended April 30, 2017, our adjusted net working capital was €25 million as of February 28, 2017, driven by a combination of high inventory levels and a low level of trade and cost creditors outstanding and was negative €28 million as of July 31, 2016, driven by a high level of trade and cost creditors.

In addition, we experience significant fluctuations in our intra-month working capital due to regularly scheduled payments on certain days of each month to our trade creditors as well as our employees and landlords.

The following table sets forth our change in adjusted net working capital for the periods indicated.

| (in € millions) | Year ended January 31, 2015 | 2016 | 2017 | Three months ended May 1, 2016 | Three months ended April 30, 2017 |
|---|---|---|---|---|---|
| | (unaudited) | | | (unaudited) | |
| (Increase)/Decrease in inventories | (4) | (13) | (1) | (27) | (30) |
| (Increase)/Decrease in trade debtors | 11 | 1 | 5 | (2) | (1) |
| Increase/(Decrease) in trade and cost creditors | 5 | (7) | (12) | 44 | 56* |
| Adjusted (Increase)/Decrease in other working capital and provisions(1) | 2 | (13) | (21) | (14) | (5)* |
| Change in adjusted net working capital | 13 | (32) | (28) | 1 | 20 |

(1) Adjusted (Increase)/Decrease in other working capital and provisions is defined as our (Increase)/Decrease in other working capital and provisions adjusted for intercompany payables of Maxeda DIY owed to Maxeda DIY Group B.V. The movements in group intercompany positions between Maxeda DIY and Maxeda DIY Group B.V. for the year ended January 31, 2016, consisted of a cash outflow of €1 million and for the year ended January 31, 2017, of a cash inflow of €2 million. The movements in group intercompany positions between Maxeda and Maxeda DIY Group B.V. for the three months ended May 1, 2016, consisted of a cash inflow of €3 million. The movements in group intercompany positions between Maxeda DIY and Maxeda DIY Group B.V. for the three months ended April 30, 2017, consisted of a cash inflow of €1 million.

* As a result of the difference between the period-end closing of the January management accounts (January 29, 2017, due to the retail calendar we use for our management accounts) and the period-end closing of our annual consolidated financial statements (January 31, 2017), a cash outflow of €15 million, consisting of end-of-month trade payables (€6 million) and other taxes and social security contributions (€9 million), is included in both our annual consolidated financial statements as of and for the year ended January 31, 2017 and our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017. In order to avoid double-counting this cash outflow, we have only reflected it in the year ended January 31, 2017, and accordingly the cash flows from/(used in) operating activities shown in this table will differ from the cash flows reflected in our unaudited condensed consolidated interim financial statements for the three months ended April 30, 2017.

The change in adjusted net working capital for the three months ended April 30, 2017, was a positive change of €20 million, compared to a positive change in adjusted net working capital of €1 million for the three months ended May 1, 2016. The change in adjusted net working capital for the three months ended April 30, 2017, was due to a €30 million increase in inventories, a €1 million increase in trade debtors, a €56 million increase in trade and cost creditors, and a €5 million increase in other working capital and provisions. The increase in our trade and cost creditors reflects the phasing of a €6 million payment which was recorded in our financial statements as of and for the year ended January 31, 2017, as well as higher purchase volumes. The change in other working capital and provisions was primarily driven by the phasing impact of a €9 million payment of other taxes and social security, which was recorded in our financial statements as of and for the year ended January 31, 2017, compared to a similar payment in the three months ended May 1, 2016, and the recovery of a €3 million VAT payment that had been advanced in the year ended January 31, 2017.

The change in adjusted net working capital for the year ended January 31, 2017, was a negative change of €28 million, compared to a negative change in adjusted net working capital of €32 million for the year ended January 31, 2016. The change in adjusted net working capital for the year ended January 31, 2017, was due to a €1 million increase in inventories, a €5 million reduction in trade debtors, a €12 million decrease in trade and cost creditors, and a €21 million increase in other working capital and provisions. The increase in inventories was mainly driven by the expansion of our network and an increase in our inventories at our Praxis stores, particularly in the three months ended April 30, 2017, partially offset by inventory reduction programs at our warehouses. The reduction in trade debtors was primarily due to the earlier collection of several supplier contributions, such as year-end rebates and contributions through our Margin Enhancement Program, and the reclassification of €4 million of franchisee payment plans to other working capital and provisions. The decrease in trade and cost creditors was primarily due to a €6 million end-of-month payment of a receivable that was included in our operating results for the year ended January 31, 2017, and not in our operating results for the year ended January 31, 2016, due to the end of the month falling on a weekend, and inventory reduction programs at our warehouses. The increase in other working capital and provisions was mainly due to the reclassification of €4 million of franchisee payment plans from trade debtors and a €9 million other taxes and social security contribution that was included in our operating results for the year ended January 31, 2017, and not in our operating results for the year ended January 31, 2016, as well as a cash outflow of €5 million on provisions, mainly relating to a settlement with Belgian custom authorities and pension provisions.

The change in adjusted net working capital for the year ended January 31, 2016 was a negative change of €32 million, compared to a positive change in adjusted net working capital of €13 million for the year ended January 31, 2015. The change in adjusted net working capital for the year ended January 31, 2016, was due to a €13 million increase in inventories, a €1 million reduction in trade debtors, a €7 million decrease in trade and cost creditors, and a €13 million increase in other working capital and provisions. The increase in inventories was mainly driven by expansion of our network, higher inventories at our warehouses, an increase in our inventories at our Brico and Praxis stores, and higher non-cash costs charged to inventory as result of a lower inventory rotation. The reduction in trade debtors is due to the reclassification of €5 million of franchisee payment plans to other working capital. The decreases in trade and cost creditors are due to the phasing in of certain capital expenditures (such as new cashier desks in certain of our stores). The increase in other working capital and provisions are due to the reclassification of €5 million of franchisee payment plans to other working capital, the €4 million write-off of accrued but unpaid management fees by our former shareholders, and cash outflows in relation to certain provisions and exceptional expenses such as the ones in connection with the refinancing and restructuring processes.

### Off-balance sheet arrangements

As of January 31, 2017, we had €8 million in outstanding but undrawn letters of credit with respect to certain of product purchase agreements, which we expect will continue to be made available under the Revolving Credit Facility (following the rollover on the Issue Date). As of January 31, 2017, we also had €31 million of commitments to repurchase inventory and fixed assets from certain of our franchisees to the extent that they fail to repay loans under their financing arrangements. Our off-balance sheet commitments also include forward contracts denominated in U.S. dollars in the amount of €27 million.

### Employee pensions

The vast majority of our Dutch employees who are older than 20 years participate in a multi-employer pension plan. In Belgium, we make contributions to a defined contribution plan that is average-pay based, fully insured and administered by an insurance company. During each of the years ended January 1, 2017 and January 1, 2016, we contributed €8 million to our defined contribution plans.

In Belgium, we contribute to a defined benefit plan for executives. The plan is final-pay based and is administered by an insurance company. During the year ended January 1, 2017, we contributed €4 million to our defined benefit plan, and for the year ended January 1, 2016, we contributed €2 million to our defined benefit plan.

In the Netherlands, we also have a number of plans for jubilee benefits. During each of the years ended January 1, 2017 and January 1, 2016, we made provisions of €4 million for such plans.

Our employee benefit plans expose us to actuarial risks such as longevity risk, interest rate risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation where a decrease in the discount rate will increase a plan's liability, which, however, will be partially offset by an increase in the return on a plan's investments in debt instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability.

### Contractual obligations

The following table summarizes certain categories of our contractual obligations owed to third parties by period as of January 31, 2017, after giving effect to the Refinancing Transactions:

| (in € millions) | Less than 1 year | 1–5 years | After 5 years | Total |
|---|---|---|---|---|
| | Payments due by period | | | |
| Notes offered hereby | — | — | 475 | 475 |
| Finance leases | 1 | — | — | 1 |
| Operating lease obligations(1) | 91 | 219 | 139 | 449 |
| **Total**(2) | 92 | 219 | 614 | 925 |

(1) Represents long-term rental and lease contracts for business premises and other fixed assets.

(2) The Revolving Credit Facility matures six months prior to the maturity of the Notes and because such facility consists of revolving indebtedness, which may be drawn and repaid from time to time, such indebtedness is not included in this table. We expect the Revolving Credit Facility to be undrawn as of the Issue Date. The Revolving Credit Facility will be repaid and redrawn from time to time to fund our working capital needs. See ''*Description of Other Indebtedness—Revolving Credit Facility Agreement*.''

### Qualitative disclosures about market risk

We are exposed to various market risks, including interest rate, foreign currency exchange rate, credit and liquidity risks associated with our underlying assets, liabilities, forecast transactions and firm commitments. Our treasury department is responsible for managing our exposure to market risk that arises in connection with operations and financial activities, including interest rate, foreign currency exchange rate, credit and liquidity, and credit risk management.

The following sections discuss our significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business, including country risk and legal risk.

#### *Interest rate risk management*

We manage our net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in our total financial debt portfolio. To manage this mix, Maxeda DIY may enter into interest rate swap agreements, in which we have exchanged periodic payments based on a notional amount and agreed upon fixed and variable interest rates, and forward contracts, in which we exchange fixed amounts of foreign currency and fixed amounts of euro.

Upon completion of the Refinancing Transactions, we will be exposed to market risks as a result of changes in interest rates, particularly in relation to floating rate indebtedness, including the Floating Rate Notes and borrowings under the Revolving Credit Facility. Financial liabilities issued at floating rates will expose us to cash flow interest rate risk, while financial liabilities issued at fixed rates expose us to fair value interest rate risk. To manage the exposure to changes in interest rates we expect to continue to use interest rate swaps to exchange all or a portion of the interest rate exposure on the Floating Rate Notes from a floating interest rate to a fixed interest rate.

### *Currency risks*

We are exposed to foreign exchange risk, primarily with respect to the U.S. dollar. Our principal foreign currency exposures arise from the purchase of overseas-sourced products through our sourcing agent in Asia. Our policy is to hedge against the commitments recorded in our ordering system.

We use forward contracts to manage our foreign exchange risk arising from future commercial transactions and recognized financial liabilities.

### *Liquidity risk*

Liquidity risk arises mostly in connection with cash flows generated and used in financing activities, and particularly by servicing debt, in terms of both interest and capital, and from all our payment obligations that result from business activities. Our liquidity management policy involves minimizing the available cash on a daily basis. The reimbursement capacity is reviewed annually. An adjustment during the year would be possible if necessary.

In general, we manage our liquidity risk by monitoring our cash flow and rolling liquidity reserve forecast in order to ensure that we have sufficient committed facilities to meet our liquidity needs.

## Critical accounting judgments

The preparation of our financial statements requires our management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments, estimates and assumptions that management considers most critical are the following assumptions:

- estimates and assumptions for measuring intangible assets at the time of acquisition, as well as estimates of their useful lives. The estimated useful life and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis;
- calculations made to determine the recoverable amount of a cash-generating unit to which goodwill is allocated. The calculation of the recoverable amount is based on the estimated future cash flows and an appropriate discount rate has to be determined to calculate the present value. These cash flow projections are based on our strategic plan, excluding uncommitted expansion. Goodwill is tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired;
- reviewing the level of obsolescence of inventories and its impact on the expected net realizable value, being the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition, and consequently, the measurement of inventories. This assessment is performed throughout the year, based on factors such as the aging of inventory, seasonality, range reviews, inventory counts and market trends; and

- calculations made to determine the amount of current and deferred tax positions to be recognized. The calculation of the amount to be recognized is based on the estimated future taxable results and an estimate of the ultimate tax effect of certain transactions. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

# INDUSTRY

*Generally, the market information presented in this section is taken directly or derived from the cited sources. Market data are inherently forward looking and subject to uncertainty, and do not necessarily reflect actual market conditions. They are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on our own information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as ''we estimate,'' ''we expect,'' ''we believe'' or ''in our view,'' and as such do not purport to cite to or summarize any third-party or independent source and should not be so read. See ''Industry and Market Data*.''

## Overview of the Belgian and Dutch DIY markets

The Belgian and Dutch DIY markets had a combined size of approximately €5.7 billion in the year ended January 31, 2017, according to GfK (defined (i) for Belgium, as the total store sales of a GfK-referenced store panel composed of the top five DIY retailers (Brico, Brico Plan-It, Gamma, Hubo and Mr. Bricolage), Makro and a panel of independent retailers, and (ii) for the Netherlands, as the total store sales of DIY superstores, paint specialists and other DIY retailers). We believe that each of the Belgian and Dutch DIY markets have distinct characteristics compared to the DIY markets in other Western European countries, and are also different from each other.

The Belgian DIY market is characterized by a stable pricing environment, with limited pricing pressure among competitors. A comparatively high rate of home ownership in Belgium and a focus on larger-scale projects to improve home comfort are reflected in higher sales of ''non-mobile'' products. In-store shopping predominates in Belgium (with comparatively lower online sales), with large-format ''big box'' stores particularly popular in this market, contributing to higher sales densities and resulting margins. By contrast, the Dutch DIY market is primarily driven by trends in the housing market (i.e., home sales and new builds), and by smaller-scale maintenance, repair and decoration projects such as painting and flooring. Accordingly, smaller-format, conveniently located stores and online sales are more popular in the Netherlands, each with higher relative shares of sales compared to the Belgian market.

In both markets, DIY specialty retailers face limited competition from ''hypermarkets'' (defined as large, diversified non-specialist retailers such as Action, HEMA or IKEA) and pure-play online companies, and we believe that high barriers to entry in our markets mitigate the potential for increased competition. In particular, potential new market entrants face long lead times for new stores which we estimate based on our previous experience to be between four to six years, attributable to the limited availability of prime retail locations and the lengthy planning and permitting processes in Belgium and the Netherlands. New entrants would face pressure from well-established competitors with greater brand recognition and broader networks in seeking to build a sustainable and profitable presence in these countries. We also view the technical complexity of many DIY products and the challenges of appropriately managing inventory space as additional barriers to entry in markets where product choice and accessibility are key customer considerations.

The global economic crisis impacted the development of the Belgian and Dutch DIY markets in different ways. The Dutch DIY market contracted during the crisis, while the Belgian DIY market continued to grow, in part due to a resilient economy and a lower reliance on home transactions as a driver of sales. Since 2013, improvements in consumer confidence and positive trends in the housing market have generally been observed in both Belgium and the Netherlands, which has resulted in a return to growth for both DIY markets.

## DIY market trends in Belgium and the Netherlands

We believe the trends outlined below are relevant in our markets and can impact the development of our business.

- *Demographic and macroeconomic changes:* The overall growth in the population and the number of households drives DIY spending, although the effect has been partially offset by a decrease in the number of people aged between 35 and 55, which is the age group that typically spends the most time on home improvement. Consumer expenditure (linked to consumer confidence) and the propensity of a population to change or improve their homes (linked to the housing market) constitute additional key drivers of consumer spending on DIY products and services.

- *Competition from pure-play online retailers:* Increases in the DIY offering of pure-play online retailers have a negative impact on traditional brick-and-mortar DIY incumbents. The share of Belgian and Dutch consumers buying DIY goods online, however, is still relatively limited (at 3% and 3%, respectively, in the year ended January 31, 2017) compared to other countries (in France, for instance, the share of online sales is around 5% for the leading DIY chain, Leroy Merlin). The DIY market's relatively low share of online sales in Belgium and the Netherlands is linked to a number of factors, including the dominance of in-store shopping (particularly in Belgium), DIY retailers' late entry into the online channel and customer service requirements that are easier to provide in person owing to the highly technical nature of many DIY products (i.e., when seeking a suitable product for solving a specific issue or meeting a certain need, we believe consumers prefer in-person advice). Major DIY retail chains are improving and expanding their online offerings, however, and should be in a strong position to capture future online sales growth among DIY consumers, because they generate significantly more online traffic than most pure-play online DIY retailers (we estimate, for example, that in the Netherlands only bol.com, a pure-play non-specialist online retailer, benefits from comparable brand awareness).
- *Indirect competition:* Diversification and growth from large non-DIY retailers such as Action, HEMA or IKEA, generally present in both countries, has somewhat increased indirect competition with traditional DIY chains in certain product categories. However, competition from such hypermarkets remains limited and has not intensified recently in Belgium or the Netherlands, representing a stable and marginal share of the market.

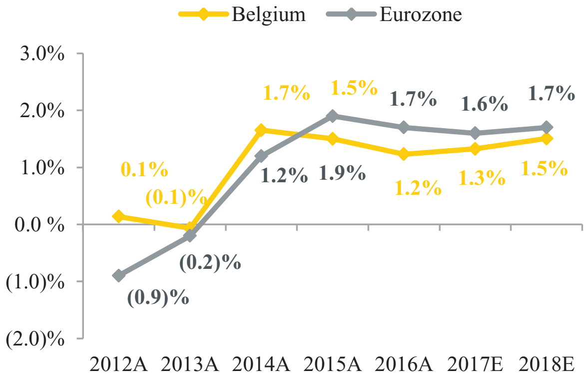
## Belgium

### *Macroeconomic developments in Belgium*

Compared to the rest of Europe, the Belgian economy has shown strong resilience throughout the European economic crisis, experiencing stagnation of GDP in 2012–2013 (as opposed to recession in the overall eurozone) followed by an economic rebound from 2014 onwards, with annual GDP growth ranging between 1.2% and 1.7% between 2014 and 2016. The OECD predicts that economic growth in Belgium will strengthen in 2017 and 2018 (with estimated GDP growth of 1.3% and 1.5%, respectively), with private investment driving growth in response to high capacity utilization and favorable financial conditions. A pick-up in international trade is expected to support Belgian exports, and improved transport infrastructure and lower transaction costs for buying a house should foster spatial mobility in the labor market, according to OECD projections.

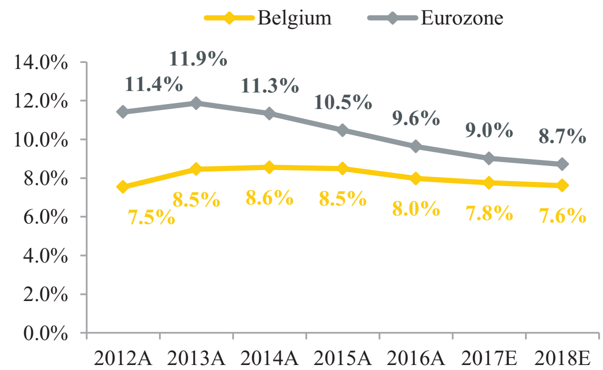
According to the IMF, the unemployment rate increased less than in other European countries until 2014, reflecting widespread labor hoarding and the use of reduced work time schemes. Although the favorable spread relative to the broader eurozone has been narrowing since 2014, the unemployment rate in Belgium remains approximately 1.5 percentage points below the European average (8.0% vs. 9.6% in the eurozone), having fallen 0.6 percentage points since 2014. This downward trend in unemployment levels is expected to continue in the medium term, with the IMF predicting a 7.6% unemployment rate in Belgium by 2018.

***Belgium real GDP growth (% Change year-on-year)***




Source: OECD

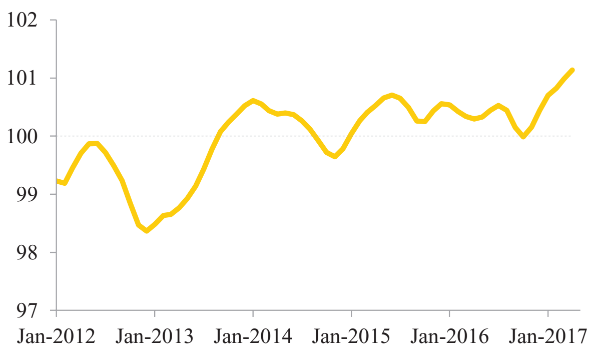
***Belgium unemployment (%)***




Source: IMF

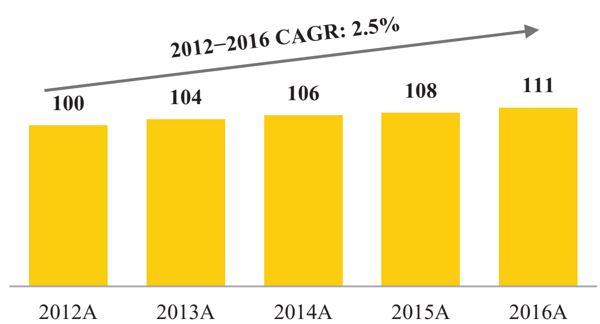
According to the OECD, consumer confidence in Belgium has been on an upward trajectory since the start of 2013, and despite modest erosion in 2014, has been gradually improving with a significant acceleration since the end of 2016. Consumer expenditure in Belgium experienced a steady increase from 2012, as the Belgian government collaborated with regional governments and social partners to stimulate employment, contributing to a CAGR of 2.5% in overall consumer expenditure for the period from 2012 to 2016. This momentum is expected to continue in coming years on the back of an improving macroeconomic environment consisting of the combination of slightly higher GDP growth, falling unemployment and rising consumer confidence.

***Belgium consumer confidence index***




Source: OECD

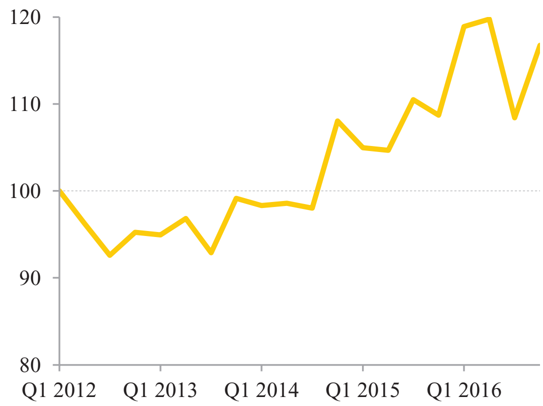
***Belgium consumer expenditure (2012=100)***




Source: OECD

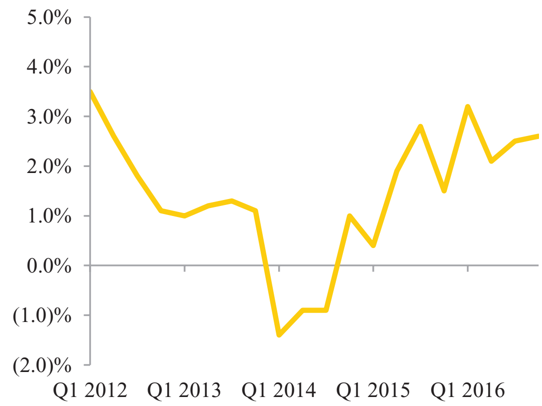
DIY market growth is also linked to the housing market, and in Belgium the housing market has generally remained robust over the past few years, with the number of housing transactions gradually increasing since the end of 2013 after several quarters of fluctuation in 2012 and 2013. Changes in house prices were volatile between 2011 and mid-2014, with slowing price growth from 2011 to 2013 followed by a decline in the first half of 2014. Prices have nevertheless been recovering strongly since the beginning of 2015 and this trend is gradually improving, with current price growth between 2% and 3%, as estimated by Eurostat.

***Number of quarterly housing transactions in Belgium (Q1 2012 = 100)***




Source: Notarisbarometer

***House prices in Belgium (% Change year-on-year)***



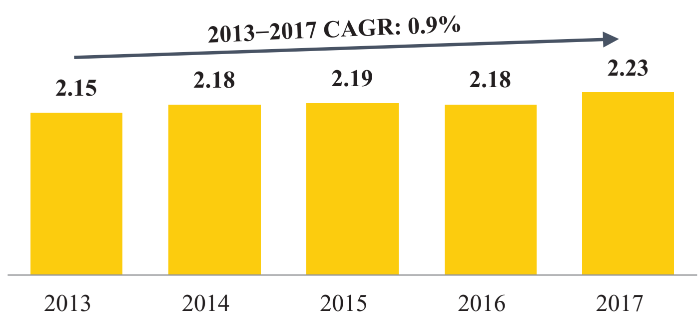

Source: Eurostat

***Market evolution in Belgium***

Robust macroeconomic development and stable consumer expenditure underpinned the resilience of the Belgian DIY market during the recent economic crisis. In contrast to the Dutch DIY market, the Belgian DIY market has shown a higher correlation to overall consumer expenditure compared to housing transactions, as Belgian customers' buying patterns reflect a focus on comparatively larger renovation or home improvement projects (such as flooring, painting, windows, kitchen or bathroom), which form the core of the Belgian DIY retail market.

The Belgian DIY market is estimated to represent approximately €2.2 billion in sales in the year ended January 31, 2017, having grown at a CAGR of 0.9% between the year ended January 31, 2013 and the year ended January 31, 2017. Going forward, we expect the Belgian market to continue to expand moderately in line with GDP (as illustrated over the recent period: average GDP growth between 2012 and 2016 of 1.1% compared to DIY market growth of 0.9% per year; the same period), fostered by increasingly supportive macroeconomic fundamentals, as explained below.

***Belgian DIY Market size, as defined by GfK (€ billions) for the years ended January 31***



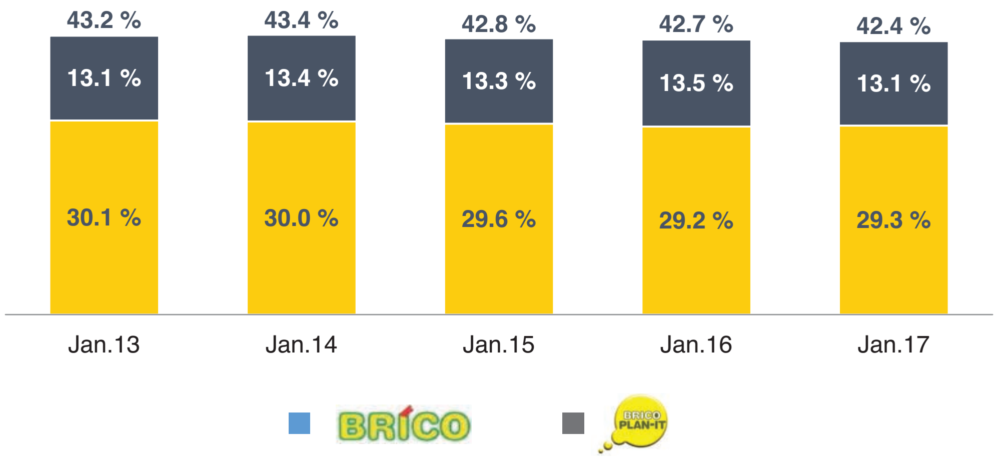

Source: GfK

***Competitive landscape in Belgium***

Brico, Brico Plan-It, Hubo, Gamma and Mr. Bricolage, known as the "Big Five," are the largest companies in the Belgian DIY Market, comprising approximately 88% of the Belgian DIY Market. In addition to the Belgian DIY Market, niche companies and local independent retailers ("independents") account for approximately 40% of the broader, overall DIY market in Belgium, according to our estimates. We are the market leaders in the Belgian DIY market, with a combined market share across our two store brands (Brico and Brico Plan-It) of over 47% in terms of Transactional Sales among the Big

Five retailers in the year ended January 31, 2017, and over 42% in terms of Transactional Sales in the Belgian DIY Market. The DIY market in Belgium can be differentiated between the northern and southern parts of the country (corresponding to the Dutch- and French-speaking regions, respectively), each of which is characterized by a different local competitive landscape. Mr. Bricolage is particularly strongly positioned in the south, while Hubo and Gamma are well established in the north. Maxeda benefits from the largest footprint in the country, and is the only DIY retailer that covers the entire territory. The DIY market in Belgium is characterized by a stable pricing environment, with limited pricing pressure from competitors: DIY retailers mostly compete with independents, which tend to be less competitive in terms of price; and German retailers, such as Hornbach, are not present in the country.

***Maxeda's market share of the Belgian DIY Market (as defined by GfK) for the years ended January 31***




Source: GfK

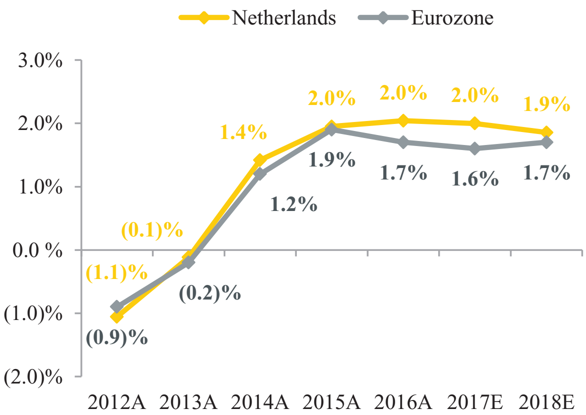
## The Netherlands

***Macroeconomic developments in the Netherlands***

The Dutch economy experienced a period of recession between 2012 and 2013 (GDP declined 1.1% and 0.1%, respectively, during those years), broadly in line with the rest of the eurozone. Since 2014, however, GDP growth has resumed at a robust pace, outpacing growth in the overall eurozone at 1.4% in 2014 and 2.0% in each of 2015 and 2016, according to OECD data. Sustained economic growth is expected to continue in the coming years, with the OECD predicting GDP growth of 2.0% and 1.9% in 2017 and 2018, respectively, because private consumption growth is expected to remain solid, wage growth is expected to pick up and unemployment is expected to decline further. Business and residential investment is expected to remain strong, both supported by rising confidence. Accommodative eurozone monetary policy is expected to continue to sustain demand. Stronger domestic demand and increased participation in global value chains would improve trade growth, boosting productivity and incomes in the Netherlands.

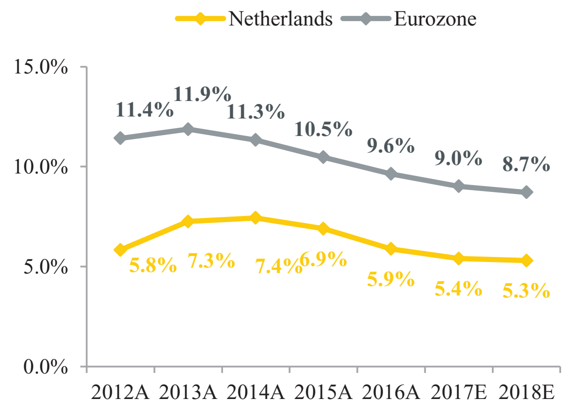
The economic downturn contributed to the deterioration of the Dutch labor market until 2014, with the unemployment rate rising to 7.4% in 2014. However, the Dutch labor market still benefits from a favorable tax regime and a stable business environment, implying a structural (and favorable) gap with the overall eurozone. The IMF estimates that the unemployment rate will gradually decline to 5.3% in 2018, almost returning to pre-crisis levels of approximately 5%.

***Netherlands real GDP growth (% change year on year)***




Source: OECD

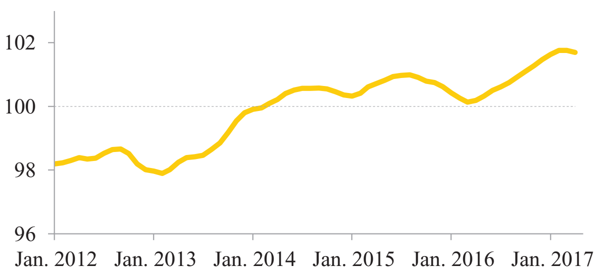
***Netherlands unemployment (%)***




Source: IMF

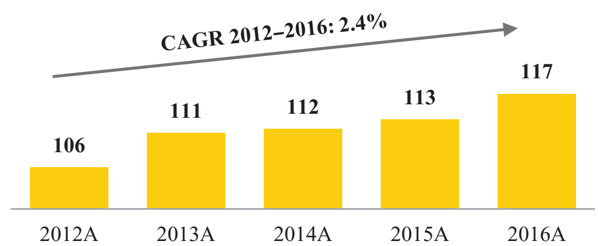
According to the OECD, consumer confidence has experienced a steady and robust increase since the beginning of 2013, fueling consumer expenditure, which experienced growth at a CAGR of 2.4% from 2012 to 2016.

***Netherlands consumer confidence index***




Source: OECD

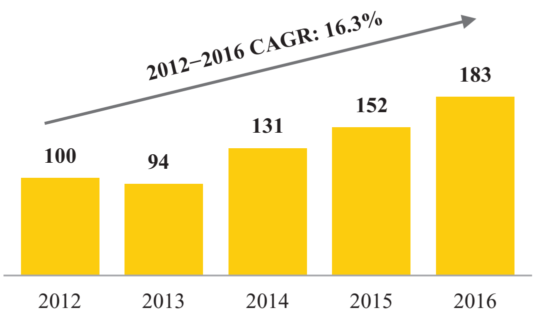
***Netherlands consumer expenditure (2010 = 100)***




Source: OECD

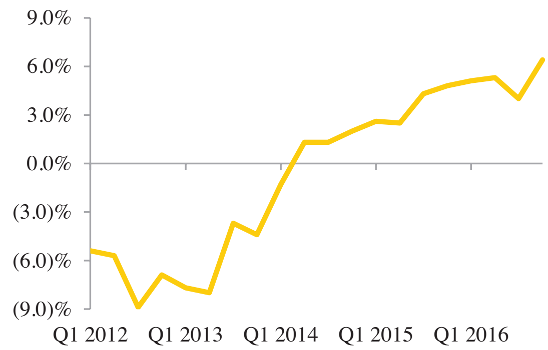
The Dutch housing market has also been gradually improving since 2013, as evidenced by both the number of houses sold and increasing housing prices, which picked up sharply between 2013 and 2014 following three years of decline and continued to increase in 2015 and 2016. This positive trend in the housing market is expected to benefit the Dutch DIY market, which has historically been significantly correlated with the health of the Dutch housing market.

***Dwellings sold index, the Netherlands (2012 = 100)***




Source: CBS

***Housing prices in the Netherlands (% change year on year)***

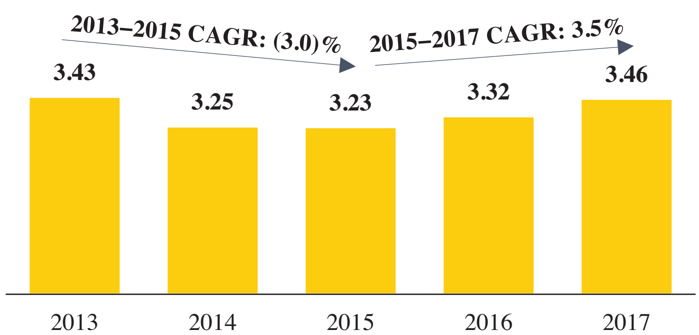



Source: Eurostat

***Market evolution in the Netherlands***

The overall economic recession negatively impacted the Dutch DIY Market, which decreased in value between the years ended January 31, 2013 and January 31, 2015 (from €3.4 to €3.2 billion). The decline in the Dutch DIY market was mainly attributable to a depressed housing market during the period. After reaching its lowest point in the year ended January 31, 2015, the Dutch DIY market resumed growth and has continued to grow since then at a CAGR of 3.5% from the year ended January 31, 2015 to the year ended January 31, 2017, an overall recovery of 7.1%. We expect the Dutch DIY market to continue to increase in value in the coming years, supported by positively oriented economic indicators such as increases in the number of housing transactions, housing prices, consumer confidence and consumer expenditure, as evidenced below.

***Dutch DIY Market size, as defined by GfK (€ billion) for the year ended January 31***

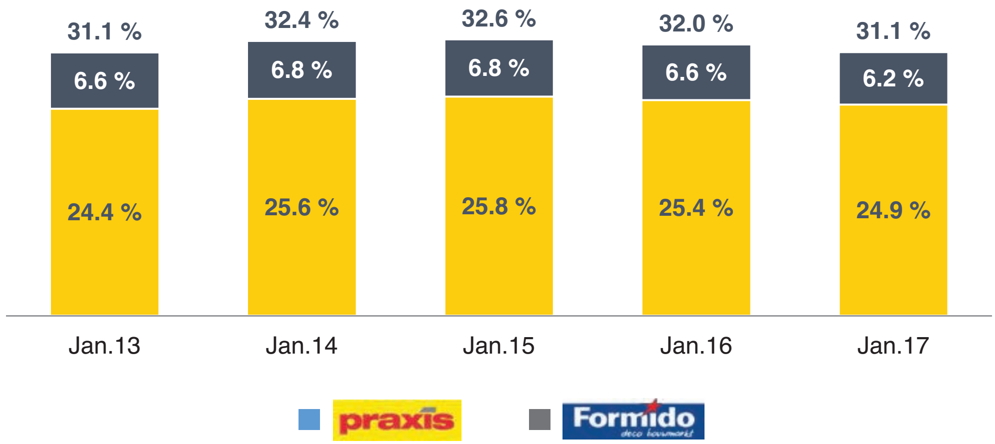



Source: GfK

***Competitive landscape in the Netherlands***

Large DIY retail chains, such as Praxis, Formido, Gamma and Karwei, and German retailers, such as Hornbach, are the main competitors in the Dutch DIY Market. Maxeda has the second largest combined market share through Praxis and Formido, with a market share of approximately 31% (in terms of Transactional Sales of the Dutch DIY Superstores Market for the year ended January 31, 2017), behind leading group Intergamma (operating under the Gamma and Karwei brands), which we estimated to have a market share of approximately 45%. The market is fairly concentrated, with Maxeda and Intergamma representing an estimated aggregate share of approximately 75% to 80% of the total market, well ahead of the rest of the competition. The third largest player is Hornbach, with an estimated market share of between 12% and 13%, followed by Hubo and Bauhaus. The rest of the market is essentially composed of small and local independent companies. In contrast to the DIY market in Belgium, price competition in the Netherlands has been significant in the wake of the economic crisis, spurred by decreases in consumer confidence and DIY expenditure in a depressed housing market. In the coming years, competition from ''big-box'' formats is expected to intensify, with Hornbach planning to further expand its store base from the 13 stores it currently operates by five or six additional stores to a total of 18 or 19 stores, and pure-play online retailers (mainly bol.com) providing increasingly credible competition.

***Maxeda market share in Dutch DIY Superstores Market (as defined by GfK) for the year ended January 31***




Source: GfK

# BUSINESS

## Overview

We are a leading DIY retailer in Belgium and the Netherlands. In the year ended January 31, 2017, we had the largest combined share of the Belgian DIY Market through our Brico and Brico Plan-It brands, with a market share of approximately 42% based on Transactional Sales. In the Netherlands, we estimate that we had the second largest combined share of the Dutch DIY Superstores Market through our Praxis and Formido brands, with a market share of approximately 31% based on Transactional Sales.

Our store portfolio consists of directly operated stores and franchisee-operated stores trading under four store brands: Brico, Brico Plan-It, Praxis and Formido. As of April 30, 2017, we operated a total of 386 stores (including 182 franchisee-operated stores), comprising 228 stores in the Netherlands under our Praxis and Formido brands and 156 stores in Belgium and two stores in Luxembourg under our Brico and Brico Plan-It brands. During the twelve months ended April 30, 2017, our directly operated stores accounted for 79.0% of our revenue, our franchisee-operated stores accounted for 19.0% of our revenue and our online sales accounted for 2.0% of our revenue.

We seek to offer a comprehensive range of products at various price points, consisting of third-party branded products as well as our private label products. In the year ended January 31, 2017, we derived 69% of our revenue from third-party branded products and the remaining 31% from our private label products.

Our digital distribution channel is growing, with over 60 million online visits and €27.0 million in internet sales, or 2.0% of our revenue, for the twelve months ended April 30, 2017. We have developed our digital platform through our Brico, Brico Plan-It, Praxis and Formido websites in order to meet customer demand for an integrated shopping experience and provide greater and more convenient access to our products. In addition to traditional home delivery services, all of our store brands offer a ''Click & Collect'' option, which allows customers to order products online and pick them up in-store, which we believe increases the likelihood of additional or ancillary purchases by the customer. Through our Brico, Brico Plan-It and Praxis digital channels, we also provide the option of Drop Shipment, whereby products are shipped directly from the supplier to the customer's home. We also intend to continue to develop our mobile phone and tablet applications across our store brands, enhancing the way we present our products to users and increasing the channels through which consumers can purchase them.

For the twelve months ended April 30, 2017, we generated Transactional Sales of €1,796 million, revenue of €1,365 million, Adjusted EBITDA of €97 million and Run-Rate Adjusted EBITDA of €107 million and had an Adjusted EBITDA margin of 7.1%.

## Our strengths

### *Leading positions in established DIY markets*

We are a leading DIY retailer in Belgium and the Netherlands, with strong and historically stable market positions underpinned by a dense network of 386 stores as of April 30, 2017 and multiple retail formats and brands catering to a diverse range of DIY customers and needs.

We have the largest DIY market share in Belgium, where our extensive footprint of 156 Brico and Brico Plan-It stores makes us the only DIY retailer to serve the entire nation. We have a particularly strong presence in selected highly populated regions such as Brussels where, according to a retail marketing agency, Brico and Brico Plan-It represented an estimated 90% of total DIY retail trading space (in square meters) and 95% of market share by Transactional Sales as of April 30, 2017. According to data compiled by GfK, our Brico and Brico Plan-It store brands held a combined market share of approximately 47% of the five largest Belgian DIY retailers in terms of Transactional Sales for the year ended January 31, 2017. We also enjoy a strong position in the Netherlands, where we estimate that we are the second-largest DIY retailer in terms of Transactional Sales, with a total of 228 stores trading under our well-established Praxis and Formido store brands and have a combined market share of 31% of the Dutch DIY Superstores Market for the year ended January 31, 2017. Our market share has remained relatively stable in Belgium and the Netherlands over the past five years, supported by our long-standing presence, extensive market knowledge and strong brand visibility in these markets. We believe that the insight gained from our extensive trading history in Belgium and the Netherlands is a competitive advantage relative to new market entrants, because it positions us to identify prime retail locations and capitalize on local customer preferences.

We believe that our leading market positions will allow us to benefit from the current favorable macroeconomic outlook and the distinct market characteristics of Belgium and the Netherlands. The DIY retail market in Belgium grew at a CAGR of 0.9% from the year ended January 31, 2013 to the year ended January 31, 2017, and has been characterized by a stable competitive environment, with limited pricing pressure contributing to stable margins. A high rate of home ownership in Belgium has resulted in a focus on larger home improvement projects and high price-point ''non-mobile'' products, which we cater to with our larger Brico stores and ''Big Box'' stores operated under our Brico Plan-It brand, which offer higher priced products than smaller-scale sales formats. In contrast, the DIY market in the Netherlands, which grew at a CAGR of 3.5% from the year ended January 31, 2015 to the year ended January 31, 2017, is more closely correlated with movements in the overall housing market, with growth driven by new homes and existing home sales and a focus on smaller-scale ''mobile'' decorative and repair projects. Convenience is an important factor in the Dutch market, where smaller-footprint stores predominate and we generate a higher relative proportion of online sales. We believe the flexibility afforded by our multiple store formats ideally positions us to capitalize on anticipated growth trends in these markets and to take advantage of their diverse characteristics.

***Strong competitive position strengthened by recognizable brands and high barriers to entry***

Our strong competitive positions in the Belgian and Dutch DIY markets are underpinned by our well-established store brands, including Brico and Brico Plan-It in Belgium and Praxis in the Netherlands. Our long trading history in these markets has resulted in strong brand awareness of over 90% for each of Brico in Belgium and Praxis in the Netherlands as of 2016, according to a retail marketing agency. Our well-established store brands result from our extensive network of 386 stores across Belgium, the Netherlands and Luxembourg, our broad range of SKUs and our long trading history in these markets. We believe that customers choose a DIY store primarily based on the geographic proximity of the store and its range of products. As a result, and in an effort to leverage the strength of these brands, we have selectively introduced sub-brands corresponding to our multiple size formats to tailor our product offering to the distinct DIY needs of specific communities. For example, in the Netherlands, in addition to ''standard'' Praxis ''Mid Box'' stores, we operate large *Praxis Mega & Garden* ''Mid Box'' stores and smaller-format *Praxis om de Hoek* ''City'' stores. In addition, under our Brico brand in Belgium, we operate ''standard'' Brico ''Mid Box'' stores in addition to *Briko Depot* ''Mid Box'' stores and *Brico City* ''City'' stores. By using our brands to sell products in three distinct size formats, we are able to target the varying DIY needs of our customers with distinct value propositions, while benefiting from the high recognition of our well-known brands.

We believe that high barriers to entry have helped us to maintain our market shares in Belgium and the Netherlands and continue to mitigate potential competitive pressures by limiting new entrants. We locate our stores in areas with high visibility and optimal population density. Limited availability of prime retail locations in such areas makes it difficult for potential competitors to replicate our footprint. In addition, based on management assessments and our own experience, we believe that increasingly stringent planning regulations in Belgium and the Netherlands have resulted in lead times of four to six years for new retail openings depending on the store format and location. Our high brand awareness also makes it difficult for new competitors, since their brands may be less known and new to customers. Our scale also acts as a barrier to entry, since we offer a broad range of SKUs that would be difficult for smaller competitors to replicate (particularly in terms of managing inventory space) and are able to leverage our size and market position to obtain favorable commercial terms from our suppliers.

***Distinctive customer proposition tailored to each customer and market***

We operate a diversified multi-format, multi-brand and multi-channel retail platform designed to serve the varying needs of DIY customers across Belgium and the Netherlands.

Our physical network of 386 stores across Belgium, the Netherlands and Luxembourg comprises stores with three distinct but complementary value propositions tailored to their respective geographic regions and target customers. Our ''City'' stores are designed for maximum convenience, with small surface areas in high population density locations and a specialized product range focused on immediate maintenance and repair needs. Our ''Mid Box'' stores are larger in size, with an emphasis on a superior in-store experience and an extensive range of DIY, home decoration and gardening products for small and large projects. Our ‘‘Big Box’’ stores are destination stores offering our widest array of products, including those required for large-scale renovations and decorative projects. The broad product offering across each of our three store formats is complemented by knowledgeable staff and expert advice tailored to the product category and specific customer need. Our complementary store formats, expert in-store advice and tailored product offerings allow us to service the full range of our customers’ DIY requirements, from one-off convenience purchases to large projects.

We aim to maximize customer choice through a multi-brand strategy that combines a wide offering of top-level branded products selectively complemented by our private label products. Our stores stock well-established brands such as Black & Decker, Akzo, Bosch and Philips Lighting. We also have distribution arrangements in place with certain key suppliers to distribute certain of their branded products exclusively in our stores and online in Belgium and the Netherlands. We seek to differentiate ourselves from competitors and to boost our range innovation by also offering our private label products as alternatives or complements to our branded offering in certain product categories such as power tools, hand tools and gardening products. With our private label products, we aim to offer equivalent quality and superior value to comparable branded products at a variety of price points through our ‘‘good,’’ ‘‘better’’ and ‘‘best’’ product ranges. The margins generated on our private label products are on average approximately 10% higher than the margins on the branded products we sell. For the year ended January 31, 2017 we generated 69% of our revenue from branded products and 31% of our revenue from our private label products. This extensive and flexible product offering differentiates us from smaller competitors and allows us to optimize sales of trending DIY products.

We offer a variety of sales and delivery channels designed to maximize the accessibility of our products. In addition to our network of brick-and-mortar stores of various formats, we have invested in the features and functionality of our branded online channels in an effort to diversify our revenue streams and capture a greater share of the DIY e-commerce market in Belgium and the Netherlands. We currently offer an even broader range of SKUs through our four online retail channels than are available in our stores, and believe that we are well positioned to capture future online sales growth in the DIY market as we expand the SKUs available online. We are also making it easier for customers to order and collect our products while streamlining our logistics costs. Through the expansion of our Click & Collect, Drop Shipment and Store Home Delivery models, we have increased the convenience and accessibility of our product offering.

***Strong and flexible operating platform and efficient operations***

Our store portfolio consists of a mix of 53% directly operated stores and 47% franchisee-operated stores, providing flexibility of operations across our different formats with the goal of maximizing our profitability in each market. We selectively open new stores in local markets where we have identified demand for our products, and our franchise arrangements have enabled us to reduce the risk associated with growing our network and expanding into new markets. We seek franchise partners with the relevant expertise and specialized market knowledge required to succeed in each market, and we permit our franchisees limited flexibility to tailor a portion of their product offering to specialized local demands. However, compared to certain of our competitors that operate a franchisee-only model, such as Hubo, Gamma, Mr. Bricolage and Karwei, we maintain robust, centralized control over our stores, products and messaging, thereby ensuring consistent product offerings and the uniform implementation of display and marketing initiatives across all stores. Through this combination of directly operated stores and franchisee-operated stores, we are able to efficiently leverage our well-known store brands and extend our geographic reach.

This extensive store network is supplied by an efficient and diversified sourcing model that we believe, combined with the large scale of our operations, helps us to obtain favorable commercial terms with our key suppliers and preserve our margins. In recent years, we have invested substantial resources in streamlining our supply chain, including the consolidation of procurement functions for Brico, Brico Plan-It and Praxis in an effort to maximize synergies between our brands and leverage their combined scale in negotiations with suppliers. We source our products from a diversified base of over 900 suppliers located primarily in Belgium, the Netherlands and the Far East. In the twelve months ended April 30, 2017, our ten largest suppliers accounted for 26.0% of our overall supply cost, with no one supplier accounting for more than 5.6% of our overall spend. In addition, we have implemented a Margin Enhancement Program with the aim of building longer-term relationships with our key suppliers, reducing costs and ensuring the quality and security of the supply for a number of our key products. We also continuously conduct range reviews to ensure that our product offering matches customer expectations and to identify additional opportunities to source products on more-competitive terms.

Our procurement initiatives are supported by a lean inventory policy. We have minimized our inventory footprint, operating a single central warehouse (located between Antwerp and Brussels) complemented by two smaller specialized warehouses in Belgium and two ''flow through'' logistics centers (one in the Netherlands and one in Belgium), which have helped us to efficiently manage our inventory and reduce our distribution costs.

***Resilient margins and strong cash-flow generation driven by strategic initiatives***

Our diversified, multi-format retail platform and cost efficiencies achieved through cost-saving initiatives have contributed to a strong and resilient financial profile. Cash Flow Conversion has generally been strong in recent years and for the years ended January 31 2015, 2016 and 2017, was 72%, 72% and 73%, respectively, and for the twelve months ended April 30, 2017, was 77%. Moreover, we have demonstrated strong performance amid challenging market conditions. During the years ended January 31, 2015, 2016 and 2017, our revenues grew at a CAGR of 1.5% and we maintained strong profitability, with Gross Profit Margins of 34.6%, 34.6% and 34.2% and Adjusted EBITDA margins of 6.6%, 6.4% and 6.6% over the same period. Moreover, we focus on actively managing our working capital to further improve our cash generation. Our level of maintenance capital expenditure (which includes store refurbishments and product range reviews) was stable at €24 million, €24 million and €24 million for the years ended January 31, 2015, 2016 and 2017, respectively, and could be reduced slightly if necessary in the event of a decrease in Adjusted EBITDA.

Our financial resilience, in the face of a challenging economic backdrop, has been due in part to the innovative, cost-saving initiatives implemented by our leadership team, which have strengthened our fundamentals and streamlined our business. Beginning in 2016, we initiated our ''Back to Growth'' strategy with the aim of optimizing functions and reducing costs across our business. Among other things, our ''Back to Growth'' strategy has entailed simplifying and centralizing our administrative functions, ceasing unprofitable activities, reducing our fixed-cost base and signing new collective bargaining agreements with our employees. Our ''Back to Growth'' strategy has already yielded substantial strategic and operational improvements, including €6.8 million in realized cost savings for the twelve months ended April 30, 2017, a leaner cost base for our business and enhanced growth opportunities.

***Experienced management team with strong expertise in DIY and retail***

We have a highly experienced and professional senior management team headed by Guy Colleau, our Chief Executive Officer, who benefits from nearly 30 years of international consumer and retail experience. Our Chief Financial Officer, Luc Leunis, has held executive positions in our group for over 16 years and benefits from over 20 years of retail experience. Our management team has significant experience in the retail and DIY industries, a deep understanding of the Dutch and Belgian markets and an excellent track record of executing strategic objectives. Through a comprehensive review of our leadership position in the Belgian and Dutch DIY markets, our customer value propositions and the management of our operations, our senior management team has also developed and begun to implement a three-step ''Back to Growth'' strategic plan incorporating clearly defined objectives with the aim of driving our top-line growth and enhancing our profitability over a three-year period. The first phase of this plan, our ''Back to Simplicity'' strategy initiated in 2016, has already yielded significant cost savings, as a result of which we believe we are well positioned to capitalize on growth in our markets. The second phase of this plan, our ''Back to Basics'' strategy, is currently also underway. The final phase of our ''Back to Growth'' plan is expected to launch in 2018.

## Our strategy

Based on our key strengths, our ''Back to Growth'' strategic plan focuses on growth in our revenue and profitability through the following strategies:

***Continuing to improve our operating performance through effective cost management***

We plan to continue to reduce costs in order to maintain and enhance our cost position and improve our operating performance and profitability. We have materially completed our ''Back to Simplicity'' strategy initiated in 2016. This strategy has already yielded substantial strategic and operational improvements, including €6.8 million in realized cost savings for the twelve months ended April 30, 2017, and resulted in a leaner cost base for our business. We also leverage our scale to negotiate favorable terms with suppliers and to reduce material costs, and aim to streamline our operations through overhead rationalization. In this respect we have identified €9.5 million in estimated annualized run-rate cost savings that we plan to achieve as part of our ''Back to Simplicity'' plan. We estimate that the annualized impact of initiatives implemented or contracted will reach €9.1 million by January 31, 2018 and €9.5 million by January 31, 2019.

In the future we intend to continue our focus on cost management and have identified certain additional initiatives which we believe will contribute to improved profitability, such as: (i) enhancing the efficiency and optimizing the return of our print media marketing campaign; (ii) further strengthening relationships with certain preferred suppliers; (iii) reevaluating our maintenance and repair contracts; (iv) reducing working hours for uniformed guards in our stores; (iv) implementing a new car lease program; and (v) reducing the cost of our utilities. We also aim to improve our working capital requirements by reducing our level of sourcing from Asia in order to reduce our inventory to more efficient levels and by converting certain directly operated stores into franchisee-operated stores.

We encourage a team culture of continuous improvement and efficient management structures, charging members of certain teams and committees with meeting specific cost reduction and productivity improvement targets each year, with a material amount of their compensation tied to their performance against these targets. We require that capital projects meet certain return thresholds, which encourages prudent levels of spending on expansion and cost-saving opportunities.

***Reinforcing our positioning in each of our product categories with a comprehensive product offering and compelling pricing***

Under our ''Back to Basics'' strategy we will continue to offer and refine a compelling range of products, including our private label products, and services responding to evolving trends and consumer preferences. We perform periodic range reviews for our different product categories as a means of identifying, stocking and marketing products which we believe have high growth potential or reflect consumer trends. We will aim to increase our standing as a specialist in certain key product categories, such as ''non-mobile'' products and tools for larger home improvement and installation projects, by investing in the further development and marketing of these products, including by showcasing them in our stores. We seek to optimize store layout by prioritizing the visibility of certain key product categories in our stores and on our website, while also showcasing products from other categories to reinforce the quality and breadth of our product range. For example, we intend to further increase the product density in our ''City'' stores by reducing the width of store aisles to increase SKUs carried and showcase more of our product offering. In our ''Mid Box'' and ''City'' stores, where due to store size, our product range is necessarily more limited compared to our ''Big Box'' stores, we intend to scale our product range more appropriately to customer demand, offering a strategic selection of SKUs per product category in order to efficiently service customer demand while managing our inventory levels.

We intend to use a range of targeted promotions to highlight our capabilities as a multi-specialist retailer and comprehensive DIY solutions provider. Our upcoming promotion initiatives include sale days on which we provide certain discounts across all product categories, as well as promotional events targeting specific seasonal or product categories, particularly in our ''Big Box'' stores. For instance, ''wood month'' will promote our capabilities as a wood products specialist, and ''gardening days'' will showcase for customers our comprehensive and compelling range of outdoor products.

***Enhancing our operational efficiency and customer service by leveraging our digital platform***

Under our ''Back to Basics'' strategy, we will continue to develop our digital platform to enhance the efficiency of our operations, our product offering and the shopping experience for our customers. E-commerce offers our customers an easy way of comparing the quality of our products with those of our competitors through search engines, product comparison sites and reviews on social media. We intend to leverage our digital platform accordingly by frequently updating our brand and individual store social media accounts on Facebook, Twitter and Pinterest to respond to customer reactions or showcase products that reflect current trends. We also intend to enhance our customer-facing websites to deliver a modern digital customer service experience by making our online checkout procedures quick and easy, and providing our customers with real-time information on specific product availability.

We anticipate these measures will strengthen our digital platform, increase our level of engagement with our customers and increase our market share in e-commerce sales among DIY retailers. We believe that our digital platform makes shopping significantly more convenient for our customers and, at the same time, allows us to configure payment and logistics more efficiently. We also gain valuable data regarding customers' purchasing habits and preferences through our loyalty card program, which we will seek to further exploit to improve our in-store and online offerings. In addition, we will invest in new IT capabilities in order to continue developing our customer relationship management function, and improve the effectiveness of our customer data collection and analytics. For example, we intend to upgrade our current enterprise resource planning software system, SAP ERP, and we are seeking to provide tablets and retail kiosks to all our stores in order to facilitate and improve our omni-channel shopping experience for customers. We believe that these technologies, along with the upcoming relaunch of the websites for our Brico, Praxis and Brico Plan-It brands, will improve our ability to react to changing consumer preferences and tailor our product offering and customer service accordingly.

In addition to offering the SKUs available in our stores through our Store Home Delivery Model, we are continuously expanding the number of SKUs on our store brand websites through our Drop Shipment Model. As a result, the number of SKUs on each of our store brand websites may grow to substantially exceed the number of SKUs in the corresponding brand's physical stores. Our online sales have more than doubled between the years ended January 31, 2015 and January 31, 2017, and we see our digital platform as an extension of our stores. We believe that expanding the number of SKUs available on our store brand websites will be an important competitive advantage because this will increase the accessibility of our product offering and further develop our strategic growth initiatives for our multi-channel platform.

***Improving Like-for-Like Sales through employee investment, training and empowerment***

Our team members drive our success. As part of our strategic growth initiatives under our ''Back to Basics'' strategy, we will continue our strong commitment to our workforce and partners through training and individual empowerment. We believe that our customers place significant value on technical knowledge and service, and that one of our key advantages is our ability to provide expert advice to our customers across all product categories. Due to our wide range of products, and the highly technical nature of many DIY products, customers increasingly rely on well-trained sales associates to offer knowledgeable assistance in product selection and use. To serve this need, our employees participate in continuous training through our ''Maxeda Academy'' program, including formal workshops, seminars and certification programs to build technical, managerial and customer service skills. We are also investing in our information technology to introduce online training courses on DIY knowledge for our employees, and we are working with our product suppliers to increase the amount of hands-on training provided to our employees with respect to new products. In addition, we have customer service measurement systems and recognition programs in place for management, sales associates and other employees to measure and encourage overall customer satisfaction. By having more knowledgeable employees, we believe we can offer better customer service and, accordingly, increase our sales.

***Refining our three store formats and four store brands to enhance customer value propositions and accessibility***

We seek to continuously improve the customer experience in our stores by adapting to the changing preferences of our target customers and their project requirements. We intend to continue to refurbish stores on a rolling basis to increase revenue and attract new customers through spatial optimization and user-friendly new store layouts. Under the second phase of our strategic plan, our ''Back to Basics'' strategy, we aim to define our customer value propositions for each of our three store formats (''City,'' ''Mid Box'' and ''Big Box'' stores) based on considerations of store size, store location, product range, merchandising and pricing, and subsequently align stores within each of our four store brands and the applicable store format. For instance, to strengthen the Praxis brand, we are seeking to improve the customer value propositions by adjusting prices of our products and product ranges at our *Praxis om de Hoek* ''City'' stores and standard Praxis ''Mid Box'' stores to attract more customers into these stores, which we believe will result in increased sales density and improved profitability, bringing Praxis's profitability in line with our Brico stores. We also intend to increase accessibility for our customers and our Like-for-Like Sales by extending the trading hours of our stores. For example, we anticipate that we will extend the Sunday trading hours at certain of our Belgian stores, to the extent permitted by law, because we believe the weekend allows our customers the greatest opportunity to visit our stores and make in-person purchases.

We plan to optimize our footprint to capture the benefit of expected growth in the Belgian and Dutch DIY markets in coming years. We aim to increase the accessibility of our stores through selective strategic relocations and facility improvements tailored to the needs of our customers and trends in our markets. For example, we intend to relocate certain stores to better retail locations along highly traveled roads benefiting from higher footfall or visibility. We will also seek to improve our market-leading positions in Belgium, Luxembourg and the Netherlands by selectively expanding into new local regions and opening additional directly operated stores and franchisee-operated stores that meet our rigorous selection criteria. Over the next three years we intend to open three new directly operated stores in the Netherlands, four new directly operated stores in Belgium, convert three of our larger Brico stores into Brico Plan-It stores in Belgium and relocate seven of our stores to higher-profile locations in both Belgium and the Netherlands. In addition, we plan to open approximately 20 *Praxis om de Hoek* stores in the next three years in the Netherlands. We will also continue to assess new franchisee-operated stores on a case-by-case basis and monitor our store base to selectively close stores that do not meet our expectations.

Finally, under the final phase of our strategic plan, our ''Back to Growth'' strategy, we intend to refurbish and relaunch eleven pilot stores in late 2018 and early 2019 to test our new store formats and demonstrate the efficiency of our new value proposition, before rolling out these formats across more of our store network.

## Our history

The first Brico store opened in 1973 in Schoten, Belgium. Brico was the first Belgian retailer to offer a broad range of DIY products. In 1976, the first Formido store opened in Waddinxveen, The Netherlands, followed in 1978 by the opening of the first Praxis store in Venlo, The Netherlands. Throughout the 1980s and 1990s, we continued to grow both organically and through a number of strategic acquisitions. In 2004, we opened our first Brico Plan-It in Kortrijk, Belgium, and in 2006, we opened our first Brico store in Luxembourg and our first Brico City store in Porte de Namur, Brussels. Between 2007 and 2016, we opened numerous stores, growing our store network to 386 stores, under four brands across Belgium, the Netherlands and Luxembourg.

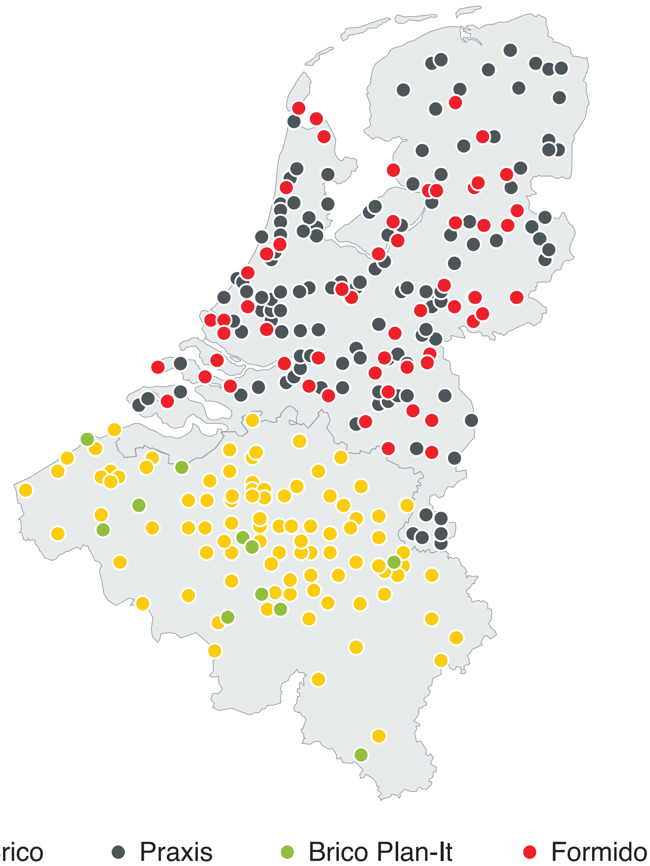
## Store formats, target customers and store brands

We operate in the Belgian and Dutch DIY markets. The Belgian and Dutch DIY markets had a combined market size of €5.7 billion in the year ended January 31, 2017, according to GfK. The Belgian and Dutch DIY markets are competitive, with various companies such as Gamma, Karwei, Bauhaus and Hornbach in the Netherlands and Hubo, Gamma and Mr. Bricolage in Belgium. While there are also a large number of niche companies and local retailers operating in the market, we have established a strong position in the market through our multiple store brands and broad range of product offerings. We operate a total of 386 stores, comprising 228 stores in the Netherlands under our Praxis and Formido brands, 156 stores in Belgium and two stores in Luxembourg under our Brico and Brico Plan-It brands. An overview of our four store brands is set forth in the table below:

| | Geography | Number of Stores | Store Formats | Target Customers | Key Product Categories |
|---|---|---|---|---|---|
| BRICO | Belgium, Luxembourg | 55 directly operated stores; 92 franchisee-operated stores | City Store; Mid Box | New and experienced to DIY; small to medium-sized decorative and home improvement projects | Paint; garden wood and plant care products; power tools |
| BRICO PLAN-IT | Belgium | 11 directly operated stores; no franchisee-operated stores | Big Box | Experienced in DIY; renovations and larger home improvement projects | Indoor and outdoor construction products; paint; wall and window decoration |
| praxis | The Netherlands | 119 directly operated stores; 28 franchisee-operated stores | City Store; Mid Box | New and experienced to DIY; small to medium-sized decorative and home improvement projects | Paint; flooring and wooden decoration products; power tools |

| | Geography | Number of Stores | Store Formats | Target Customers | Key Product Categories |
|---|---|---|---|---|---|
| Formido bouwmarkt | The Netherlands | 19 directly operated stores; 62 franchisee-operated stores | Mid Box | New and experienced to DIY; convenience shoppers and smaller-scale home maintenance and repairs | Paint; tools; sanitary decoration |

The following map provides information about the location of our four store brands across Belgium and the Netherlands as of April 30, 2017:




***Store formats and target customers***

We operate three store formats, ''City'' stores, ''Mid Box'' stores and ''Big Box'' stores. Each of our store formats offers a unique focus for its respective target customers:

- *City Stores:* Our ''City'' stores, consisting of our *Brico City* and *Praxis om de Hoek* stores, are located in city centers. These stores are generally small in size and focus on providing convenient access to products for routine, small-scale maintenance and repair projects. Our ''City'' stores operate with the following goal: ''We offer a quick and nearby solution for your essential and immediate DIY needs.''

  Our ''City'' stores target both first-time and more-experienced DIY consumers with basic home repair or improvement needs. Our ''City'' store customers prioritize convenience and efficiency, often shopping for products for immediate use or those they may have forgotten to purchase during their larger shopping trips.

- *Mid Box Stores:* Our ''Mid Box'' stores consist of our Brico stores in Belgium and our Praxis and Formido stores in the Netherlands. These stores are larger in size and provide a wider range of products for larger maintenance, repair, decoration and renovation projects. Our ''Mid Box'' stores operate under the goal, ''Your local trusted everyday store with easy access to regular DIY needs with a solid multi-specialist product offer.''

Our ''Mid Box'' stores target both first-time and more-experienced DIY consumers undertaking decorative or home improvement projects that might require more resources than our ''City'' stores can provide.

- *Big Box Stores:* Our ''Big Box'' stores consist of our Brico Plan-It stores. These stores are our largest, and provide our most extensive range of products for a variety of home improvement projects. Our ''Big Box'' stores operate under the goal, ''We are your destination for inspiration and affordable solutions for all your home improvement DIY projects.''

  Our ''Big Box'' stores primarily target consumers experienced in DIY projects. Our ''Big Box'' stores are focused on serving consumers shopping for more-technical products for large DIY projects and for more-expensive decorative items, such as lighting fixtures.

Our customer base spans age and socioeconomic groups, with a higher concentration of our customers being in the 40–60 age range.

***Store brands***

We pursue a multi-store brand strategy, with each of our four store brands offering different ranges of products to meet their respective target customers' preferences and needs. Each of our four store brands carries substantially the same core product categories, with smaller stores carrying a more limited assortment within each product category. Our store brands feature distinct layouts and typically carry between 10,000 and 45,000 SKUs, depending on the season, store size and store brand. Although we largely standardize assortment and layout among stores of the same store brand, within each we may tailor some stores to the characteristics of a specific geographic area. For example, a store close to a big camping site may offer additional products to cater for camping activities.

*Belgium*

In Belgium, we operate a number of different formats across our two store brands: Brico and Brico Plan-It. Under the Brico brand, we operate Brico, *Briko Depot* and *Brico City* stores that cater to different geographic markets. Under the Brico Plan-It store brand, we offer a differentiated ''Big Box'' store format with extensive ranges that target consumers looking for products for larger DIY projects. Collectively, our Belgian business accounted for 52.2% of our revenue for the twelve months ended April 30, 2017.

Brico

Brico is the DIY market leader in Belgium with a market share of 29.3% in the Belgian DIY Market in terms of Transactional Sales for the year ended January 31, 2017. Brico offers a wide range of DIY, home decoration and garden products, combining third-party branded products with our private label products, with approximately 30,000 SKUs per store. Brico's three largest product groups are paint, garden wood and plant care products, and power tools. Higher price point garden and wood products drive customer traffic to stores but the demand for garden products varies seasonally. Brico accounted for 34.6% of our revenue for the twelve months ended April 30, 2017.

Brico has a network of 147 stores, including 92 franchisee-operated stores. The average floor surface area of our directly operated stores is approximately 3,700 square meters and the average floor surface area of our franchisee-operated stores is approximately 1,600 square meters. Under the Brico brand, we operate two main types of stores: ''City'' stores and ''Mid Box'' stores. Our suburban stores comprise standard Brico stores, which are our largest store type in terms of selling area with a surface area between 1,700 square meters and 7,400 square meters for our directly operated stores, and a surface area between 900 square meters and 4,200 square meters for our franchisee-operated stores, as well as our *Briko Depot* sub-branded store with a surface area of approximately 9,200 square meters, which we still position as a ''Mid Box'' store format. Our ''City'' stores comprise our *Brico City* sub-branded stores, which as stores in the more confined spaces of city centers, provide for a surface area between approximately 300 square meters and 800 square meters, and offer products for smaller DIY jobs and maintenance.

During recent years, we have undertaken the expansion of our Brico network through new franchise store openings. Despite existing nationwide coverage, we have identified areas of potential expansion where we do not currently operate any Brico stores. In the future, we plan to open more Brico stores. We believe there is potential for three to four Brico store openings per year, either directly operated or franchisee operated. Furthermore, as part of our strategic plan, we intend to refurbish three to four selected Brico stores per year over the next three years and we plan converting three Brico stores to the Brico Plan-It brand.

Brico Plan-It

Under our Brico Plan-It store brand, we operate a chain of DIY megastores in Belgium that offer large ranges of products for home improvement projects with approximately 45,000 SKUs per store. While we position Brico Plan-It to a broad group of consumers, its customer base is skewed towards customers who are more experienced in DIY projects. With our Brico Plan-It stores, we mainly focus on customers who are renovating their homes, offering an extensive range of products for home improvement projects, including building materials such as plaster and mortar, as well as wood products, paint and wallpaper. Brico Plan-It's three largest product groups are indoor and outdoor construction products, paint, and wall and window decoration. Brico Plan-It accounted for 17.6% of our revenue for the twelve months ended April 30, 2017.

We operate eleven Brico Plan-It stores in Belgium under our ''Big Box'' store format (five stores in Flanders, five in Wallonia and one in Brussels), all of which we directly operate. Compared with our other store formats and those of our competitors, our Brico Plan-It stores are particularly large, with sizes from 6,900 square meters to 11,000 square meters and average floor surface areas of approximately 9,000 square meters. Our sales density at our Brico Plan-It stores is the highest in the Belgian DIY market, with approximately €3,000 revenue per square meter.

We consistently increased the market share (in terms of Transactional Sales) of our Brico Plan-It stores between 2010 and 2015 through improved Like-for-Like Sales. For the year ended January 31, 2017, the Brico Plan-It brand had a market share of 13.1% of the Belgian DIY market by Transactional Sales. Furthermore, as part of our expansion strategy and in order to improve profitability, we intend to convert three large Brico stores to the Brico Plan-It brand by the year ending January 31, 2020.

*The Netherlands*

In the Netherlands, we operate two store brands: Praxis and Formido. Under the Praxis brand, we operate a range of ''Mid Box'' stores, with or without a garden center, and *Praxis om de Hoek* ''City'' stores. Under the Formido brand, we operate smaller, convenience neighborhood stores located in the outskirts of cities, suburban areas, and smaller countryside towns and villages. Collectively, our Dutch business accounted for 47.8% of our revenue for the twelve months ended April 30, 2017.

Praxis

Praxis is our leading DIY concept in the Netherlands with a market share of 24.9% of the Dutch DIY Superstores Market in terms of Transactional Sales for the year ended January 31, 2017, according to GfK. Through our Praxis brand, we employ an multi-channel strategy, adapted to consumers' different DIY shopping preferences. We offer a broad product assortment ranging between 20,000 to 55,000 SKUs to meet the needs of both experienced and novice DIY enthusiasts. Praxis's largest product groups are paint, flooring and wooden decoration products, and power tools. Higher price point garden and wood products help drive customer traffic to stores. Praxis accounted for 40.7% of our revenue for the twelve months ended April 30, 2017.

Under the Praxis brand, we operate a network of 147 stores across the Netherlands, including 28 franchisee-operated stores, under five sub-brands: *Praxis Mega & Garden*, with an average surface area of approximately 10,500 square meters; *Praxis Mega*, with an average surface area of approximately 6,000 square meters; *Praxis om de Hoek* ''City'' stores, with an average surface area of approximately 350 square meters; *Praxis Tuincentrum*, with an average surface area of 7,000 square meters; and ''standard'' Praxis stores. We terminated our franchise agreement for the three *Praxis Tuincentrum* stores in November 2016 and the termination will be effective December 2017. The average floor surface area of our standard directly operated Praxis stores is approximately 3,000 square meters and the average surface area of our franchisees' standard Praxis stores is approximately 3,500 square meters.

We plan to continue to expand our network of ''City'' stores in the Netherlands under the Praxis brand, focusing on a smaller city-specific assortment of products while linking customers digitally to our broader assortment of products. As part of the strategic plan, we plan to open seven directly operated ''City'' stores per year over the next three years.

Formido

Formido is our local DIY store brand in the Netherlands with a market share of 6.2% of the Dutch DIY Superstores Market in terms of Transactional Sales for the year ended January 31, 2017. Formido offers a relatively broad assortment of 15,000 to 25,000 SKUs for products catering to customers' needs in undertaking decorative and maintenance and repair projects at competitive prices. The products we sell in our Formido stores are comprised primarily of non-electrical tools, such as screwdrivers, hammers and sanitary items, and large products such as toilets, showers and sinks. Formido's three largest product groups are paint, tools and sanitary products. Formido accounted for 7.1% of our revenue for the twelve months ended April 30, 2017.

Formido was originally a franchise organization, and it has developed into a popular franchise model in the midsize DIY segment, with 77% of Formido stores being operated by franchisees. Formido stores are primarily located in the outskirts of cities, suburban areas, and smaller countryside towns and villages, because franchisees tend to open their franchises outside city centers for cost reasons and because there is less competition in those areas. Formido's 81 stores have an average size of 2,300 square meters, ranging from 1,000 to 4,800 square meters.

We are currently evaluating various strategic opportunities for our Formido brand, including re-branding, closing, investing in or selling our Formido brand in order to improve our overall profitability. As part of this process, on June 28, 2017, we initiated a works council consultation process to seek advice on our proposed strategic alternatives with respect to the Formido brand. Under this consultation process, the works council will review and provide their opinion on such proposed strategic opportunities, but they are not required to and may not approve our proposal. The works council consultation process typically takes six to eight weeks to complete, and following completion of the process and taking into account the advice received by the works council, we expect to select and pursue a strategic plan to efficiently streamline our business and increase our cost savings and synergies, and to inform the relevant stakeholders accordingly.

**Our directly operated stores and franchisee-operated stores**

We operate a total of 386 stores, comprising 228 Praxis and Formido stores in the Netherlands and 158 Brico and Brico Plan-It stores in Belgium and Luxembourg. We own 52.8% of the 386 stores, or 204, stores and 47.2%, or 182, stores are franchisee-operated stores. Of our franchisee-operated stores, 90 are located in the Netherlands and 92 are located in Belgium.

Approximately 50 of our stores are larger than 5,000 square meters and the majority of our stores are between 3,000 and 5,000 square meters. The average cost of opening a new store is highly dependent on the size of the store. New ''City'' stores typically require us to incur capital expenditures of between €0.2 million and €0.4 million. New ''Mid Box'' stores typically require us to incur capital expenditures of between €1.0 million and €2.5 million. New ''Big Box'' stores typically require us to incur capital expenditures of between €3.0 million and €4.5 million. The cost of opening new stores, however, can vary based on several factors and may exceed the amounts we have incurred historically.

In addition, from time to time and in order to increase profitability, we may convert our directly operated stores into franchisee-operated stores and vice versa. For example, we may convert our directly operated stores into franchisee-operated stores in Belgium where labor costs are typically 20% to 25% lower for franchisee-operated stores. In contrast, in the Netherlands, labor costs are typically comparable for directly operated stores and franchisee-operated stores, but we may convert our directly operated stores into franchisee-operated stores in order to reduce our working capital or capital expenditures. Franchisees also allow us to expand into smaller towns and villages and provide valuable local expertise. In addition, when franchisee-operated stores are in financial difficulty, we may convert such stores into directly operated stores in order to increase profitability. Additionally, we may decide to convert certain stores operating under one of our store brands into stores to be operated under another of our store brands, through, for example, the conversion of certain of our larger Brico stores into Brico Plan-It stores in an effort to improve profitability.

During the twelve months ended April 30, 2017, our directly operated stores in Belgium accounted for 35.9% of our revenue from our total stores, and our directly operated stores in the Netherlands accounted for 43.1% of our revenue from our total stores. Across both countries, our directly operated stores accounted for 79.0% of our revenue and our franchisee-operated stores accounted for 19.0% of our revenue during the twelve months ended April 30, 2017. Our e-commerce sales accounted for the remaining 2.0% of our revenue over this period.

***Our directly operated stores***

The following table sets forth the location and number of our directly operated stores as of May 1, 2016 and April 30, 2017:

| Number of stores at the end of period | As of May 1, 2016 | As of April 30, 2017 |
|---|---|---|
| **Belgium and Luxembourg** | | |
| Brico | 53 | 55 |
| Brico Plan-It | 11 | 11 |
| **The Netherlands** | | |
| Praxis | 118 | 119 |
| Formido | 18 | 19 |
| **Total** | **200** | **204** |

Our stores are fitted to what we believe is the optimum standard given their space and building configuration, but we continue to work on improving product presentation within our directly operated stores and typically refurbish our directly operated stores on an as-needed basis. Store refurbishment and fixture innovation typically drive revenue growth at a faster rate than stores that have not received similar investment, and we selectively undertake refurbishments varying in scale, including introducing updated store concepts, a new store format or converting existing stores to a different Maxeda brand. Our refurbished stores have historically experienced an increase in sales, outperforming the average network store in a comparable one-year period following the refurbishment. Such refurbishments, however, may have an adverse impact on profitability during the refurbishment period. We expect to continue the strategic optimization of our store network over time through rebranding and store refurbishment, including the conversion of stores to our new store concepts and formats. We invested approximately €6.5 million on in-store refurbishment in the twelve months ended April 30, 2017. In 2017, we plan to complete substantial refurbishments of approximately four additional stores, including one Brico Plan-It store and three Brico stores. We also regularly refurbish individual departments in our Brico Plan-It stores as part of our larger refurbishment program for that store brand, and we intend to refurbish two to three selected Brico stores per year over the next three years.

***Franchisee-operated stores***

*Overview*

The following table presents the location and number of our franchisee-operated stores as of May 1, 2016 and April 30, 2017:

| Number of stores at the end of period | As of May 1, 2016 | As of April 30, 2017 |
|---|---|---|
| **Belgium and Luxembourg** | | |
| Brico | 95 | 92 |
| **The Netherlands** | | |
| Praxis | 28 | 28 |
| Formido | 66 | 62 |
| **Total** | **189** | **182** |

Our Brico Plan-It stores do not operate as franchises, but we have franchisee-operated stores under our Brico, Praxis and Formido store brands. As of April 30, 2017, our franchisee-operated stores were owned and operated by an aggregate of 133 franchisees, with the largest franchisee operating six stores. Historically, franchisees enabled us to quickly add significant scale at a low investment rate.

Our franchisee-operated stores conform to our standardized store layout that we have established for each store brand and offer a predetermined range of SKUs tailored to that store brand, as adjusted to reflect the location's specific attributes. From the customer's perspective, there are generally no visible differences between our directly operated stores and franchisee-operated stores.

*Franchise agreements*

Across our four store brands, we had 182 stores under franchise agreements with 133 franchise partners as of April 30, 2017. Our standard franchise agreement varies by store brand, but generally allows franchisees to carry and use our brand names. Under our arrangements with our franchisees, we supply products and operational support to the franchisee-operated stores. For instance, we may enter into a head lease with respect to a store location and sublet such property to a franchisee to the extent necessary for our franchisees to secure suitable premises for operating one of our franchises. We work together with our franchisees to agree on which product offerings are best suited to each local market and, in Belgium, our franchisees can choose to externally source up to 10% of their in-store product offering. The success of our franchisee-operated stores requires our franchisees to have a strong, well-funded capital base and local retail knowledge to support the initial store launch. Under certain separate agreements with our franchisees or their lenders, we may enter into buyback commitments whereby we undertake to repurchase inventory and stock from a franchisee or its lender in the event the franchisee defaults under its financing arrangements with local banks. Typically, these financing arrangements are entered into in connection with store openings and inventory purchases. Previously, in limited circumstances, we repurchased inventory from certain of our franchisees or their lenders, but were able to utilize this inventory in other stores in our network. We believe our relations with our franchisees are good.

In addition, we are responsible for funding and implementing national marketing campaigns and organizing in-store marketing for all our stores, including franchisee-operated stores (as funded by the franchise fee we charge our franchisees). We do not have specific advertisement programs in place for franchisees in their local markets and do not incur capital expenditures in relation to the franchisee-operated stores, which costs are committed and paid directly by franchisees. We do not include franchisee costs when recording our own capital expenditures. In limited circumstances, we may incur certain capital expenditures on behalf of our franchisees, primarily in relation to the expansion of our franchisee-operated stores in Belgium, in which case our contribution would typically range between €0.1 million and €0.4 million per year. Because we do not incur significant capital expenditures in connection with opening new franchisee-operated stores and, therefore, carry less financial risk, franchisee-operated stores allow us to expand our network more quickly than we would if we opened directly operated stores. In particular, our franchise network allows us to improve proximity to our customers in smaller towns and villages. We select franchise partners that demonstrate an ability to secure entry into appropriate prime retail locations, to trade in accordance with our high operating standards and to grow the business in line with our mutually agreed business plans. From time to time, our franchisees may be required to make capital expenditures to refresh the layout of their stores and to fund operational updates, including for IT. Products ordered through our digital channel and collected by customers in a franchisee store are recorded as sales performed in the store of that franchisee.

From time to time, our franchisees' performance may fall below our jointly agreed performance levels or a franchisee may fail to pay for inventory or certain mandatory fees. In such cases, we generally work with our franchisees to seek performance improvements or work out arrangements to receive payments in line with our contractual rights. If we are unsuccessful, we may then seek to exit the contractual relationship or to buy the store from the franchisee. For example, in November 2016 we terminated our franchise agreements with respect to three *Praxis Tuincentrum* stores that were not achieving our performance targets. This termination will be effective December 2017. Historically, we believe that we have had good relationships with franchisees, with the majority of our franchisees opting for renewal upon the expirations of their agreements.

Generally our franchise agreements provide us with a consent right in connection with any assignment by the franchisee and a right of first refusal in favor of us if the relevant franchisee would like to sell their business. In addition, the franchise agreement may, in certain circumstances, be terminated if the store manager or owner changes. To protect our store brands, the franchise agreements also usually place noncompete and non-solicitation restrictions on the franchisee, at least for the duration of the contract and sometimes for a one-year period following the termination of the franchise agreement.

Brico

We had 92 Brico stores operating under franchise agreements with 62 franchise partners as of April 30, 2017. The Brico franchise agreements have a standard term of nine years and provide for a renewal consultation twelve to 18 months prior to expiration. In our Brico franchisee-operated stores, fees consist of a one-off fee to Brico, fees for operational support and certain commission fees, based on a fixed percentage of Brico's related supply and logistic costs. In addition to the payment of the fees as described above, our Brico franchisees are also further required to provide premises for the stores and to purchase stock directly from us and our agreed suppliers as they deem fit. Brico franchisees are permitted to offer deviating merchandise and services constituting up to a maximum of 10% of the assortment. The Brico franchisees are represented by their own committee (*Committee de Concertation*) and Brico is required to consult the committee before taking important decisions that will impact the franchise formula. Under Belgian law, Brico is required to make substantial pre-contractual information disclosures in its capacity as franchisor before the franchise agreement is executed. We have instituted policies and procedures to ensure our compliance with the relevant disclosure requirements, including the use of a standardized pre-contractual information document, which we complete with specific information on each franchisee-operated Brico store and divulge in each instance Brico is required to make such disclosure. In the event of noncompliance, the franchisee can invoke the nullity of the agreement up to two years after the execution of the agreement. As of April 30, 2017, there were 35 franchise agreements within the first two years of their execution and there had been no material proceedings based on noncompliance with these requirements.

Praxis

We had 28 Praxis stores operating under franchise agreements with 18 franchise partners as of April 30, 2017. The Praxis franchise agreements have a standard term of five years with an automatic renewal period of five years after such initial term and a one-year termination notice period, which may be exercised by either party following this five-year term. The franchisee pays us a single fee calculated as a percentage of the value of purchased stock based on the market practice-advised retail price. Praxis franchisees have a right of first refusal with respect to opening additional Praxis stores in their exclusive area. Under the franchise agreements, the franchisee is required to provide premises for the stores and to purchase at least a minimum amount of stock from us based on expected volume requirements calculated by Praxis's automated stock management systems. Praxis franchisees are in principle not permitted to offer deviating merchandise and services. The Praxis franchisees are represented by their own committee, Vereniging Praxis Aangesloten Bedrijven, which must approve certain changes to the Praxis ''franchise formula,'' which consists of several elements described in the Praxis franchise agreements, including the look and feel of the franchisee-operated store, the technical know-how provided by us and the product assortment range.

Formido

We had 62 Formido stores operating under franchise agreements with 53 franchise partners as of April 30, 2017. The Formido franchise agreements have a standard term of five years with an automatic renewal period of five years following the initial term and a three-month termination notice period, which may be exercised by either party following this five-year term. The franchisee pays an entrance fee as well as a fee calculated as a percentage of the actual revenue of each year in relation to the know-how provided by Formido. Under the franchise agreements, the franchisee is required to purchase stock from us but is generally permitted to offer a limited number of deviating merchandise and services. There is no margin earned on the inventory we sell to franchisees and we do not require franchisees to purchase a minimum volume of products from us. A council, which is comprised of a majority of members elected by the Formido franchisees and with the remaining members elected by Formido, oversees and approves the key decisions relating to the Formido franchisee-operated stores.

## Product offering

We offer an extensive range of DIY and garden products across our store formats. We perform regular range reviews and continuously monitor our product ranges across each store format to ensure we maintain a strong and innovative product offering across all product categories. We perform a review of each of our 18 different product ranges on a rolling basis, with each range generally being reviewed once during a five-year period.

We have five main product departments consisting of a range of items, including the following:

- *Building products:* wood; tiles; flooring; building materials; doors; paving; and ladders, of all which represented 20% of our revenues in the twelve months ended April 30, 2017.

- *Decorating products:* paint; paint accessories; wallpaper; technical and decorative lighting; housing decoration products, including window and ceiling decorations; and adhesives and caulking, which represented 26% of our revenues in the twelve months ended April 30, 2017.
- *Gardening products:* garden power tools; gardening layout products; garden hand tools; plant care; garden irrigation; garden furniture; barbecues; recreational products; pottery; plants; seasonal holiday products; lifestyle and small decoration products; and pet care products, all of which represented 17% of our revenues in the twelve months ended April 30, 2017.
- *Installation, sanitary and kitchen products:* plumbing; large sanitary products; sanitary accessories; faucets; bathroom furniture; organizational products; heating and cooling products; and kitchen products, all of which represented 17% of our revenues in the twelve months ended April 30, 2017.
- *Tools, electrical and hardware products:* power tools; electrical products; hardware; hand tools; and car and bike products, all of which represented 20% of our revenues in the twelve months ended April 30, 2017.

***Product assortment***

We offer our customers a broad variety of third-party branded products as well as an assortment of our private label products. Our ''Big Box'' Brico Plan-It stores, in particular, are destination stores offering our broadest product assortments, making them a ''one-stop shop'' for both large and small DIY projects. In the year ended January 31, 2017, we derived 69% of our revenue from third-party branded products and the remaining 31% from our private label products.

*Third-party branded products*

We stock third-party branded products, including from premium suppliers such as Black & Decker, Akzo, Bosch and Philips Lighting. We have distribution arrangements in place with certain of our key suppliers, such as one of our Asian suppliers, Positec, pursuant to which we have the exclusive right in the Netherlands, Belgium and Luxembourg to sell Positec's hand held power tools under three of its brands (Worx, Xceed and Rockwell) in our stores and online, thereby differentiating us from our competitors.

*Private label products*

The creation and management of our private label products is a fundamental element of our business strategy. We believe that our private label products help to differentiate us from other DIY retailers, boost our ability to execute range innovation and, since they are sold exclusively through our network of stores, permit us to more effectively attract and retain customers over time. In addition, our private label products typically carry higher margins. We position our private label products based on customer perception, price and quality. We price our private label product portfolio according to the categories below:

- *''Good'':* We offer basic products in all product categories across a limited number of SKUs and such private label products are offered at budget prices. Such private label products are of basic quality and include paint, hand tools and accessories as well as easy-to-use power tools for the less experienced DIY customer. Our main ''Good'' brand is Baseline. For each of the years ended January 31, 2016 and January 31, 2017, we estimate that approximately 3% of our revenue originated from ''Good'' products.
- *''Better'':* We stock mid-price products under our private labels, which are competitively priced compared to third-party branded products and we seek to maintain their quality and price in line with our competitors' private label products. We sell such products to provide a broad range of choice that offers an attractive alternative for third-party branded products. We have a number of private labels, which include Sencys, AquaVive, Central Park, Decomode and MXpower. We believe that the quality of our ''Better'' products is comparable to those of the leading third-party branded products. We designed this product range for easy, everyday use for both experienced and inexperienced DIY customers. For the year ended January 31, 2017, we estimate that approximately 26% of our revenue originated from our ''Better'' products compared to 27% for the year ended January 31, 2016.

- *''Best'':* Our ''Best'' products comprise our highest quality products that seek to compete with, and are priced comparably to, independent third-party branded products. Our ''Best'' product brand names include Perfection, Acker, Teck and Aquazuro. These products seek to offer quality that is equal to or exceeds leading independent third-party branded products. Our Maxeda ''Best'' products represent a customer proposition of added value in terms of new, extra or better features compared to our ''Good'' and ''Better'' products. Due to our desire to provide superior quality, these product ranges are limited to a selective assortment of product categories, which can meet our rigorous ''Best'' branded product quality standards. For each of the years ended January 31, 2016 and January 31, 2017, we estimate that approximately 2% of our revenue originated from our ''Best'' products.

***Customer service***

We complement our broad product offering with in-store customer service, an after-sales service and ongoing product support in relation to the products we sell. Our sales teams are well informed about our products and are trained to use effective but customer-friendly techniques to expertly advise our customers and maximize the probability of converting customer footfall into sales. We use multiple methods to monitor the quality of staff performance and customer service, including customer surveys and regular visits from our regional managers. We also have a loyalty card program that gives our customers additional discounts and, in exchange, allows us to collect information on our customers' buying habits and preferences, and enables us to use this information in more-personalized marketing and communications. We believe that our service proposition contributes to a high degree of customer satisfaction, attracts more people to our stores and generates customer loyalty, repeat purchases and recommendations to friends and family.

***Price positioning***

We aim to deliver a consistent customer experience that reinforces our brand promise and drives sales through positive perceptions of quality, value and choice. We offer a broad range of DIY products at what we believe to be a competitive range of prices and through a variety of payment methods, including cash, debit cards, checks, lay-away plans and credit cards. We position the majority of our private label products and third-party branded products at the low-to-middle range of the DIY retail price spectrum. One of our customer value propositions is to offer a diverse range of ''Good, Better, Best'' products with the aim of attracting a diverse range of both new and experienced DIY customers undertaking both small and larger projects. We use this ''Good, Better, Best'' pricing position across all our stores where we sell private label products.

Our pricing strategy also includes the use of promotions and a limited number of ''every day low price'' items. We use these pricing positions to offer lower prices for items purchased frequently, which we believe enhances brand and value perception among our customers. We use promotions with focused marketing campaigns to draw traffic to our stores, including sending promotional emails with personalized material based on a customer's buying patterns and preferences. Increased sales volumes enable us to negotiate volume-driven discounts from suppliers, which partially offset any margin loss incurred in connection with the price reductions we offer. These pricing strategies optimize our total sales and minimize the overall level of markdowns.

## Marketing and publicity

Our advertising and communication strategies play important roles in the promotion of our latest products and offers and in maintaining a distinct image for each of our store brands. We market each of our brands according to their strengths and tailor our marketing campaigns to the preferences of our target markets and customers. We pursue an active marketing strategy, which aims to generate high levels of store footfall, and, in combination with promotional campaigns that we launch throughout the year, to raise product and brand awareness. For instance, we employ a shared marketing message for Praxis and Brico with the slogan, ''For the Makers'' (*Voor de Makers* in the Netherlands and Flanders and *Pour les Makers* in Wallonia).

We customize our promotional activities for each store brand and market in which we operate by producing individual marketing materials for each of our store brands. We also advertise expansions and improvements to our sales channels, such as new store openings and digital platforms. We typically circulate promotional brochures in the Netherlands every one to two weeks and in Belgium every two to three weeks. We issue and deliver our promotional brochures and catalogs to approximately twelve million households in the Netherlands and Belgium via local distributors. Our brochures allow us to proactively promote price actions on selected units and to highlight new product introductions and innovations. Our other advertising media are mainly comprised of television, radio, internet, billboards, national and local press, direct mailing, poster sites and in-store initiatives.

We make significant online marketing efforts through targeted advertising, search engine optimization and social media presence. We provide updates regarding our latest product offerings and promotions aiming to increase traffic to our e-commerce websites. Additionally, we have an online social media and content team dedicated to maintaining an active online presence, with frequent updates to our individual store pages and store brand-related pages on Facebook as well as our other social media accounts, including Twitter and Pinterest. We believe that our social media presence facilitates interaction with store personnel and improves brand awareness.

In the year ended January 31, 2017, we incurred approximately €42 million in marketing, advertising and publicity costs and expenses compared to €44 million and €43 million in the years ended January 31, 2016 and January 31, 2015, respectively.

#### *Product presentation*

We design our store layout and in-store product presentation with the aim of increasing sales by providing a convenient shopping experience throughout our stores and to strengthen the image we convey to our customers. We seek ways to enhance our store layout and product presentation while maintaining consistency among our store network. We utilize merchandising guidelines under the key principle, ''I see the category, I understand the range and I choose the product,'' in order to empower customers to make well-informed purchase decisions while also offering them the option to seek advice and guidance from our knowledgeable sales staff.

### Digital channel

#### *Overview*

We operate a digital channel that we have developed to meet customer demand for an integrated shopping experience, and continue to invest in additional features and functionalities as a greater proportion of DIY customers turn to e-commerce. We aim to maximize the accessibility of our products offered through our online channels by providing customers with a variety of convenient collection and delivery options. In addition to traditional home delivery services, all our store brands offer a Click & Collect option, which allows customers to order products online and pick them up in-store. In addition to improving the efficiency of the customer's in-store experience, the Click & Collect model reduces logistics costs and, since it requires the customer to collect in-store, can increase the likelihood of additional or ancillary purchases by the customer. Through our Brico, Brico Plan-It and Praxis digital channels, we also provide the option of Drop Shipment, whereby products are shipped directly from the supplier to the customer's home, thus further decreasing the costs associated with handling and storing additional inventory. In addition to diversifying our sales channels, our digital channel also provides us with information about customer behavior and habits across different geographic locations and complements our stores by providing an additional channel for marketing and engagement. Each of our Brico, Brico Plan-It, Praxis and Formido websites also includes additional informational resources to improve the customer's shopping experience, such as online DIY guides, customer reviews, DIY blogs, how-to videos and inspiration guides, live data updates for store stock levels and product installation support resources. Our digital channel is separated by our store brands. We operate four websites as detailed below.

- *Brico:* Brico's e-commerce website trades under the domain name: www.brico.be. The Brico website carries approximately 42,000 SKUs, including a range of DIY, home decoration and garden products.
- *Brico Plan-It:* Brico Plan-It's e-commerce website trades under the domain name: *www.plan-it.be*. The Brico Plan-It website carries approximately 43,000 SKUs, including a range of DIY, home decoration and garden products.
- *Praxis*: Praxis's e-commerce website trades under the domain name: *www.praxis.nl*. The Praxis website carries approximately 60,000 SKUs, including home decoration, garden products and building materials.

- *Formido*: Formido's e-commerce website trades under the domain name: *www.formido.nl*. The Formido website carries approximately 16,500 SKUs, including home decoration, garden products and building materials.

***Sales from our digital channel***

The following table presents the breakdown of our e-commerce revenue:

| (In € millions) | Year ended January 31, 2015 | 2016 | 2017 | Twelve months ended April 30, 2017 |
|---|---|---|---|---|
| **E-commerce revenue** | 11.3 | 16.4 | 26.2 | 27.1 |
| Belgium and Luxembourg | 0.6 | 2.5 | 4.3 | 4.6 |
| The Netherlands | 10.7 | 13.9 | 21.9 | 22.5 |
| **(% of revenue)** | | | | |
| **E-commerce revenue** | 0.9 | 1.2 | 1.9 | 2.0 |
| Belgium and Luxembourg | 0.1 | 0.4 | 0.6 | 0.6 |
| The Netherlands | 1.7 | 2.2 | 3.4 | 3.4 |

For the twelve months ended April 30, 2017, the average transactional value for our digital channel was approximately €108 per transaction.

E-commerce sales for retail DIY companies are generally still limited but we expect this channel to grow. We intend to continue our focus on increasing sales and revenue derived from our digital channel and utilizing data collected through our online activities to improve our understanding of our customers.

We also intend to continue the development of our online services. These services currently include the Click & Collect service, the ''order in-store'' service, the Drop Shipment Model and further expansion into mobile commerce, which provides additional flexibility for our customers by enabling them to access our online store through our mobile phone and tablet applications across our store brands, enhancing the way we can present our products to users.

## Supply chain

***Overview***

In recent years, we have invested resources to upgrade our supply chain. Our supply chain has undergone significant improvements, which enhance the quality of support to our business. We operate a single supply chain which enables us to achieve cost savings and optimize the terms on which we negotiate with our suppliers. Our supply chain mainly consists of:

- *our group supply chain*, based in Amsterdam and responsible for general logistics management and planning, which also contains a team of demand planners, a master data team and inventory managers; and

- *our logistics operations*, based in Willebroek, responsible for logistics management, inventory and purchase management, and financial management.

We regularly review our supply chain to enhance its efficiency, quality and commercial terms.

***Logistics platform***

Our logistics platform consist of three distribution centers, two flow through facilities for cross-docking and logistics management to serve our network of 386 stores in Belgium, Luxembourg and the Netherlands. Our distribution centers carry inventory, whereas the flow through centers do not have inventory. We utilize flow through centers for consolidating pre-picked orders from different suppliers into consolidated deliveries to our stores. Our main distribution center is located in Willebroek, Belgium. It serves both the Netherlands and Belgium, has a storage capacity of approximately 75,900 pallets and 47,800 shelving positions, and stocks both imported and local goods across all product categories, excluding wood, construction material and plants. Following a competitive tender process, we entered into a handling and transport agreement with ID Logistics in May 2016, which expires on September 30, 2021, pursuant to which ID Logistics operates our distribution center in Willebroek, Belgium. ID Logistics started to operate our distribution center in October 2016. Our distribution center lease expires on December 31, 2021.

Our distribution center in Ninove, Belgium specializes in the distribution of our wood and construction materials products in Belgium and, for certain products, in the Netherlands, while our distribution center in Sint Katelijne Waver, Belgium is responsible for the handling of our indoor and outdoor plants in Belgium.

For our private label products that we source from Asian suppliers, we enter into framework transportation agreements with air and sea freight transporters for delivery to our distribution centers in Belgium.

We continue to focus on reducing our distribution and logistics costs while maintaining the level of quality and service we receive from our various suppliers. We have achieved certain efficiencies through a rationalization of the supplier base as well as through the application of benchmarking, tendering and other competitive techniques to award contracts.

***Personnel***

We have a dedicated assortment team that is responsible for certain centralized sourcing and buying strategy functions across our group. We have five directors for our group who are each responsible for purchasing a separate category of products. Each of these five directors directly reports to our group assortment director, who is a member of our Executive Board. Our assortment team oversees key focus areas, including our supply strategy and governance, the development of strategic supplier relationships as well as private label development and the use of Asia sourcing. The main responsibilities of our buying team include determining the range composition and product selection, pricing and trading. Our sourcing agent in Asia has allowed us to enhance our capabilities for direct sourcing, thereby significantly cutting input costs. Sourcing and buying for Formido is managed out of the Netherlands by a local team separately from our other store brands, because product overlap is relatively low due to Formido's relatively smaller size and greater focus on branded products.

We have a centralized vendor management team that operates from our head office. Our vendor management team aims to negotiate favorable terms and conditions in order to manage our costs through close cooperation with suppliers, competitive benchmarking and tendering.

***Suppliers***

As of April 30, 2017, we work with 968 suppliers, primarily located in Belgium, the Netherlands and the Far East. In the twelve months ended April 30, 2017, our ten largest suppliers accounted for 26.0% of our overall supply cost, with no one supplier accounting for more than 5.6% of our overall spend. The total amount of inventory purchased from Asia has decreased from 13.5% in the year ended January 31, 2016, to 10.8% in the year ended January 31, 2017, because we intend to reduce our level of sourcing from Asia in order to reduce our inventory to more efficient levels and improve working capital. The remainder of our inventory is purchased from suppliers primarily located in the Netherlands, Belgium, Germany and France.

We require that all our suppliers satisfy minimum requirements under our code of conduct and we work with them to ensure that they are fully compliant with our code of conduct.

The conditions of our agreements with our suppliers are contained in a vendor manual, a yearly condition form, a memorandum of understanding and/or a framework agreement. While many of our contractual conditions contained in these agreements are standard, we negotiate with each of our suppliers for any specific terms or conditions that are required. Typical terms of these agreements include terms governing termination, the assignment of contractual rights, payment, rebates and indemnities, the maintenance of stock levels and delivery dates. In limited instances, our suppliers have also committed to repurchase stock from us in certain circumstances, including as a result of changes in our product assortment range.

Under our agreements with our suppliers, we may agree to undertake best efforts to meet minimum purchase levels or to purchase a product exclusively from that supplier. In exchange, the supplier typically pays a fee and/or provides stipulated rebates, and must also be a competitive supplier of the product(s) covered in the agreement. We measure a supplier's competitiveness by benchmarking their performance against their competitors. If a supplier does not meet agreed performance criteria, we have the contractual right to terminate the memorandum of understanding or framework agreement with notice. For some of these agreements, the supplier may have the right to remedy any failure before we can terminate our agreement.

We manage approximately 50 strategic suppliers across our business through regular meetings, a semi-annual supplier forum, senior management engagement and strategic follow-ups.

***Quality assurance***

We are strongly committed to the safety and quality of our products. Product safety and customer perception regarding quality and safety are essential to our image and business, and as a result we apply stringent standards as part of a global quality assurance system. The quality assurance teams at our sourcing agent in Asia and at our depots and headquarters in Belgium and the Netherlands, respectively, monitor, in close cooperation, the safety and quality of our products and compliance with legal requirements. Our quality monitoring system covers the entire product range, including all elements of the supply chain from supplier to end user, and all our facilities. Our quality assurance system follows the steps set forth below:

- we assess every new or potential supplier for its capability to supply the products in compliance with legal standards, mutually agreed guidelines and company-specific requirements;
- third parties randomly inspect shipments from each of our suppliers to ensure a consistent level of product quality and delivery performance;
- we continually analyze and review the health and safety hazards of our products, during transport, storage or during use, especially for high risk products such as electrical, chemical or breakable goods; and
- the results of the shipment inspections and our product testing are considered. Any supplier of products that does not meet our safety and quality demands must act adequately and responsibly to correct the noncompliant situation (including dealing with the potential financial consequences under the terms of the supplier agreements).

## Information technology

***Brico, Brico Plan-It and Praxis***

With the exception of Formido, we support our operations through the use of SAP, Microsoft, XV Retail, Apex Pro, Hybris, Sage (Geode) and JDA and an integrated IT platform between suppliers, our distribution centers, warehouses and stores. We have developed and implemented a new workforce system as well as a space management system that allows us to fine tune our work hour needs and product offerings at the individual store level based on sales trends.

We use SAP as our core system for the management of the distribution of goods, supply chain flow, finances and human resources in the Netherlands. Our IT strategy aims to generate standardization through SAP, operational supply chain excellence and cost reduction through smart interfaces. As part of our growth strategy, we will invest in new IT capabilities, including through an upgrade of our current enterprise resource planning software system, SAP ERP, and by providing tablets and retail kiosks to all our stores in order to facilitate and improve our omni-channel shopping experience for customers.

All our directly operated stores and franchisee-operated stores are connected through a single interface using identical software and hardware. This standardized approach ensures that our IT platform will be scalable in line with our growth strategy, creates a stable and easily adaptable environment that minimizes impediments to our operations, and ensures that all new stores can be immediately implemented into our existing infrastructure. Our digital platform is developed by external developers under our supervision. E-commerce hosting services are provided by Amazon Web Services. With the exception of AS400, Brico office automation and the cash registry data (CTAC), all data center activities are outsourced to CapGemini.

***Formido***

Formido currently operates on a separate platform of IT systems through the use of Axi (Oracle), Uniface, Microsoft, Exact Ledger, Qlikview and Magento. Axi is used for our point of sale operations and to communicate with our head office. Uniface is used for product assortment management and store configuration. Qlikview is used for management information and combines the information, of multiple platforms. The Formido e-commerce website is based on a Magento platform.

### Properties and leases

The following table provides an overview of real estate holdings and leases that are material to our operations:

| Site | Ownership/ lease | Size (approximate square meters) | Primary use | Lease terminates |
|---|---|---|---|---|
| **Amsterdam Head Office (as of July 1, 2017)** Herikerbergweg 336 1101 CT Amsterdam ZO The Netherlands | Lease | 3,662 (shared with Praxis) | Head offices (offices/ range rooms) | May 31, 2027 |
| **Brico & Brico Plan-It** Zelliksesteenweg 65 1082 Sint-Agatha-Berchem Belgium | Lease | 3,896 | Head offices (offices/ range rooms) | December 31, 2021 |
| **Praxis** Herikerbergweg 336 1101 CT Amsterdam ZO The Netherlands | Lease | 3,662 (shared with head office) | Head offices (offices/ range rooms) | May 31, 2027 |
| **Formido** Watergoorweg 65 3861 MA Nijkerk The Netherlands | Lease | 2,770 | Head offices (offices/ range rooms) | September 30, 2019 |
| **Distribution center Willebroek** Hoeikensstraat 50-52 2830 Willebroek Belgium | Lease | 106,260 | Distribution center (offices/warehousing) | December 31, 2021 |

Our Amsterdam offices operate as our group headquarters. They house our core group-wide and Netherlands operational, management and planning functions. Maxeda DIY's head office in Belgium is located in Sint-Agatha-Berchem and it has primary responsibility for operations in Belgium.

Our distribution center at Willebroek comprises one lease. The site is operated through a contract with ID Logistics. Our Willebroek lease expires in 2021. See ''—*Supply chain—Logistics platform*.''

The average initial lease term for our directly operated Praxis stores is ten years, with an average unexpired term of 4.7 years. The average initial lease term for our directly operated Formido stores is ten years, with an average unexpired term of 2.7 years. Under Belgian law, a lessee has the right to renew a lease contract three times for a term of nine years per renewal. All of the leases that are entered into by Brico and Brico Plan-It currently have one or more renewal terms of nine years, and the majority of these leases currently have three renewal terms of nine years.

Although we do not have a standard lease for every directly operated store, lease terms are typically ten years in the Netherlands, with a break clause allowing termination of the lease after five years, and nine years in Belgium, although certain exceptional leases in Belgium are as long as 27 years. Annual indexation is in accordance with the applicable consumer price index in the Netherlands and the health index in Belgium. Our policy has been to cap these price indexing provisions, if possible. Our total annual rental expense (net of sub lease income invoiced to our sub lessees under certain head leases) for the twelve months ended April 30, 2017, was €84.5 million.

Approximately 82% of the leases for franchisee-operated Formido stores and approximately 82% of the leases for franchisee-operated Praxis stores are undertaken directly by franchisees. Over 52% of the leases for franchisee-operated stores for Brico are undertaken by Brico, which in turn subleases the premises under the same terms and conditions to the franchisees.

We target locations for new store openings, liaising with real estate agents, brokers and our in-house property department in order to determine which locations would be most appropriate for new stores. Once a site is identified and the feasibility of the new store assessed, we submit a store opening proposal to our management board for approval. We generally seek to ensure that leases and other development agreements are in line with industry standards.

With respect to asset sales, we conducted a sale and leaseback of three stores for €2 million in 2016. In the three months ended April 30, 2017, we exercised another purchase option with a sale and leaseback for ten stores in the Netherlands. We currently have a purchase option for three other stores.

### Intellectual property

We use the Brico, Brico Plan-It, Praxis and Formido names as trade names, as trademarks in connection with our merchandise and as service marks. We also use the Perfection, Decomode, Teck, Baseline, Aquazuro, Aqua Vive, Acker, Sencys and Central Park brands as trademarks for our merchandise. Our franchise partners may have the right to use the registered trademarks of their respective franchise formulas. We also own certain intellectual property rights with respect to our customer database. In addition, we have entered into an agreement with one of our Asian suppliers, Positec, pursuant to which we have the right to sell Positec's hand held power tools under three of its brands (Worx, Xceed and Rockwell) exclusively in our stores and online.

We rely on intellectual property laws, confidentiality procedures and contractual provisions to protect our intellectual property rights, such as trademarks, trade names, copyrights, design rights and domain names. We regard our trademarks and other intellectual property rights as valuable assets in the marketing of our products and take appropriate action when necessary to protect them.

We have trademark registrations for our store brands as well as our private label products in Belgium, the Netherlands and abroad. Some of these store brands and brand merchandise have also been registered with the European Community Trademark and International Trademark Registration. We have also registered various domain names with the appropriate authorities in Belgium, the Netherlands and abroad.

### Employees

As of April 30, 2017, our workforce consisted of 4,987 full-time equivalents (''FTEs''), with 452 FTEs working from our Belgian and Netherlands head offices, 20 FTEs at our distribution centers and warehouses, 2,192 FTEs in our Praxis store locations, 196 FTEs in our Formido store locations, 1,340 FTEs in our Brico store locations and 787 FTEs in our Brico Plan-It store locations.

Collective labor agreements are in place for all store and head office employees in Belgium and the Netherlands. We believe our relations with our employees are good. We cannot assure you, however, that we will be able to reach satisfactory agreements with our employees in the future, or that these agreements will be concluded without work stoppages or strikes. See ''*Risk Factors—Risks related to our market and our business—Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect our business*.''

### Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property and business interruption, and product liability insurance. We insure our headquarters, distribution centers and stores against such hazards as fire, explosion, theft, flood, mischief and accidents. All of our policies are underwritten with well-established insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations. No material claims have recently been made under our insurance policies and there have been no recent material changes to our insurance premiums. See "*Risk Factors—Risks related to our market and our business—Existing insurance coverage may turn out to be inadequate*."

### Environmental matters

We are subject to numerous supranational, national and local environmental laws and regulations, including in connection with the operation of our stores, warehouses and distribution centers. We could incur significant costs, including fines, penalties and other sanctions, third-party claims and environmental cleanup costs, as a result of violations of or liabilities under environmental laws and regulations or operational permits and licenses required thereunder. We believe that our operations are currently in substantial compliance with all applicable environmental, health and safety laws and regulations. These environmental, health and safety laws and regulations are constantly changing, however, as are the priorities of those who enforce them, and we could incur additional costs complying with future laws and regulations. We follow a proactive approach with regard to the management of any asbestos at our stores or other facilities, including minimizing and controlling any exposure and coordinating the efficient and safe removal and/or management of the asbestos, with a view of ensuring the health and safety of our employees and customers. Although environmental matters have not had a material impact on our business to date, we cannot assure you that environmental conditions identified and/or environmental obligations imposed on us in the future relating to any of our prior, existing or future properties will not have a material adverse effect on our business, financial condition, results of operations or cash flows. See "*Risk Factors—Risks related to our market and our business—Compliance with or changes in the regulatory environment could adversely affect our business*."

### Regulatory matters

We are subject to governmental regulation from national, EU and other international regulatory authorities concerning, among other things, export and import quotas and other customs regulations; consumer and data protection; the advertisement, promotion and sale of merchandise; product safety; the health, safety and working conditions of our employees; the safety of our stores and their accessibility for the disabled; and our competitive and marketplace conduct. We believe that we are in compliance in all material respects with these regulations. We cannot assure you, however, that any future changes in the requirements or mode of enforcement of these laws and regulations will not have a material adverse effect on our business, financial condition, results of operations or cash flows. See "*Risk Factors—Risks related to our market and our business—Compliance with or changes in the regulatory environment could adversely affect our business*."

### Legal proceedings

We become involved, from time to time, in various claims and lawsuits arising in the ordinary course of our business, such as employee and customer claims, disputes with our franchisees, suppliers and intellectual property disputes. Some matters involve claims for large amounts of damages as well as other relief, as detailed below. The most significant actual or potential claims, lawsuits, investigations or proceedings of which we are currently aware are described below.

#### *Dispute with Locom N.V.*

Locom N.V. was the operator of the Brico franchise store in Knokke, Belgium. Locom N.V. did not perform in accordance with its contract with Brico Belgium N.V., as a result of which Brico terminated such contract after six months. In 1993, Locom N.V. initiated claims for breach of contract and wrongful termination, and Brico Belgium N.V. responded with a counterclaim for overdue payments and for breach of contract, currently amounting to approximately €1.2 million (including interest). Locom N.V.'s claims, based on the wrongful and early termination of its contract and the associated loss of profits, amount to approximately €4 million (net of their liability for overdue payments). Brico Belgium N.V. has recorded a provision of approximately €1 million for this matter for the year ended January 31, 2017.

#### *Dispute with Lucas N.V.*

In 2012, Lucas N.V. initiated claims against Brico Belgium N.V. alleging wrongful and early termination of a contract between the two parties. The court of first instance in Brussels has denied this claim but held that Brico Belgium N.V. must pay Lucas N.V. for certain returned stock products that were of poor quality and the costs associated with Lucas N.V.'s reorganization of the assortment of such products, amounting to approximately €1.1 million. Brico Belgium N.V. has appealed this decision. Lucas N.V. has also alleged claims against Brico Belgium N.V. for unpaid invoices in the amount of approximately €350,000, which will also be decided by the appellate court. The parties are currently awaiting the appellate court's decision. Brico Belgium N.V. has recorded a provision of approximately €0.5 million for this matter for the year ended January 31, 2017.

***Dispute with Pavast Beheer B.V. and Unibail-Rodamco Nederland Winkels B.V.***

We have, from time to time, guaranteed the lease obligations of certain of our subsidiaries, including entities that are former subsidiaries of our group. Two of the guarantees of our former subsidiaries' lease obligations have led to court proceedings. In 2015, Pavast Beheer B.V. and Unibail-Rodamco Nederland Winkels B.V. (the ''Disputing Lessors'') had independently initiated claims, amounting to approximately €2 million and €5.8 million, respectively, against our group following the bankruptcy of one of our former subsidiaries that had entered into leases with each of the Disputing Lessors. In summary proceedings, the court has held that the guarantee was valid and applicable until the lease was terminated upon the bankruptcy of the former subsidiary. This reduces our group's liability to approximately €400,000 and €700,000, respectively, and our group has paid such amounts to the respective Disputing Lessors. On June 29, 2017, the court dismissed all claims from Unibail-Rodamco other than a claim for €711,000 that we have already paid. The proceedings initiated by Pavast Beheer B.V. remain ongoing. No provision has been recorded for this matter.

***Dispute with CBRE Global Investors (NL) B.V.***

In 1994, the legal predecessor of Maxeda DIY Group B.V. issued a 403 statement under Dutch law, which allows a holding company to consolidate all group companies in one annual account and eliminates the requirement of group companies having to publish individual annual accounts. In 2001, the legal predecessor of Maxeda DIY Group B.V. withdrew the 403 statement, which had the legal effect of releasing it and Maxeda DIY Group B.V. from future liabilities of our group companies for which it issued the 403 statement. However, the legal predecessor of Maxeda DIY Group B.V. did not terminate the remaining liability outstanding at the date of the withdrawal. As a result, in March 2017, CBRE Global Investors (NL) B.V. initiated claims amounting to approximately €3.5 million against Maxeda DIY Group B.V. relating to the periodic obligations under their lease contracts with a former subsidiary of our group that was included in the 403 statement. No provision has been recorded for this matter. No formal legal proceedings have commenced and we believe that we will be able to settle this litigation for €0.5 million; however, there can be no assurance that we will settle this litigation for an amount not exceeding €0.5 million or at all.

# MANAGEMENT

## Executive Board

Our group is managed by an Executive Board. The Executive Board generally meets once per week. The Executive Board is responsible for setting the strategic goals, business plan and operating decisions for the group. Set forth below are the names, ages and positions of the current members of the Executive Board.

| Name | Age | Position |
|---|---|---|
| Guy Colleau | 54 | Chief Executive Officer |
| Luc Leunis | 51 | Chief Financial Officer |
| Jacques Hayaux du Tilly | 44 | Group Assortment and Supply Chain Director |
| Joost de Beijer | 43 | Managing Director of Praxis |
| Dieter Struye | 40 | Managing Director of Maxeda DIY Belgium |
| Corine Duchenne-Reijnierse | 43 | Group HR Director |
| Ralph Berteaux | 53 | Director of Format and Big Box |
| Erik Cuypers | 56 | Group IT Director |
| Earl Waal | 38 | Group Director of Legal |

Summarized below is a brief description of the experience of the individuals who serve as members of the Executive Board.

*Guy Colleau.* Mr. Colleau has been the Chief Executive Officer of the Issuer since May 2016. From 2003 to 2016, Mr. Colleau held numerous positions at Kingfisher plc., including Operations Director Big Box Format of Kingfisher Group, Kingfisher Group Worldwide. From April 2008 to April 2013 Mr. Colleau was CEO at Castorama France. Mr. Colleau also held the position of Chief Operating Officer of Agapes Catering from 2002 to 2003 and of 1000 AMIS from 1999 to 2002. From 1986 to 1999, Mr. Colleau held various positions at Truffaut, Matériaux Service and Leroy Merlin. Mr. Colleau has an Agricultural Engineering degree from the Institut Supérieur Agricole de Beauvais in France and an MBA from the TRIUM Executive MBA program at the London School of Economics, New York Stern School of Business and Paris HEC School of Business.

*Luc Leunis.* Mr. Leunis has been the Chief Financial Officer of the Issuer since January 2015. Previously, Mr. Leunis held several other positions in our group. From December 2011 to December 2014, Mr. Leunis was the Director of Finance Control of our group. From January 2001 to November 2011, Mr. Leunis was the Finance Director and later the Director of Strategic Development and Legal of Maxeda DIY Belgium. From 1993 to 2000, Mr. Leunis held various positions in the GIB Group. From 1989 to 1993, Mr. Leunis was an Auditor at KPMG Belgium and from 1987 to 1989, he was a University Trainee at BNP Paribas. Mr. Leunis has a master's degree, *cum laude*, in Applied Economic Sciences from the University of Antwerp.

*Jacques Hayaux du Tilly.* Mr. du Tilly has been the Group Assortment and Supply Chain Director since October 2016. From July 2015 to October 2016, Mr. du Tilly was the Retail Operation Executive Assistant of Kingfisher plc. From July 2012 to August 2015, Mr. du Tilly was the CEO of B&Q China. From October 2009 to July 2012, Mr. du Tilly was the Strategy Director of Brico Depot France. Mr. du Tilly has an M.S. in Technology and Management from Ecole Centrale Paris and an M.A. in Finance from the Skema School of Management in France.

*Joost de Beijer.* Mr. de Beijer has been the Managing Director of Praxis since November 2014. Mr. de Beijer has held numerous other positions in our group. From September 2011 to November 2014, Mr. de Beijer was the Finance Director of Praxis. From September 2008 to September 2011, Mr. de Beijer was the Head of Finance and Control of Maxeda DIY and from June 2008 to September 2008, he was Corporate Controller. Mr. de Beijer is also a member of the supervisory board of Loyalty Management Netherlands B.V. and a member of the advisory board of Procumulator B.V. Mr. de Beijer has a degree in Business Administration specialized in Auditing as well as a postgraduate degree in Auditing from the Tilburg University in the Netherlands. Mr. de Beijer is also a licensed auditor.

*Dieter Struye.* Mr. Struye has been the Managing Director of Maxeda DIY Belgium since September 2015. Mr. Struye is also a board member of Comeos asbl and BeCommerce. Before joining the group, from 2012 to 2015, Mr. Struye was the Commercial Director of Danone Benelux. Mr. Struye has both a bachelor's degree and a master's degree in Commercial Engineering from KU Leuven in Belgium.

*Corine Duchenne-Reijnierse.* Ms. Duchenne-Reijnierse has been the Group HR Director since August 2016. Ms. Duchenne-Reijnierse has also held several other positions in the group since 1998, including Corporate Controller of Maxeda, Head of Controlling of Praxis and Director Business Controls of Maxeda. Ms. Duchenne-Reijnierse has a bachelor's degree and a master's degree in Business Economics from the Erasmus University in Rotterdam, the Netherlands.

*Ralph Berteaux.* Mr. Berteaux has been the Director of Format and Big Box since February 2017. Since 1997, Mr. Berteaux has also been the Director of Ralph Berteaux Consultants. Mr. Berteaux has a *Baccalauréat Series C* from Lycée Pierre Forest in Maubeuge, France and a *Diplôme supérieur d'Administrateur de Commerce* from ESC Lille in Lille, France.

*Erik Cuypers.* Mr. Cuypers has been the Group IT Director since October 2015. From 2014 to 2015, Mr. Cuypers was the Chief Information Officer of JBC in Houthalen, Belgium. Mr. Cuypers has a master's degree, *magna cum laude*, in Mathematics from KU Leuven in Belgium and a master's degree, *summa cum laude*, in Computer Sciences from the University of Brussels.

*Earl Waal.* Mr. Waal has been the Group Director of Legal since 2015. Since 2007, Mr. Waal has also been the Senior Legal Counsel and Company Secretary. Mr. Waal has a master of law degree with a specialization in Private Law and a degree from a post-academic course in Energy Law from the VU University in Amsterdam, the Netherlands. He also has a degree from a post-academic course for legal counsels from the Netherlands Institute for Professional Training of Legal Counsels (*Beroepsopleiding Bedrijfsjuristen*) as well as a degree, *cum laude*, from a post-academic course in National and International Contracting from the Grotius Academy of the Radboud University in Nijmegen, the Netherlands.

## The Issuer

The Issuer is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands. The Issuer is a wholly owned subsidiary of Maxeda DIY Group.

### *Board of directors of the Issuer*

The board of directors of the Issuer is appointed by its shareholder, Maxeda DIY Group B.V. Set forth below are the names, ages and positions of the current members of the board of directors of the Issuer. The business address of each of the directors of the Issuer is Herikerbergweg 336, 1101 CT Amsterdam, the Netherlands.

| Name | Age | Position |
|---|---|---|
| Guy Colleau | 54 | Chief Executive Officer |
| Luc Leunis | 51 | Chief Financial Officer |
| Maxeda DIY Group (represented by Guy Colleau and Luc Leunis) | n/a | Managing Director |

### *Committees*

The audit committee is responsible for the oversight of the following activities of Maxeda DIY Group (and its subsidiaries): (i) decisions regarding external financing and tax planning; (ii) financial reporting; (iii) internal control and risk management; (iv) compliance with legal and regulatory requirements; and (v) internal and external audit. The members of the audit committee currently are Marc van Gelder, Jean-Francois Delepoulle and Geert Verkest (chairman).

The remuneration committee is responsible for determining the compensation policies for the Executive Board. The members of the remuneration committee currently are Marc van Gelder (chairman), Jean-Francois Delepoulle, Dean Merritt and Geert Verkest.

### *Compensation of directors and executive officers*

The total remuneration of our directors and senior management team for the year ended January 31, 2017, including salary, short-term bonuses, post-employment benefits and termination benefits but excluding any share-based payments, was €3.3 million. Our remuneration committee determines the remuneration of our directors and senior management team through the evaluation of individual performances and market trends.

*Long-term Incentive Plan*

The Long-term Incentive Plan (''LTIP'') is a bonus plan that rewards the managers operating under a Dutch contract with a cash reward and the managers operating under a Belgian contract with cash rewards or warrants, the value of which will depend on the net proceeds received by the investors in our group in respect of an exit event. The entitlement to the bonus depends on whether the net proceeds received by our shareholders in respect of an exit event (which are adjusted upward in relation to the LTIP-related amounts to be paid or payable upon an exit event (the ''Adjusted Proceeds'')) exceed a threshold, which is automatically increased or decreased in the event of a capital injection by our shareholders or a dividend or prepayment to the shareholders. The LTIP is intended to align the interests of the investors and the eligible participants because any part of the non-cash Adjusted Proceeds will be valued in accordance with the underlying exit event and that, to the extent the payment of a portion of the net proceeds is deferred, a pro rata portion of the bonus will be deferred on the same terms. The amount of the bonus therefore depends on (i) the level of the Adjusted Proceeds and (ii) the time at which the net proceeds of the exit event are received by the Sponsors. The bonus would be paid the month following the date on which the investors have received the net proceeds in full.

## PRINCIPAL SHAREHOLDERS

The Issuer's entire issued and outstanding share capital is held by Maxeda DIY Group. As of the date of this offering memorandum the issued share capital of Maxeda DIY Group amounted to €175,118,919.38, represented by 4,845,959 class A ordinary shares, 1,100,000 class B ordinary shares and 8,750,000,010 preferred shares, all with a nominal value of €0.02.

Certain of our creditors, including Ardian and GoldenTree Asset Management, converted their subordinated debt into shares in Maxeda DIY Group in 2015. As of the date of this offering memorandum, Ardian and GoldenTree Asset Management, the two largest shareholders of Maxeda DIY Group, indirectly owned 38.2% and 20.1%, respectively, of the class A ordinary shares of Maxeda DIY Group, which constitute the only class of voting securities of our group.

The following table sets forth the percentage owned by each holder of class A ordinary shares in Maxeda DIY Group as of date of this offering memorandum:

| Shareholders | Percentage of class A ordinary shares |
|---|---|
| Ardian | 38.2% |
| GoldenTree Asset Management | 20.1% |
| Alpinvest Partners Mezzanine 2007 C.V. | 11.8% |
| KKR(1) | 11.8% |
| Idinvest(2) | 7.4% |
| Ares(3) | 6.5% |
| Babson(4) | 4.3% |

(1) Class A ordinary shares are held by funds or accounts affiliated with, managed and/or advised by, KKR.

(2) Class A ordinary shares are held by IPVE Lux S.à r.l.

(3) Class A ordinary shares are held by Ares Special Situations Fund III, LP, Ares Strategic Investment Partners, Ltd, ASIP (HOLDCO) IV Sarl, Ares MSCF V (H) Holdings Sarl, and Future Fund Board of Guardians.

(4) Class A ordinary shares are held by AustralianSuper, Babson Capital Credit 1 Limited, Babson Capital Credit 2 Limited, Babson Global Credit Income Opportunities Fund and Babson Capital Loans 1 Limited.

### Shareholders' Agreement

On July 27, 2015, in connection with the financial restructuring of our group, the Sponsors and a number of our group's former debt and equity investors and certain managers entered into a shareholders' agreement (the ''Shareholders' Agreement''), which sets forth the parties' respective economic and governance rights as shareholders following the restructuring.

The Shareholders' Agreement contains provisions, among other things, concerning: (i) the provision of information by Maxeda DIY Group to its shareholders; (ii) the governance of Maxeda DIY Group and its subsidiaries by Maxeda DIY Group's shareholders and by Maxeda DIY Group's supervisory board; (iii) transfers of shares and other debt and equity securities of Maxeda DIY Group; (iv) rights of first offer in respect of certain such transfers; (v) tag-along rights in the event of a transfer of securities, including 50.1% or more of the outstanding ordinary shares in Maxeda DIY Group (subject to certain limitations); (vi) drag-along rights in the event of a transfer by certain of the Sponsors of 50.1% or more of the class A ordinary shares in Maxeda DIY Group (subject to certain limitations); (vii) the cooperation of the parties in respect of any public offering; and (viii) issuances of new securities by Maxeda DIY Group.

The supervisory board of Maxeda DIY Group is appointed as follows:

- Ardian is entitled to appoint two directors as long as Ardian holds a certain amount of class A ordinary shares;
- GoldenTree Asset Management is entitled to appoint one director as long as GoldenTree Asset Management holds a certain amount of class A ordinary shares;
- the minority shareholders of class A ordinary shares, other than Ardian and GoldenTree Asset Management, are entitled to appoint one director by majority vote; and

- one director is appointed on the basis of a recommendation of our group's central joint works council (*versterkt aanbevelingsrecht*).

In addition, Ardian is entitled to designate the chairman of the supervisory board as long as it has appointed two directors on the supervisory board. Each holder of at least 10% of class A ordinary shares is also entitled to appoint an observer, who will be authorized to attend meetings of the supervisory board of Maxeda DIY Group. A quorum for any meeting of the supervisory board will include at least one Ardian-appointed director and one GoldenTree Asset Management-appointed director, unless agreed otherwise. Certain material decisions of the board require the consent of each holder of ordinary shares of Maxeda DIY Group.

# CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

## Compensation of Directors of Maxeda DIY Group

The directors of Maxeda DIY Group have received €0.7 million in directors fees in the year ended January 31, 2017. In addition, some of the directors provide consultancy services to Maxeda DIY Group and its subsidiaries under various consultancy services agreements. For the year ended January 31, 2017, such consultancy fees (excluding disbursements and expenses) amounted to €0.2 million (in aggregate).

## Shareholders' Agreement

On July 27, 2015, in connection with the financial restructuring of our group, the Sponsors and a number of our group's former debt and equity investors and certain managers entered into the Shareholders' Agreement. See ''*Principal Shareholders—Shareholders' Agreement*.''

## DESCRIPTION OF OTHER INDEBTEDNESS

*The following is a summary of certain provisions of our indebtedness and certain financial arrangements to which we and certain of our subsidiaries are or will be a party. It does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.*

### Revolving Credit Facility Agreement

The Issuer and certain other members of our group have entered into the Revolving Credit Facility Agreement. The borrowers under the Revolving Credit Facility Agreement are the Issuer and each of the Guarantors but the Revolving Credit Facility Agreement permits additional members of our group to accede as borrowers provided they satisfy certain conditions.

#### *Borrowings*

The Revolving Credit Facility Agreement provides for the Revolving Credit Facility in a principal amount of €50 million. Borrowings under the Revolving Credit Facility may be used to directly or indirectly finance or refinance the working capital and/or the general corporate purposes of the Group, including the funding of (i) any fees, costs and expenses arising in connection with the Refinancing Transactions and the Notes; (ii) capital expenditure; (iii) any permitted acquisition; (iv) operational restructurings or permitted reorganizations of our group; (v) the issuance of letters of credit and performance bonds; and (vi) any working capital related adjustments (however structured) relating to or arising in connection with the Refinancing Transactions and any permitted acquisition, but shall not be applied in repayment or prepayment of the Notes or for the purpose of paying any dividend or repaying any loans or indebtedness owed to the parent of the Issuer, Maxeda DIY Group or any holding company thereof which is subordinated in accordance with the terms of the Revolving Credit Facility Agreement and the Intercreditor Agreement.

The Revolving Credit Facility may be utilized in the form of multi-currency advances for terms of 1, 2, 3 or 6 months (or any other term agreed with the agent acting on the instructions of (i) the majority lenders participating in the relevant loan for periods of less than six months or (ii) all lenders participating in the relevant loan for periods greater than six months) or letters of credit or ancillary facilities.

#### *Additional facility*

The Issuer may elect to request, subject to certain terms and conditions, the commitment of additional facilities (the ''Additional Facility Commitments'').

The Issuer may agree with the relevant lenders certain terms in relation to the Additional Facility Commitments, including the termination date (subject to parameters as set forth in the Revolving Credit Facility Agreement) and the availability period.

The margin on any cash advances under the Additional Facility Commitments will be agreed between the Issuer and the relevant lenders providing the relevant Additional Facility Commitments (subject to parameters as set forth in the Revolving Credit Facility Agreement).

Unless otherwise agreed between the Issuer and the relevant lenders providing the relevant Additional Facility Commitments, borrowings under an additional facility may be used for the same purposes as under the Revolving Credit Facility.

#### *Maturity date*

The Revolving Credit Facility matures on the date falling 54 months after the Closing Date (as defined therein). Loans must be repaid in full on or prior to that date. Additional Facility Commitments mature on the date specified in the additional facility notice.

#### *Conditions precedent*

Utilizations of the Revolving Credit Facility are subject to customary conditions precedent.

#### *Interest and fees*

The Revolving Credit Facility bears interest at a rate per annum equal to EURIBOR or, for borrowings in sterling, LIBOR, plus an opening margin of 3.50% per annum with respect to the Revolving Credit Facility. Subject to the satisfaction of certain other conditions, the margin may be reduced under a margin ratchet to 2.50% per annum (with intermediate step-downs) by reference to the Consolidated Senior Secured Net Leverage Ratio (defined under, and calculated in accordance with, the Indenture) for the twelve-month period preceding the relevant quarterly testing date.

The Issuer is required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate of 35% of the applicable margin and on the date on which the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. Agency and letter of credit fees are also payable pursuant to the Revolving Credit Facility Agreement.

***Security and Guarantees***

The Revolving Credit Facility is guaranteed by each Guarantor and is secured by the same security package as for the Notes as set forth under "*Description of the Notes—Security*."

Under the terms of the Intercreditor Agreement, in the event of acceleration of the Revolving Credit Facility or the Notes, amounts recovered in respect of the Notes, including from the enforcement of guarantees and the Collateral, are required to be turned over to the Security Agent and, subject to the payment of fees and expenses of, among others, the agent under the Revolving Credit Facility, the Trustee and Security Agent, paid by the Security Agent to the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations in priority to the holders of the Notes.

The provision and the terms of the security set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Revolving Credit Facility Agreement. See "*Risk Factors—Risks related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

***Covenants***

Certain of the covenants contained in the Revolving Credit Facility Agreement are based upon the covenants contained in the Indenture. See "*Description of the Notes—Certain Covenants*."

The Revolving Credit Facility Agreement also requires the Issuer and certain of its restricted subsidiaries to observe certain customary covenants, subject to certain exceptions and grace periods, including covenants relating to obtaining required authorizations; compliance with laws; *pari passu* ranking; preservation of assets, guarantor coverage, centre of main interests; certain restrictions on repurchase of the Notes themselves; taxation; anti-corruption laws, sanctions compliance; holding company; and further assurance provisions.

***Financial covenant***

The Revolving Credit Facility Agreement includes a financial covenant requiring the Consolidated Secured Net Leverage Ratio not to exceed an agreed level (the "SSRCF Financial Covenant"). The SSRCF Financial Covenant is calculated as set out in the Indenture for the twelve-month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis and subject to the Revolving Credit Facility (excluding Letters of Credit, ancillary facilities and any related fees or expenses) being at least 40% drawn on the relevant test date. The Issuer has four equity cure rights in respect of the SSRCF Financial Covenant prior to the termination date of the Revolving Credit Facility Agreement and equity cures in consecutive financial quarters are not permitted. A breach of the SSRCF Financial Covenant could result in a restriction on the ability to make new drawings under the Revolving Credit Facility Agreement, but would not result in a default or an event of default under the Revolving Credit Facility Agreement.

***Repayment***

Loans made under the Revolving Credit Facility Agreement must be, subject to any rollover in accordance with the Revolving Credit Facility, repaid in full on the last day of the relevant interest period. All outstanding amounts under the Revolving Credit Facility must be repaid on the "termination date." Amounts repaid by the borrowers in respect of loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

***Events of default***

The Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including: (i) the failure to pay principal, interest or fees under the Revolving Credit Facility Agreement; (ii) noncompliance with other obligations under the Revolving Credit Facility Agreement (excluding noncompliance with the SSRCF Financial Covenant); (iii) representations or warranties are or are found to be untrue or misleading when made or deemed to be made; (iv) the auditors of our group qualifying their report on the annual financial statements of our group; (v) any obligor's obligations under a finance document (including a Transaction Security Document) become unlawful or cease to be legal, valid, binding and enforceable; and (vi) repudiation or rescission of a finance document, including Transaction Security Documents.

***Governing law***

The Revolving Credit Facility Agreement and any noncontractual 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 the restrictive covenants scheduled to the Revolving Credit Facility Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility 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 and the Guarantors will enter into an Intercreditor Agreement with, among others, the trustee, the agent, arrangers and lenders under our Revolving Credit Facility Agreement and the Security Agent.

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.

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:

''ICA Group'' shall mean the Issuer and its Restricted Subsidiaries.

References to the ''Notes'' shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by a member of the ICA Group which are designated by the Issuer as Senior Secured Notes under the Intercreditor Agreement.

The Intercreditor Agreement uses the term ''the Company'' to refer to the Issuer and ''Senior Secured Notes Liabilities'' to refer to the Notes and certain other indebtedness of the Issuer.

***Ranking and Priority***

*Priority of Debts*

The Intercreditor Agreement provides that the liabilities owed by the Issuer and each other debtor under the Intercreditor Agreement (together, the ''Debtors'') (other than any of the Issuer's holding companies that is an issuer or borrower of Topco Liabilities (as defined below) and which is designated as a Topco Borrower under the Intercreditor Agreement (a ''Topco Borrower'')) shall rank in right of priority and 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 any 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 the Revolving Credit Facility Agreement or 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 Company 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), the holders of the Notes or 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 the Issuer in its discretion and not including, for the avoidance of doubt, the Issuer) to a member of the 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 agreement that are not Super Senior Liabilities (together with the hedging designated by the Company as being Super Senior Liabilities, the ''Hedging Liabilities''), (vii) the lenders in relation to any future second lien facility agreement (a ''Second Lien Facility'' and the liabilities to the lenders under a Second Lien Facility 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'') and (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''), *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 any future notes issued by a Topco Borrower and designated by the Issuer 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 (the ''Topco Facility Liabilities'' and together with the Topco Notes Liabilities, the ''Topco Liabilities''), and (iii) the liabilities owed under any future loan (a ''Topco Proceeds Loan'') made by any Topco Borrower 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 Borrowers 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.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the ICA Group to another member of the ICA Group (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 and Second Lien Notes Liabilities, Agent Liabilities and Notes Liabilities (such creditors, together with the Security Agent, any receiver or delegate, any creditor of the Agent Liabilities and any arranger with respect to the Secured Liabilities, the ''Secured Parties'').

The Intercreditor Agreement also provides that the liabilities owed by any member of the ICA Group (other than any Topco Proceeds Loan Liabilities) to a holding company of the Issuer or to any other person who becomes a subordinated creditor (a ''Subordinated Creditor'') under the Intercreditor Agreement (the ''Subordinated Liabilities'') will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties and to the Intra-Group Liabilities.

For the purposes of this description only:

''Debt Documents'' means the Intercreditor Agreement and the documents creating or evidencing the Cash Management Facility Liabilities, the Hedging Liabilities, the Second Lien Liabilities, the Senior Secured Liabilities, any Senior Secured Notes Proceeds Loan Liabilities (a ''Senior Secured Notes Proceeds Loan Agreement''), the Topco Liabilities, the Topco Proceeds Loan Liabilities, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement, the Subordinated Liabilities and the Intra-Group Liabilities (each as defined in this description).

''Finance Documents'' means the Revolving Credit Facility Agreement, any Permitted Senior Secured Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, the facility agreement documenting any Second Lien Facility, the indenture in respect of any Second Lien Notes, the facility documenting any Topco Facility, the indenture in respect of any Topco Notes and any document designated by the Issuer as an unsecured finance document under and in accordance with the Intercreditor Agreement.

''Secured Creditors'' means the Senior Secured Creditors, Second Lien Creditors and the Topco Creditors (each as defined below).

''Secured Debt Documents'' means the documents relating to the Senior Secured Liabilities, Second Lien Liabilities and Topco Liabilities.

''Third Party Security Provider'' means Maxeda DIY Holding B.V. and any person that is not a member of the Group 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 designated by the Issuer (in its discretion).

''Transaction Security'' refers to security (from the ICA Group, any Transaction Security Provider and Topco Shared Security, 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'' refers to security at any time which is created, or expressed to be created, over (i) the shares in the Issuer held by its direct holding company, and (ii) all receivables owed to a holding company of the Issuer or to a Subordinated Creditor by the Issuer (including the Topco Proceeds Loan and Topco Proceeds Loan Liabilities (as the case may be) 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 and its Restricted Subsidiaries (as defined in the documents governing the relevant Topco Notes or Topco Facility (as the case may be)) and any other members of the ICA Group (the ''Topco Group''), each Debtor and each Third Party Security Provider to the Secured Parties under the Debt Documents.

''Topco Independent Transaction Security'' refers to security (other than Topco Shared Security) which is created, or expressed to be created, a Topco Borrower or its affiliates (other than a member of the ICA Group) and 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). 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 Notes and the Notes Guarantee will be Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. On the Issue Date, no Senior Lender Liabilities, Topco Liabilities, Second Lien Lender Liabilities or Second Lien Notes Liabilities will be outstanding. 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 creditors in respect of the Topco Liabilities (the ''Topco Creditors'') have the right to take, accept or receive the benefit of:

(i) any guarantee, indemnity or other assurance from any member of the ICA Group in respect of the Topco Liabilities in addition to any guarantee, indemnity or assurance in the original form of any Topco Finance Documents or the Intercreditor Agreement, or given to all the Secured Parties as security for the liabilities of the Topco Group, each Debtor and any Third Party Security Provider to the Secured Parties under the 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''* or ''*Priority of Security''* 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

(ii) any security, guarantee indemnity or other assurance from any member of the Topco 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 secured documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the ICA 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 arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities or Pari Passu Hedging Liabilities (each a ''New Debt Financing''). The conditions include certification by the Issuer 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 or new financing arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Priority Secured Liabilities and the Security Agent (and each other person 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, 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) subject to certain conditions, including as regards the terms of such security (which shall be, unless otherwise agreed by the Issuer, substantially the same as the terms applicable to the existing Transaction Security or Topco Independent Transaction Security over equivalent assets).

Where any indebtedness (''Permitted Acquired Indebtedness'') which is not prohibited under the Finance Documents is incurred by or in connection with the acquisition of (i) a person who, after the Closing Date, becomes a Restricted Subsidiary or merges, consolidates or is otherwise combined with a Restricted Subsidiary, or (ii) in relation to an asset of any such person or which is otherwise acquired after the Closing Date (together an ''Acquired Person or Asset''), any security, guarantee, indemnity or other assurance in respect of such New Debt Financing which is subsisting at the date when the conditions to the incurrence of such New Debt Financing set out in the Intercreditor Agreement have been satisfied (or is to be granted thereafter, including subject to any condition or periodic testing) shall be permitted to subsist 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 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 or is excluded or exempt from being given under the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement), (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 is prevented by the documentation relation to such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including any 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 Lender Liabilities, Senior Secured Notes Liabilities, Super Senior Liabilities and Cash Management Facility Liabilities (together with the Hedging Liabilities, 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 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 ICA 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 such 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 specified scheduled 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 is not prohibited by any prior ranking financing agreement, including 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 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 (ii) of the next paragraph.

*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 (the ''Second Lien Discharge Date'') on which all Second Lien Liabilities have been discharged (the ''Priority Discharge Date''), the Debtors, Topco Borrowers and Third Party Security Providers 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) the payment 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 has been obtained;

(B) (unless such payment is by a Topco Borrower) no Topco Payment Stop Notice (as defined below) is outstanding;

(C) 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

(D) the payment is (1) of a principal amount of the Topco Liabilities and made in accordance with either the Intercreditor Agreement regime for non-distressed disposals and the application of related proceeds (as described below) or any provision in a Topco facility document providing for the repayment or replacement of a defaulting or non-consenting lender, (2) of a principal amount equal to the amount of any mandatory prepayment that has been waived by Senior Lenders, Super Senior Lenders or the lenders in respect of any Second Lien Lender Liabilities, (3) of cash interest in accordance with the Topco Finance Documents, (4) made in pursuance of a debt buy-back program approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), (5) any other amount permitted to be paid under the prior ranking financing agreements, or (6) amounts due under any fee or 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 (M) 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 (K) 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 any original fee letter relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations and a Topco Agent's fees and expenses not exceeding €1,500,000, but excluding the costs of any 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, fees (including amendment and waiver fees) taxes, premiums and expense incurred in respect of or reasonably incidental to the Topco Finance Documents, (F) of any other amount not exceeding €2,500,000 in any 12 month period, (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) which has been capitalized and added to the principal amount of the Topco Liabilities, provided that no such payment may be made if certain events of default have occurred under the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) following the occurrence of an event of default under 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 issues of shares in any holding company of the Issuer (a ''Debt for Equity Swap'') provided that no cash or cash equivalent payment is made in respect of the Topco Liabilities, that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and that any Liabilities owed by a member of the ICA Group to another member of the ICA 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 ICA Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non cash-pay instrument which is subordinated on the same terms as the Topco Liabilities, (J) if the payment is funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (K) if the payment is 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 ICA Group or such payment is funded from proceeds received by the Topco Borrower from the ICA Group without breaching the terms of the Debt Documents unless the Topco Borrower is a guarantor or borrower of any prior ranking debt facilities at such time and any such prior ranking debt facility has been accelerated or an Insolvency Event has occurred; (L) if the payment is of 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 the prepayment of a single lender in the event of a tax gross-up, increased costs or other indemnity becoming payable and (M) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing, and the payment is a payment 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/Senior Unsecured Liabilities); or

(iii) if the requisite Senior Secured Creditors, Super Senior Creditors and Second Lien Creditors 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).

*Notes/Topco Liabilities Payment Block Provisions*

A Topco Payment Stop Notice (as defined below) is outstanding from 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 whichever of the Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors gave the instructions for the relevant stop notice to be delivered) (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 is continuing and suspending payments by the ICA Group (but not including the Topco Borrower as applicable) of the Topco Group 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 the requisite Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors, as applicable, that issued the Stop Notice) delivers a notice to the Issuer, 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 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 any Topco Group Liabilities (a ''Topco Enforcement Notice'') on behalf of the Topco Creditors.

*Payment Obligations and Capitalization of Interest Continue*

Nothing in the Second Lien or Topco payment block provisions 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 any party that has acceded to the Intercreditor Agreement as a creditor under a Topco Proceeds Loan (the ''Topco Investors'') (in respect of the Topco Proceeds Loan Liabilities only) 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 deemed automatically 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, the Senior Secured Discharge Date, the Second Lien

Discharge Date and the Topco Discharge Date (the ''Final Discharge Date'') any creditor receives or recovers from any member of the ICA 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 (I) after the occurrence of an acceleration event or the enforcement of any Transaction Security, or (II) as a result of any other litigation or proceedings against a Debtor, member of the ICA Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event); or

(B) 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;

(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 ICA 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 in respect of that Debtor, member of the ICA 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 (or otherwise on behalf and for the account of) for 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 prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the ICA 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 except in accordance with the provisions set out below under ''*Application of Proceeds*''.

***Effect of Insolvency Event***

''Insolvency Event'' is defined as, in relation to any Debtor, Material Subsidiary (as defined in the Revolving Credit Facility Agreement) or Third Party Security Provider, (a) the passing of any resolution or making of an order for insolvency, bankruptcy, winding up, dissolution, administration or reorganization, (b) a composition, compromise, assignment or arrangement with any class of creditors generally (other than any Secured Party), (c) a moratorium is declared in relation to any of its indebtedness, (d) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets , or (e) any analogous procedure or step is taken in any jurisdiction, other than (in each case), frivolous or vexatious proceedings, proceedings or appointments which the Security Agent is satisfied will be withdrawn or unsuccessful or as permitted under the Senior Liabilities, Super Senior Liabilities or Second Lien Liabilities and 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 a Debtor, Material Subsidiary or Third Party Security Provider (in the case of a Secured Creditor, 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.

To the extent that any member of the ICA 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 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 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 a Debtor, member of the ICA 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, Majority Second Lien Creditors or Majority Topco Creditors (as applicable) otherwise as specified in the provisions described below.

An ''Instructing Group'' means:

(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''), Senior Secured Creditors (other than the Super Senior Creditors) representing more than 50% of the Senior Secured Liabilities (other than the Super Senior Liabilities) (the ''Majority Senior Secured Creditors''), and Super Senior Creditors representing more than 50% of the Super Senior Secured 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''* 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, 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'').

*Enforcement of Transaction Security*

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph. 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.

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below)) 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 the Super Senior Discharge 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 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 realization of 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 have instructed the Security Agent neither to enforce nor to make a Distressed Disposal, any agent or trustee in relation to the Second Lien Liabilities (the ''Second Lien Agent'') (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 (vi) 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 or the Majority Second Lien Creditors (as applicable) have not given instructions or they have instructed the Security Agent neither to enforce nor to make a Distressed Disposal an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors).

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien or Topco Creditors then entitled to give the Security Agent instructions either give such instruction or 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 financial adviser.

*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 the 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, (i) no Topco Creditor or Topco Investor shall 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) no Topco Creditor nor Topco Investor shall take or require the taking of any Enforcement Action (as defined below) against any member of the ICA 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; and (iii) no Topco Creditor nor Topco Investor nor Topco Borrower shall take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except in the case of each of (i) through (iii) as set out under the heading ''*Permitted Topco Enforcement*'' below.

Other than as restricted by (i) and (iii) in the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any Topco Investor, Topco Borrower or any Topco Guarantor that is not a member of the Group, in each case in accordance with the terms of the Topco Finance Documents.

''Enforcement Action'' is defined as:

(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, 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 in relation to 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,

except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in this paragraph (v) where necessary to preserve a claim, (B) discussions between or proposals made by the Priority 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 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 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 ICA Group provided that the ownership interest of the member of the ICA Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, and (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 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.

*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, Topco Proceeds Loan Liabilities, or any Transaction Security 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 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 that 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, the Second Lien Agent and any second lien notes trustee 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 ICA Group or Third Party Security Provider; and

(B) Enforcement Action for the purpose of this paragraph 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; and

(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).

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, 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 a Transaction Security document or a Topco Independent Transaction Security document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement or instruction from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Issuer:

(i) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security:

(A) any security (or other claim relating to a Debt Document) over any asset which the Issuer has confirmed is the subject of:

(1) a disposal not prohibited under the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document including a disposal to a member of the ICA Group but without prejudice to any obligation of any member of the Group in a Finance Document to provide replacement security;

(2) any other transaction not prohibited by the Finance Documents pursuant to which that asset will cease to be held or owned by a member of the ICA 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 (or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the ICA Group to effect any amendment or waiver or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement;

(C) any security (or other claim relating to a Debt Document) over any asset of any member of the ICA Group which has ceased to be a Debtor or guarantor to the extent that the Issuer has confirmed that such ceasing to be a Debtor or guarantor in accordance with the terms of each Finance Document or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement); and

(D) any security (or other claim relating to a Debt Document) over any other asset to the extent that the Issuer has confirmed that such security is not required to be given or such release in accordance with the terms of any Finance Document or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement); and

(ii) in the case of a disposal of share or ownership interest in a Debtor, other member of the ICA Group or any holding company of any Debtor or any other transaction pursuant to which a

Debtor, other member of the ICA Group or any holding company of any Debtor will cease to be a member of the Topco Group or a Debtor, release or procure the release of that Debtor or other member of the ICA 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 from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document)

When making any request for a release pursuant to paragraphs (i)(A) or (i)(B) above, the Issuer shall 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 the Issuer, 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, the Issuer shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement).

In the case of a disposal of shares or other ownership interests in a Debtor, member of the ICA Group or holding company of any Debtor or any other transaction pursuant to which a Debtor, member of the ICA Group or holding company of any Debtor will cease to be a member of Topco Group or a Debtor, to the extent the Issuer has confirmed to the Security Agent that it 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.

***Distressed Disposals***

''Distressed Disposal'' means a disposal of an asset or shares of, or other financial securities issued by a member of the ICA Group or, in the case of a Third Party Security Provider, any Topco Shared 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 Topco Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, Third Party Security Provider and the Issuer 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 or other 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, the Second Lien Liabilities or the Topco Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities, 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 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 has occurred, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) 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 liabilities in respect of any Senior Secured Liabilities, Second Lien Liabilities, Senior Secured Notes Proceeds Loan Liabilities, Topco Group Liabilities or unsecured liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing 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 liabilities.

If before the Second Lien Discharge Date or the Topco Discharge Date, a Distressed Disposal is being effected such that the Second Lien Liabilities or the Topco Liabilities and Transaction Security over shares in a borrower or issuer of, or over assets of a borrower or issuer of, Second Lien Liabilities or Topco Liabilities will be released pursuant to the Intercreditor Agreement, it is a further condition to the release that either:

(i) the Second Lien Agent, Second Lien Notes Trustee, Topco Agent and Topco Notes Trustee (as applicable) have approved the release; or

(ii) where shares or assets of a borrower, issuer or guarantor (a ''Second Lien Guarantor'') in respect of Second Lien Liabilities or Topco Guarantor are sold:

  (A) the proceeds of such sale or disposal are in cash (or substantially in cash) and/or other marketable securities or, if the proceeds of such sale or disposal are not in cash (or substantially in cash) and/or other marketable securities, a valuation opinion has been obtained in accordance with the provisions set out below; and

  (B) all claims of the Secured Parties (other than in relation to performance bonds, guarantees or similar instruments issued by a Secured Creditor on behalf of a member of the ICA Group) against a member of the ICA Group (if any), all of whose shares (other than any minority interest not owned by members of the ICA Group) are pledged in favor of the Priority Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

    (I) where the Senior Secured Creditors constitute the Instructing Group, the Senior Agent and any senior secured notes trustee (i) determine, acting reasonably and in good faith, that the Senior Secured Creditors will recover more than if such claim was released or discharged but nevertheless less than the outstanding Senior Secured Liabilities, and (ii) serve a notice on the Security Agent notifying the Security Agent of the same;

    (II) where the Second Lien Creditors constitute the Instructing Group, the Second Lien Agent and any second lien notes trustee (i) determine acting reasonably and in good faith that the Priority Secured Parties (collectively) will recover more than if such claim was released or discharged but nevertheless less than the outstanding amount of the liabilities owed to the Priority Secured Parties (the ''Priority Secured Liabilities''), and (ii) serve a notice on the Security Agent notifying the Security Agent of the same; and

    (III) where the Topco Creditors constitute the Instructing Group, the Topco Agent and the Trustee (i) determine acting reasonably and in good faith that the Priority Secured Parties and the Topco Creditors (collectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Priority Secured Liabilities and the Topco Liabilities (collectively), and (ii) serve a notice on the Security Agent notifying the Security Agent of the same;

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser) and the consideration for such sale or transfer may be in the form of non-cash consideration by way of the Senior Secured Creditors, Second Lien Creditors or Topco Creditors (whichever constitutes the Instructing Group) bidding by an appropriate mechanic the Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities (as applicable) such that the relevant liabilities would on completion be discharged to the extent of an amount equal to the amount of the offer made by the relevant creditors; and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and or/financiers; or

(II) where a reputable, independent investment bank, firm of accountants or third party professional firm which is regularly engaged in providing such valuations has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement, provided that the liability of such investment bank, firm of accountants or third party professional firm in giving such opinion may be limited to the amount of its fees in respect of such engagement.

***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 the parent company of the Issuer or any subsidiary of any holding company of the Issuer (other than a member of the ICA 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) for application towards the discharge of:

(A) the Super Senior Lender Liabilities and liabilities to arrangers thereof; and

(B) Hedging Liabilities that have been designated 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, and, if the Super Senior Discharge Date has occurred, for application towards the discharge of:

(A) the Super Senior Lender Liabilities and liabilities to arrangers thereof;

(B) the Senior Secured Notes Liabilities;

(C) the Cash Management Facility Liabilities; and

(D) the Hedging Liabilities which are not Super Senior Hedging Liabilities, on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(iv) for application towards the discharge of (x) the Second Lien Lender Liabilities and liabilities to arrangers thereof, and (y) the Second Lien Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(v) 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 ICA Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and liabilities to arrangers thereof, and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vi) 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

(vii) 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), (iv) and (v) 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 or Third Party Security Providers 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

(vii) 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 Finance 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 ICA 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 or Third Party Security Providers is 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 or Third Party Security Provider; 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 and the order of priority or subordination under the Intercreditor 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 (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 to 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 document creating Transaction Security or Topco Independent Transaction Security which shall be binding on each party and the prior consent of the Secured Parties is required to authorize any amendment, release or waiver of, or consent under, any document creating Transaction Security which would adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed.

*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 first paragraph above 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, claim 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 Financings'',* ''*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.

*Snooze/Lose*

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement, any creditor fails to respond to the request within 10 Business Days (or any other period of time notified by the Issuer, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

*Provisions following an IPO*

Following an initial public offering of a member of the ICA 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 ICA Group (and all related provisions) will now refer to the member of the ICA 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 the Issuer which is the issuer or borrower of any Topco Liabilities) and its Restricted Subsidiaries, (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) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor 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, 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 (following the relevant IPO), each subsidiary of the IPO Pushdown Entity 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 such matters.

*Agreement to Override*

Unless expressly stated otherwise therein, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary, save that this override will not cure, postpone, waive or negate any default or event of default (however described) under any Debt Document (or any event that would but for the override constitute a breach, default or event of default (however described)) as between any creditor and any Debtor or Third Party Security Provider party to the relevant Debt Document, subject to the exception that any step or action permitted under the Intercreditor Agreement (other than to the extent it would result in any member of the ICA Group contravening any law or regulation, or present a material risk of liability for any member of the ICA Group or its directors or officers or give rise to a material risk of breach of fiduciary or statutory duties) will be deemed permitted under the relevant Debt Document.

**Other indebtedness**

Following the completion of the Refinancing Transactions, we will have €1 million of other indebtedness outstanding under finance leases of PLAN-IT NV.

## DESCRIPTION OF THE NOTES

The following is a description of the € aggregate principal amount of % Senior Secured Notes due (the ''*Fixed Rate Notes*'') and the € aggregate principal amount Floating Rate Senior Secured Notes due (the ''*Floating Rate Notes*'' and, together with the Fixed Rate Notes, the ''*Notes*''). The Notes will be issued by Maxeda DIY Holding B.V., a limited liability company organized under the laws of the Netherlands (the ''*Company*''), and will be guaranteed on a senior basis by its direct subsidiary, Maxeda DIY B.V., a limited liability company organized under the laws of the Netherlands (''*Maxeda*'') and Praxis Groep B.V., Praxis-Doe-het-Zelf Center B.V., Brico Belgium NV, PLAN-IT NV and Brico Plan-It NV (collectively, the ''*Guarantors*''). In this ''*Description of the Notes*,'' the term ''Company'' refers only to Maxeda DIY Holding B.V. and any successor obligor to Maxeda DIY Holding B.V. on the Notes, and not to any of its subsidiaries. You can find the definitions of certain terms used in this description under ''*—Certain Definitions*.''

The Company will issue the Notes under an indenture to be dated as of , 2017 (the ''*Indenture*''), between, *inter alios*, the Issuer, the Company, the Guarantors (as defined below), U.S. Bank Trustees Limited, as trustee (in such capacity, the ''*Trustee*''), U.S. Bank Trustees Limited, as security agent (in such capacity, the ''*Security Agent*'') and Elavon Financial Services DAC, UK Branch, as paying agent and calculation agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate by reference or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended, including Section 316(b) of such Act.

The Company will use the proceeds of the Notes on or around the Issue Date to (i) repay all of the amounts outstanding under the Existing Facilities and (ii) pay fees and expenses incurred in connection with the Refinancing Transactions, including the fees and expenses to be incurred in connection with the offering of Notes.

The Indenture will be unlimited in aggregate principal amount. We may, subject to applicable law, issue an unlimited principal amount of additional Fixed Rate Notes (the ''*Additional Fixed Rate Notes*'') and additional Floating Rate Notes (the ''*Additional Floating Rate Notes*'' and, together with the Additional Fixed Rate Notes, the ''*Additional Notes*''), provided that if the Additional Fixed Rate Notes or the Additional Floating Rate Notes are not fungible with, as applicable, the Fixed Rate Notes or Floating Rate Notes originally issued for U.S. federal income tax purposes, such Additional Fixed Rate Notes or Additional Floating Rate Notes will be issued with a separate ISIN code or common code or other identifying number, as applicable, from the Fixed Rate Notes and Floating Rate 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*.'' Each of the Fixed Rate Notes and Floating Rate Notes will constitute a separate series of Notes, but shall 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 of the Notes hereunder, except as otherwise provided in the Indenture. 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). 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, the Indenture 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 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 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, including the obligations of the Company under the Revolving Credit Facility and certain Hedging Obligations;
- 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 senior to any existing or future indebtedness or obligation of the Company that is not secured by the Collateral owned by the Company, to the extent of the value of such Collateral;
- be effectively subordinated to any existing or future indebtedness or obligation of the Company and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Company that are not Guarantors, including obligations to trade creditors;
- be guaranteed on the Issue Date by the Guarantors;
- mature on          , 2022; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes. See ''Bo*ok-Entry; Delivery and Form*.''

Under the terms of the Intercreditor Agreement, the Holders of the Notes will receive proceeds from the enforcement of the Collateral on a *pari passu* basis with all indebtedness that is not subordinated in right of payment to the Notes. The Intercreditor Agreement will provide that on an enforcement of the Collateral, the Holders of the Notes will receive proceeds from such enforcement only after (i) the Revolving Credit Facility, (ii) certain Hedging Obligations and (iii) other Indebtedness permitted to be incurred on a priority basis under the Indenture have been repaid in full.

### *The Notes Guarantees*

The Notes will be guaranteed by the Guarantors on the Issue Date. In addition, if required by the covenant described under ''—*Certain Covenants—Additional Guarantees*,'' certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

The Notes Guarantee of each of the Guarantors will:

- be a general obligation of that Guarantor, secured as set forth under ''—*Security*'';
- rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to such Notes Guarantee, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of that Guarantor that is expressly subordinated in right of payment to such Notes Guarantee;
- be effectively senior to any existing or future indebtedness or obligation of that Guarantor that is not secured by the Collateral owned by that Guarantor, to the extent of the value of such Collateral;
- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure such Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and

- be structurally subordinated to any existing or future Indebtedness, including obligations to trade creditors, of the Subsidiaries of such Guarantor that are not Guarantors.

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, as well as to the extent provided in the Agreed Security Principles. 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 related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its 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 ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.*''

As of April 30, 2017, after giving *pro forma* effect to the Refinancing Transactions, including the application of the proceeds of the Offering, the Company and its consolidated subsidiaries would have had €476 million of total senior secured indebtedness.

## Principal, Maturity and Interest

On the Issue Date, the Company will issue €475.0 million in aggregate principal amount of Notes. The Notes will mature on , 2022. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive payments of interest on such 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.

### *Interest on the Fixed Rate Notes*

Interest on the Fixed Rate Notes will accrue at the rate of % per annum and will be payable, in cash, semi-annually in arrears on and of each year, commencing on , 2018, to holders of record on the immediately preceding and , respectively. Interest on the Fixed Rate Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

### *Interest on the Floating Rate Notes*

Interest on the Floating Rate Notes will accrue at a rate per annum (the ''*Applicable Rate*''), reset quarterly, equal to three month EURIBOR (which shall never be less than zero) plus %, as determined by the calculation agent (the ''*Calculation Agent*''), which will initially be . Interest on the Floating Rate Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on each , , and , commencing on , 2017; and
- be payable to the holder of record of such Floating Rate Notes on , , and immediately preceding the related interest payment date.

Set forth below is a summary of certain of the provisions from the indenture relating to the calculation of interest on the Floating Rate Notes.

''*Determination Date*,'' with respect to an Interest Period will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period, except that the initial determination date shall be two Business Days prior to the Issue Date.

''*EURIBOR*,'' with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page 248 as of 11:00 a.m. Brussels time, on the Determination Date; provided, however that EURIBOR shall never be less than 0%. If Reuters Page 248 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone inter-bank market, as selected by the Calculation Agent after consultation with the Company, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the Euro- zone inter-bank market for deposits in a Representative Amount in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

''*Euro-zone*'' means the region comprised of member states of the European Union that have adopted the euro.

''*Interest Period*'' means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include , 2017.

''*Representative Amount*'' means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

''Reuters Page 248'' means the display page so designated by Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

''*TARGET Settlement Day*'' means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. London time on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the ''*Interest Amount*''). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of each outstanding Floating Rate Note, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent will, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Floating Rate Notes be higher than the maximum rate permitted by applicable law; *provided, however*, that the Calculation Agent will not be responsible for verifying the rate of interest on the Floating Rate Notes is permitted by any applicable law.

***Methods of Receiving Payments on the Notes***

Principal, interest and premium and Additional Amounts, if any, on the Global 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 (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. 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 of Notes 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 (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. 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 Notes 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.

By prior 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. However, if and for so long as Notes are listed on the Exchange and if and to the extent the rules of the Exchange so require, the Company will notify the Exchange of any change of Paying Agent or Registrar in respect of the Notes.

## Notes Guarantees

### *General*

The obligations of the Company pursuant to the Notes, including any payment obligation resulting from a Change of Control, will be guaranteed on the Issue Date by each of the Guarantors (each such guarantee, a ''*Notes Guarantee*''). The Guarantors also guarantee our obligations under the Revolving Credit Facility, subject to certain guarantee limitations as set out therein.

For the twelve months ended April 30, 2017, the Guarantors generated 89% and 92% of the Company's consolidated revenue and Adjusted EBITDA, respectively, and as of April 30, 2017 the Guarantors held 92% of the Company's consolidated total assets.

In addition, as described below ''*—Certain Covenants—Additional Guarantees*'' and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Subsidiaries of the Company that guarantee the Revolving Credit Facility in the future or certain Credit Facilities or Public Debt, in each case of the Company or a Guarantor, shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility 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, retention of title claims and similar matters.

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 United States 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 related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*'' and ''*Risk Factors—Risks related to the Notes—Enforcing your rights as a holder of the Notes or under the Guarantees or security across multiple jurisdictions may prove difficult*.''

All or substantially all of the operations of the Company will be conducted through its Subsidiaries and, therefore, the Company depends on the cash flow from its Subsidiaries to meet its obligations, including its obligations under its Notes Guarantee. 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 of the Notes. The Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries of the Company (other than the Guarantors) and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any). Although the Indenture will limit the Incurrence of Indebtedness by the Company and its Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Company or its Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "—*Certain Covenants—Limitation on Indebtedness*."

***Notes Guarantees Release***

The Notes Guarantee of a Guarantor will terminate and be released:

- upon a sale or other disposition (including by way of consolidation or merger) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a Holding Company 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 (including by way of merger, consolidation, amalgamation or combination) (other than to the Company or a Restricted Subsidiary), otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "—*Defeasance*" and "—*Satisfaction and Discharge*";
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "—*Amendments and Waivers*";
- as described in the second paragraph of the covenant described below under "—*Certain Covenants—Additional Guarantees*"; or
- as a result of a transaction permitted by "—*Merger and Consolidation*."

The Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a 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.

## Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, 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
- 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 (the ''*144A Book- Entry Interests*'') may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the ''*Regulation S Book-Entry Interests*'') 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.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a ''qualified institutional buyer'' within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under ''Transfer Restrictions'' and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the 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 in principal amount and integral multiples of €1,000 in excess thereof to Persons to take delivery of such Definitive Registered Notes. 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 Notes:

1. for a period of 15 days prior to any date fixed for the redemption of the Notes;
2. for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
3. for a period of 15 days prior to the record date with respect to any interest payment date; or

4. which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Company, the Trustee, the Security Agent, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

***Restricted Subsidiaries and Unrestricted Subsidiaries***

Immediately after the issuance of the Notes, all of the Company's direct and indirect Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under ''—*Certain Definitions—Unrestricted Subsidiary*,'' 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 and will not Guarantee the Notes.

## Security

***General***

Pursuant to the Security Documents to be entered into on or about the Issue Date, Maxeda DIY Group B.V. (the ''*Security Provider*''), the Company and the Guarantors will grant in favor of the security agent under the Indenture (the ''*Security Agent*''), liens and security interests on an equal and ratable first priority basis subject to certain perfection requirements and any Permitted Collateral Liens, over the assets listed below:

1. the entire issued Capital Stock of the Company, Maxeda DIY B.V., Praxis Groep B.V., Praxis Doe-het Zelf-Center B.V. and Brico Belgium N.V., 99.99% of the issued Capital Stock of PLAN IT N.V. and 99.999% of the issued Capital Stock of Brico Plan-it N.V.;
2. certain intercompany receivables of the Company and each Guarantor, for the avoidance of doubt including, but not limited to, the intercompany receivables of the Company owed to the Security Provider;
3. certain bank accounts of the Company and each of the Guarantors; and
4. moveable assets owned by the Guarantors incorporated in the Netherlands

(items (1) through (4) together, the ''*Collateral*'').

The assets that comprise the Collateral will also secure on a first-priority (to the extent possible) basis the Revolving Credit Facility and certain Hedging Obligations. However, pursuant to the Intercreditor Agreement, Holders of the Notes will receive proceeds from enforcement of the Collateral only after the Revolving Credit Facility, certain hedging obligations and certain other indebtedness permitted to be incurred on a priority basis under the Indenture, if any, have been repaid in full.

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 its 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 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 of the Notes and holders of the other secured obligations that are secured by the Collateral. Any other 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 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 ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*.''

Notwithstanding the provisions of the covenant described below under ''—*Certain Covenants—Limitation on Liens*,'' certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) 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. The following is a non-exhaustive summary of certain terms of the Agreed Security Principles:

- general legal and statutory limitations, regulatory restrictions, financial assistance, corporate benefit, fraudulent preference, equitable subordination, thin capitalization rules, retention of title claims and similar principles may limit the ability of the Company and its Restricted Subsidiaries (collectively, the ''*Group*'') to provide a Guarantee or security or may require that the Guarantee or security be limited by an amount or otherwise. The relevant Guarantor will use reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such security document shall be subject to such limit;

- 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 and notarial costs), so as to ensure that it is proportionate to the benefit accruing to the relevant secured parties of obtaining such guarantee or security;

- 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 (exercised for a specified period of time) 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 the Company is satisfied that such endeavours will not involve placing relationships with third parties in jeopardy;

- members of the Group will not be required to give guarantees or enter into security documents if they are not wholly owned by other members 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 use reasonable endeavours (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such security document shall be subject to such limit;

- the terms of the security will be limited to those required by local law to create or perfect security and will not impose commercial obligations and shall not contain additional representations, undertakings or indemnities unless these are the same as or consistent with those contained in the Indenture or the Revolving Credit Facility Agreement and are required for the creation or perfection of security and nothing in any security document shall (or be construed to) prohibit any transaction, matter or other step (or a grantor of security taking or entering into the same or dealing in any manner whatsoever in relation to any asset (including all rights, claims benefits, proceeds and documentation, and contractual counterparties in relation thereto) the subject of (or expressed to be the subject of) the security agreement) if not prohibited by the terms of the other secured debt documents (and accordingly to such extent, the security agent shall promptly effect releases, confirmations, consents to deal or similar steps always at the cost of the relevant grantor of the security);

- the granting or perfection, as applicable, of security interests will not be required if it would have a material adverse effect on the ability of the Company or any Guarantor to conduct its operations and business in the ordinary course or as otherwise permitted by the secured debt documents;

- if a security provider grants security over its material bank accounts it will be free to deal, operate and transact business in relation to those accounts (including opening and closing accounts) until the occurrence of a Declared Default (as defined in the Revolving Credit Facility Agreement) which is continuing. For the avoidance of doubt, there will be no ''fixed'' security over bank accounts, cash or receivables or any obligation to hold or pay cash or receivables in a particular account until the occurrence of a Declared Default (as defined in the Revolving Credit Facility Agreement).
- if a security provider grants security over any of its receivables it will be free to deal with, amend, waive or terminate those receivables in the course of its business until the occurrence of a Declared Default (as defined in the Revolving Credit Facility Agreement) which is continuing. No notice of security may be prepared or served until the occurrence of a Declared Default (as defined in the Revolving Credit Facility Agreement) which is continuing (other than security over structural intra-group loans). Any list of receivables will not include details of the underlying contracts (but may include non-sensitive generic information to the extent that would allow for the creation of security) and will only be required to be updated upon the request of the Security Agent (acting reasonably) to the extent required to create or perfect security and in any event not more frequently than once per calendar year. If required under local law, security over receivables will be registered subject to the general principles set out in the Agreed Security Principles.
- no security will be granted over parts, stock, moveable plant, equipment or receivables if it would require labelling, segregation or periodic listing or specification of such parts, stock moveable plant, equipment or receivables; and
- no action in relation to security (including any perfection step, further assurance step, filing or registration) will be required in jurisdictions where the grantor of the security is not incorporated (except where the governing law of the relevant security does not match the jurisdiction of incorporation of the relevant grantor).

The Agreed Security Principles with respect to the Notes will be interpreted and applied in good faith by the Company.

As described above, all of the Collateral also secures the liabilities under the Revolving Credit Facility and may also secure certain Hedging Obligations, any Additional Notes and certain other future Indebtedness, certain of which is entitled to payment from the proceeds of an enforcement of the Collateral in priority to the Notes. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes.

No appraisals of the Collateral have been made in connection with this Offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See ''*Risk Factors—Risks related to the Notes—It may be difficult to realize the value of the Collateral securing the Notes*.''

***Priority***

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the ''*Security Interests*'' and each, a ''*Security Interest*'') as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent, the Paying Agents, the Transfer Agent, the Registrar and the Holders of the Notes under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which provides, among other things, that the obligations under the Revolving Credit Facility, certain Hedging Obligations and the Notes are secured equally and ratably by first-priority Security Interests; *provided, however,* that Holders of Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations have been paid in full, including (i) obligations under the Revolving Credit Facility, (ii) other indebtedness incurred pursuant to the terms of the Indenture and secured by Permitted Collateral Liens that is entitled to rank senior to the Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain Hedging Obligations. See ''*Description of Other Indebtedness—Intercreditor Agreement*,'' ''*—Security—Release of Liens*,'' ''*—Certain Covenants—Impairment of Security Interest*'' and ''*—Certain Definitions—Permitted Collateral Liens*.''

### *Security Documents*

Under the Security Documents, the Security Provider, the Company and the Guarantors will grant security over the 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 the 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 of Notes from time to time). Under the Intercreditor Agreement, the Security Agent also acts as an agent of the lenders under the Revolving Credit Facility in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the Holders of the Notes. As a consequence of such contractual provisions, Holders of the Notes 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 for the Collateral.

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 related to the Notes*."

### *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 "*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.*" The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the 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, including the Security Documents. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

### *Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound*

The Indenture will provide that the Company and the Trustee will be authorized (without any further consent of the Holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Other Indebtedness—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed 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 related 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 certain of 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 permitted in accordance with the Indenture or (b) any Restricted Subsidiary; *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable (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 first-priority Lien in favor of the Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under ''*—Amendments and Waivers*'';

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in ''*—Defeasance''* and *''—Satisfaction and Discharge*'';

(5) 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, and the release of any assets designated by the Company as Receivables Assets in connection with a Receivables Facility; or

(6) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the provisions of 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 the Company to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any

Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). 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.

## 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.

### *Fixed Rate Notes*

At any time prior to , 2019, the Company may redeem the Fixed Rate 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 Fixed Rate Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed to, but excluding, the redemption date.

At any time and from time to time prior to , 2019, the Company may redeem Fixed Rate 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 % plus accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed 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 Fixed Rate 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 Fixed Rate Notes (including Additional Notes) issued under the Indenture remains outstanding immediately thereafter (excluding Fixed Rate Notes held by the Company or any of its Restricted Subsidiaries).

At any time and from time to time prior to , 2019, the Company may on any one or more occasions redeem during each calendar year up to 10% of the original principal amount of the Fixed Rate Notes (including the original principal amount of any Additional Fixed Rate Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103.000% of the principal amount of the Fixed Rate Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed to, but excluding, the redemption date.

At any time and from time to time on or after , 2019, the Company may redeem the Fixed Rate 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 set forth below plus accrued and unpaid interest, if any, on the Fixed Rate Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the twelve-month period beginning on of the year indicated below:

| Year | Redemption Price |
|---|---|
| 2019 | % |
| 2020 | % |
| 2021, and thereafter | 100.000% |

### *Floating Rate Notes*

At any time prior to , 2018, the Company may redeem the Floating Rate 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 Floating Rate Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, on the Floating Rate Notes redeemed to, but excluding, the redemption date.

At any time and from time to time on or after , 2018, the Company may redeem the Floating Rate 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 set forth below plus accrued and unpaid interest, if any, on the Floating Rate Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the twelve-month period beginning on , 2018 of the year indicated below:

| Year | Redemption Price |
|---|---|
| 2018 | 101.000% |
| 2019, and thereafter | 100.000% |

In connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of Notes 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 of Notes (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.

If the optional redemption date is on or after a 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 in accordance with the applicable procedures of Euroclear and Clearstream, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Company.

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

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 less than all of the Notes are to be redeemed at any time, the Notes will be selected for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee and Registrar by the Company, and in compliance with the requirements of Euroclear and Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear and Clearstream or Euroclear and Clearstream prescribe no method of selection, 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.

At the Company's expense, 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 an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other transaction) and any redemption notice 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 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 Exchange so require, the Company will notify the Exchange of any such notice to the Holders of the relevant Notes and, in connection with any redemption, the Company will notify the Exchange of any change in the principal amount of Notes outstanding.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original 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 notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a ''*Tax Redemption Date*'') (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, as defined below under ''*—Withholding Taxes*,'' if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if 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, official guidance or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, introduction of, or change in an official application, administration or interpretation of such laws, treaties, regulations, official guidance 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 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 obligated 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 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 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 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 Guarantee, including (without limitation) 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 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, without limitation, 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 or deemed 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 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, or reduction in the rate of, all or part of such Tax, but, in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(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 (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(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 Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(6) any Taxes imposed, deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable), any current or future regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto; or

(7) any combination of the items (1) through (6) 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 Company.

If any Payor is obligated to pay Additional Amounts with respect to any payment made on any Note or any 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 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, without further enquiry, 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 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 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, delivery, registration, enforcement of, or receipt of payments with respect to any Notes, any Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer after this offering and limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (6)).

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 Guarantee) is made by or on behalf of such Person, 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 or in integral multiples of €1,000 in excess thereof; *provided*, that Notes of €100,000 or less 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; *provided* that if the repurchase date is on or after the record date and on or before the corresponding interest payment date, then Holders in whose name the Notes are registered at the close of business on such record date will receive interest on the repurchase date. 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 of Notes 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 Triggering Event may constitute a default under the Revolving Credit Facility that permits the lenders thereunder to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Company or its Restricted Subsidiaries may contain prohibitions on certain events which would constitute a Change of Control Triggering Event or require such Indebtedness to be repurchased upon 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 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 of Notes 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.

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; *provided, however*, that such Change of Control offer is conditional upon such Change of Control.

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 any Person. 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 of Notes 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 Exchange 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.

### *Suspension of Covenants on Achievement of Investment Grade Status*

Following the first day:

(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 its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the ''*Suspended Covenants*''):

- ''*—Limitation on Restricted Payments*'';
- ''*—Limitation on Indebtedness*'';
- ''*—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) of the first paragraph of ''—*Merger and Consolidation.*''

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 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 Indenture, the Notes or the Guarantees with respect to the Suspended Covenants based on, and none of the Company or any of its 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 will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) 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 clauses (A) through (C) of 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 its 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 Guarantees shall be released. All such further obligation to grant 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 covenants to be effective.

***Limitation on Indebtedness***

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio of the Company and its 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 Restricted Subsidiaries of Indebtedness under any Credit Facility (and the issuance and creation of letters of credit and bankers' acceptances thereunder) in an aggregate principal amount at any time outstanding not to exceed the sum of an amount equal to the greater of (x) €107.0 million and (y) 100% of LTM EBITDA, in each case, at any one time outstanding, *provided,* that 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 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 (including original issue discount, upfront fees or similar fees) Incurred or payable 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; *provided*, *however*, that:

    (a) if the Company or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Company or a Guarantor, such Indebtedness is unsecured and, if the aggregate principal amount of such Indebtedness (other than Indebtedness that is outstanding for a period of less than 90 days or that represents intra-Group cash management transactions in the ordinary course of business) of the Company or such Guarantor exceeds €10.0 million, it is to the extent legally permitted expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Company, or the applicable Guarantee, in the case of a Guarantors (which obligation shall be deemed to be satisfied if such obligee accedes to the Intercreditor Agreement as an intra-group debtor); and

    (b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary, and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), including any Guarantee thereof, (b) any Indebtedness (other than the Notes and other than Indebtedness incurred under the Revolving Credit Facility pursuant to clause (1) above) of the Company and its Restricted Subsidiaries outstanding on the Issue Date after giving *pro forma* effect to the Refinancing Transactions, (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in clause (4)(a), (4)(b), (4)(c) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (d) 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 (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 with respect to Indebtedness Incurred pursuant to (x) and (y) of this paragraph (5) at the time of and after giving effect to such acquisition, merger or consolidation, either: (i) the Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (ii) either the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would not be lower, or the Consolidated Total Net Leverage Ratio of the Company and its 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 an Officer or the Board of Directors of the Company);

(7) Indebtedness 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 and then outstanding, does not exceed the greater of (i) €35.0 million and (ii) 35% of LTM EBITDA at any time outstanding, 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);

(8) Indebtedness in respect of (a) workers' compensation claims, 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, however*, that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits 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; and (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 and (ii) deferred compensation or other similar arrangements in connection with any Investment or acquisition permitted hereby;

(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 its 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 its 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 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 or an Excluded Contribution or Excluded Amounts) 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 its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause to the extent such Net Cash Proceeds or cash have been applied to make Restricted Payments;

(11) Guarantees of Indebtedness of franchisees in an aggregate amount not to exceed the greater of (a) €20.0 million and (b) 20% 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 its 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 or payment of a transaction bonus 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) €35.0 million and (b) 35% of LTM EBITDA;

(14) Indebtedness in respect of any Qualified Securitization Financing or any Receivables Facility;

(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 of the Company or any of its Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring; and

(17) Indebtedness consisting of local lines of credit, overdraft facilities, bilateral 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 (17) and then outstanding, will not exceed €20.0 million.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that 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; provided that any amounts outstanding under the Revolving Credit Facility on the Issue Date shall be deemed to be incurred under clause (1) of the preceding paragraph;

(2) with respect to any Indebtedness incurred pursuant to a clause limited by a fixed euro amount in 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, such item of Indebtedness shall be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant;

(3) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, reborrowings 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 purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent reborrowing thereof;

(4) 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 (including original issue discount, upfront fees or similar fees) Incurred or payable in connection with such refinancing;

(5) 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;

(6) 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;

(7) 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;

(8) 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 without limitation for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, or usage of clauses (1) through (17) of the preceding paragraph (if any) for borrowings and reborrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Company's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, and, if such Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage 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 reborrowing 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, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or reborrowing (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, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, and, to the extent of the usage of clauses (1) through (17) 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;

(9) in the event that the Company or a Restricted Subsidiary (x) Incurs Indebtedness to finance an acquisition or (y) assumes Indebtedness of Persons that are acquired by the Company or any Restricted Subsidiary or merged into the Company or a Restricted Subsidiary in accordance with the terms of the Indenture, the date of determination of the Fixed Charge Coverage Ratio, or the Consolidated Senior Secured Net Leverage 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 for such

acquisition is entered into and the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, shall be calculated giving pro forma effect to such acquisition 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 Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage 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, 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 or related transactions; *provided*, *further*, that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, (i) any such transaction shall be deemed to have occurred on the date the definitive agreement 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 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 or (b) the date such Indebtedness is Incurred or assumed;

(10) 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;

(11) 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; and

(12) the amount of Indebtedness (excluding Acquired Indebtedness not Incurred in connection with or in contemplation of the applicable merger, acquisition or other similar transaction) that may be Incurred and Disqualified Stock or Preferred Stock that may be issued pursuant to the first paragraph of this covenant and clauses (1), (10), (13) and (17) of the second paragraph of this covenant by Restricted Subsidiaries that are not Guarantors shall not exceed the greater of (y) €100.0 million and (x) 100% of LTM EBITDA at any one time outstanding.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this *''Limitation on Indebtedness*.''

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 currency other than euro shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed or first Incurred (whichever yields the lower Euro equivalent), in the case of revolving credit debt; provided, that if such Indebtedness is

Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (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.

The Indenture will provide that the Company will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Company, or any Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Company or such Guarantor, as the case may be.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior Lien basis, secured on different collateral or guaranteed by different obligors.

***Limitation on Restricted Payments***

The Company will not, and will not permit any of its 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 any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or any Restricted Subsidiary of the Company 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 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; *provided further* that (x) such net proceeds shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) below of this paragraph and clause (10) of the next succeeding paragraph and shall not be Excluded Contributions or Excluded Amounts) and (y) in the case that such net proceeds are contributed to the Company or its 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) an Event of 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 made pursuant to clauses (1) (without duplication), (10) and (17)(ii) 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 first fiscal quarter in which the Issue 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 (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit); 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 a result of a merger or consolidation with another Person subsequent to the Issue 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 Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock sold to a Subsidiary or the Company, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary, (y) 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 and (z) Excluded Contributions and 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) Subordinated Shareholder Funding or (y) 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 Issue 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 its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Company or its Restricted Subsidiaries, in each case after the Issue 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 Issue 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 redesignation 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 Issue 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 redesignation 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.

Notwithstanding the foregoing, any amounts (such amounts, the ''*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 (1) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise have constituted a Change of Control Triggering Event, (2) the purpose of, or the effect of, the receipt of such Net Cash Proceeds, property or assets or marketable securities was to reduce the Consolidated Total Net Leverage Ratio of the Issuer so that a Change of Control Triggering Event did not occur, which would not have been achieved without the receipt of such Net Cash Proceeds, property or assets or marketable securities and (3) no Change of Control Offer is made in connection with such event in accordance with the requirements of the Indenture.

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) (''*Refunding Capital*

*Stock*'') or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock, or through an Excluded Contribution or Excluded Amounts or the debt of a Parent Entity as described in (1)(c) of this covenant) of the Company, *provided, however*, 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 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 Triggering Event (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 redemption, defeasance, cancellation, 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 do not exceed €5.0 million in any calendar year (with unused amounts in any calendar year being carried over to

succeeding calendar years); *provided further* that such amount in any calendar 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 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, 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 Issue 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 its Restricted Subsidiaries after the Issue Date; less

(c) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (a) and (b) of this clause (6),

and *provided further* that (i) 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 and (ii) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof or payments, in lieu of the issuance of fractional Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (i) and (ii), 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) payments made or expected to be made by the Company or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise of Capital Stock by any future, present or former employee, director, officer, contractor or consultant (or their respective Related Persons) of the Company or any Restricted Subsidiary or any Parent Entity and 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), (18) and (19) of the second paragraph under ''—*Limitation on Affiliate Transactions*''; and

(c) up to €2.0 million per calendar year;

(10) 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 or any Parent 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% 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 or proceeds of Indebtedness of a Parent Entity described in (1)(c) of this covenant and (b) following the Initial Public Offering, an amount equal to (i) to the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; provided that, in the case of clause (A) or (B), after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.25 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.75 to 1.00; *provided, further* that, if such Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividends or distributions are used to fund a corresponding dividend or other distribution in equal or greater amount on the Capital Stock of such Parent Entity;

(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) (i) the declaration and payment of dividends on Designated Preferred Stock of the Company issued after the Issue Date; (ii) the declaration and payment of dividends 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 Issue Date; and (iii) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock; *provided*, *however*, that, in the case of clauses (i) and (ii), 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 of the Company 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), that for the most recently ended four fiscal quarters for which internal financial statements are available 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 Refinancing 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 Refinancing Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) so long as no Event of Default has occurred and is continuing (i) Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (a) €35.0 million and (b) 35% of LTM EBITDA at such time, *provided* that the aggregate amount of dividends on the Company's Capital Stock made pursuant to this clause (17)(i) shall not exceed €10.0 million, and (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 3.0 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 its Restricted Subsidiaries, taken as a whole, that complies with the covenants described under ''—*Merger and Consolidation*''; and

(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 (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Company or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired into the Company or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant ''—*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).

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, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of ''*Permitted Investments*,'' 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, in each case, as an Investment pursuant to one or more of the clauses contained in the definition of ''*Permitted Investments*'' and may aggregate capacity in multiple clauses of the definition of Permitted Payments above, the first paragraph of this covenant and/or in the definition of ''Permitted Investments'' in any manner that complies with this covenant.

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.

Unrestricted Subsidiaries may use value transferred from the Company and its Restricted Subsidiaries in a Permitted Investment to purchase or otherwise acquire Indebtedness or Capital Stock of the Company, any Parent Entity or any of the Company's Restricted Subsidiaries, and to transfer value to the holders of the Capital Stock or any Parent Entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a ''direct or indirect'' action by the Company or its Restricted Subsidiaries.

***Limitation on Liens***

The Company will not, and the Company will not permit any Restricted Subsidiary 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 of the Company), 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 Guarantees and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes 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 ''—*Security—Release of Liens*.''

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 Restrictions on Distributions from Restricted Subsidiaries***

The Company will not, and will not permit any of its Restricted Subsidiary to create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) 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 Revolving Credit Facility), (b) the Intercreditor Agreement and (c) any other agreement or instrument, in the case of (a), (b) and (c) in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to the Indenture, the Notes, the Security Documents or the Guarantees;

(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, 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 connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the Successor Company, 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 its 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 than (i) the encumbrances and restrictions contained in (A) the Revolving Credit Facility Agreement as in effect on the Issue Date, together with the Security Documents associated therewith, and (B) the Intercreditor Agreement, 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; *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 its 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), 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 or Cash Equivalents; 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 (i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary), any Senior Secured Indebtedness or any other Indebtedness under any Credit Facility Incurred pursuant to clause (1) of the second paragraph of the covenant described under ''*—Limitation on Indebtedness*'' (including Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *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; or (ii) to make an Asset Disposition Offer; and

(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 365 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 of any Acceptable Commitment is later cancelled or terminated for any reason before such amount is applied in connection therewith, then such Net Available Cash shall constitute Excess Proceeds,

*provided* that, (1) pending the final application of the amount of any such Net Available Cash in accordance with clause (a) or (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture; (2) the Company (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (provided that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition or consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (b) above with respect to such Asset Disposition.

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. On the 366th day 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 €20.0 million, the Company will within 10 Business Days be required to make an offer (''*Asset Disposition Offer*'') to all Holders of Notes issued under such Indenture and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and to repay, prepay or purchase any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes and not more than 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of 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 which may include in the case of such Pari Passu Indebtedness that is Public Debt, such higher price as may be contemplated by the agreement governing such Pari Passu Indebtedness (provided that such agreement has not been amended or modified to provide for such higher price in connection with such prepayment, repayment, purchase or redemption and provided further that the excess over 100% of the principal amount shall not be paid with Excess Proceeds), and with respect to the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. 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 of Notes 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 365 days (or such longer period 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 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. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. Upon consummation or expiration of any Asset Disposition Offer, any remaining Net Available Cash shall not be deemed Excess Proceeds and the Company may use such Net Available Cash for any purpose not prohibited by the Indenture and such proceeds shall be deemed to be ''*Declined Excess Proceeds*.''

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than Euros, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Euros 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 and each 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 that is at that time outstanding, not to exceed the greater of (a) €35.0 million and (b) 35% 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 Revolving Credit Facility 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. In such case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

***Limitation on Affiliate Transactions***

The Company will not, and will not permit any Restricted Subsidiary to enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an ''*Affiliate Transaction*'') involving aggregate value in excess of €10.0 million unless:

(i) 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

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (a) €25.0 million and (b) 25% 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 (ii) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Company, if any.

The provisions of preceding paragraph above 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, transaction bonus or transaction related securities repurchase 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) (a) any 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) any 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 in any material respect;

(7) any transaction 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, franchisees, 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 that 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) (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) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition ''*Subordinated Shareholder Funding*'';

(11) (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of (i) annual management, consulting, monitoring, or advisory fees in an amount not to exceed €5.0 million in any year and (ii) refinancing, transaction, subsequent transaction exit fees and related costs and reasonable expenses and indemnitees 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) 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 payments (on agreements providing for such payments) are approved in the case of each of clauses (a) and (b) 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 Refinancing Transactions and the payment of all costs and expenses (including all legal, accounting and other professional fees and expenses) related to the Refinancing 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 (i) 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 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) (a) Investments by Affiliates in securities of the Company or any of its 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 and (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 its Restricted Subsidiaries, in each case, in accordance with the terms of such securities;

(18) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which any Parent Entity, the Company and its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; provided that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (5) of the definition of the term ''Parent Entity Expenses'';

(19) without duplication, payments by any Parent Entity, the Company and its Restricted Subsidiaries pursuant to any Tax Sharing Agreement or other equity agreements in respect of Related Taxes among any such Parent Entity, the Company and its Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Company and its Subsidiaries;

(20) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Company and its 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;

(21) any participation in a public tender or exchange offer for securities or debt instruments issued by the Company or any of its Subsidiaries that is conducted on arm's length terms and provides for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(22) 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;

(23) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under ''*—Designation of Restricted and Unrestricted Subsidiaries*'' and pledges of Capital Stock of Unrestricted Subsidiaries;

(24) any lease entered into between the Company or any Restricted Subsidiary, as lessee, and any Affiliate of the Company, as lessor, which is approved by a majority of the Disinterested Directors;

(25) intellectual property licenses in the ordinary course of business or consistent with past practice;

(26) 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);

(27) the payment of costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement; and

(28) any Permitted Tax Restructuring.

***Designation of Restricted and Unrestricted Subsidiaries***

The Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary 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 its 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. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described under ''—*Limitation on Restricted Payments*.'' 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.

The Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such 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 redesignation 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 applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

***Reports***

So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(1) within 150 days after the end of the Company's first fiscal year following the Issue Date and within 120 days after the end of the Company's fiscal years thereafter, annual reports containing: (i) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations, reported EBITDA and material changes in liquidity and capital resources of the Company; (ii) unaudited pro forma income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such pro forma information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials; (iii) 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; (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; and (v) a description of material risk factors and material subsequent events; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the first fiscal quarter ending after the Issue Date, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Company, beginning with the quarter ending July 30, 2017, 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, 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 that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such pro forma financial information will be provided only to the extent available

without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials; (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, reported EBITDA and material changes in liquidity and capital resources of the Company; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the 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 senior executive officer or director changes at 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 shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any 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 pro forma total revenue or reported EBITDA or total assets as of and 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 quarterly and annual financial information required by the first paragraph of this ''*Reports*'' covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its 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). Upon complying with the foregoing requirements, the Company will be deemed to have complied with the provisions contained in this ''*Reports*'' covenant.

All reports provided pursuant to this ''*Reports*'' covenant shall be in English, or with a certified English translation.

At its election, the Company may provide consolidated financial statements of Maxeda or a Parent Entity in lieu of those for the Company, in which case references to the Company in clauses (1), (2) and (3) of the preceding paragraph will be deemed to be references to Maxeda or the Parent Entity, as applicable; provided that if the consolidated financial statements of Maxeda or the Parent Entity are included in such report, a description of material differences between the consolidated financial statements of Maxeda or the Parent Entity and the Company shall be included for any period after the Issue Date.

If and for so long as the equity securities of the Company or a Parent Entity are listed on a Recognized Stock Exchange and the Company or a Parent Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on a Recognized Stock Exchange, for so long as it elects, the Company will be entitled to make available to the Trustee such annual reports, information, documents and other reports that the Company or a Parent Entity is, or would be, required to file with the Recognized Stock Exchange. Upon complying with the foregoing sentence, and provided that such requirements require the Company or a Parent Entity to prepare and file annual reports, information, documents and other reports with a Recognized Stock Exchange and the Company additionally provides the reports set forth in paragraph (2) above with respect to its first and third fiscal quarters, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs in this covenant. Such reports shall include a reasonably detailed description of material differences between the consolidated financial statements of the Parent Entity.

''*Recognized Stock Exchange*'' means a regulated market operated by any of Euronext, the New York Stock Exchange, NASDAQ, the Deutsche Börse, the Paris Stock Exchange Group, the Toronto Stock Exchange, TSX Venture Exchange, the Amsterdam Stock Exchange, the Hong Kong Stock Exchange, the Singapore Exchange or such other similar regulated national securities exchange.

Delivery of information, documents and reports to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein, including the Company's compliance with any covenants under the Indenture.

***Limitation on Activities of the Company***

The Company shall not carry on any business or own any material assets other than:

(1) the incurrence, guarantee, offering, sale, issuance and servicing, listing, purchase, redemption, exchange, refinancing or retirement of Indebtedness (and guarantees thereof) permitted by the terms of the Indenture or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture and the granting of Liens permitted pursuant to the covenant described above under the caption ''*—Limitation on Liens*'';

(2) (i) rights and obligations arising under the Indenture, any Credit Facility and the Security Documents or any other agreement of the Company and its Restricted Subsidiaries existing on the Issue Date or to which it is or becomes a party or (ii) undertaken with the purpose of, or directly related to, the fulfilling of any other obligations under any Indebtedness permitted by the Indenture;

(3) the ownership of (i) cash and Cash Equivalents, (ii) the Capital Stock and other equity instruments of Maxeda and intercompany loans and preferred equity certificates of Maxeda and (iii) other property, in each case to the extent contributed substantially concurrently to any Restricted Subsidiary or, to the extent such contribution is not prohibited by the terms of the Indenture, a Parent Entity;

(4) making Investments in the Notes (including any Additional Notes) or any other Indebtedness to the extent such Investment is not prohibited by the terms of the Indenture;

(5) administrative, managerial, legal, treasury and accounting services, arrangements with shareholders and the employment and secondment of employees, including the entry into and performance of any employee incentive or benefit arrangements, the fulfilment of any audit, financial monitoring or reporting requirements, services agreements, tax consolidation agreements or arrangements, incurring or paying Parent Expenses and any activities or requirements in connection with an Initial Public Offering or Equity Offering, the exchange, issuance, offering, sale and/or listing of Capital Stock and/or Subordinated Shareholder Funding (including in a Public Offering), the listing of debt securities and activities reasonably incidental to such transactions, services and arrangements (including entering into contracts with employees) and the ownership of assets (and the receipt of any amounts related thereto) necessary to provide such services or complete such transactions as well as other holding company activities in the ordinary course of business;

(6) directly related or reasonably incidental to the establishment and/or maintenance of its and its Subsidiaries' corporate existence;

(7) carrying out any transaction customary for a holding company permitted or not otherwise prohibited by the Indenture, the making or receipt of any payment or distribution permitted or not prohibited by the covenant described under ''*—Limitation on Restricted Payments*'' and any transaction permitted under the covenant described under ''*—Merger and Consolidation'' or under ''—Limitation on Sales of Assets and Subsidiary Stock*'';

(8) relating to the lending of proceeds of Indebtedness and Equity Offerings to Restricted Subsidiaries, whether as preferred equity certificates or Indebtedness funding or otherwise;

(9) any liabilities or obligations in connection with any employee or participation scheme, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of itself or any Restricted Subsidiary (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose);

(10) pursuant to or in connection with the Refinancing Transactions; or

(11) other activities not specifically enumerated above that are ancillary or de minimis in nature or not otherwise materially adverse to the holders of the Notes.

***Impairment of Security Interest***

The Company shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Company and its 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 Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iii) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (iv) the Company and its Restricted Subsidiaries may make any change that does not adversely affect Holders of the Notes 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 satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, in a form satisfactory to the Trustee, 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 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 complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications and each of the Trustee and the Security Agent being indemnified and/or secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

***Additional Guarantees***

Notwithstanding anything to the contrary in this covenant, and subject to the Agreed Security Principles, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, Incurred pursuant to clause (1) of the second paragraph under the covenant described under ''*—Limitation on Indebtedness*'' 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 in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu*, as applicable, with such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to 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 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 Guarantees granted pursuant to this provision shall be released as set forth under ''*—Guarantees—Guarantees Release*.'' A Guarantee of a future Guarantor may also be released at the option of the Company if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by the Company to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the 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 related to the Notes—Each Guarantee and security may be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*'' and ''*Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*.''

***Additional Intercreditor Agreements***

The Indenture will provide that, at the request and expense of the Company, in connection with the Incurrence by the Company or its Restricted Subsidiaries 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 Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an ''*Additional Intercreditor Agreement*'') or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including substantially the same terms with respect to release of 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 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 one 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 any 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 or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect, making all necessary provisions to ensure that the Notes and the Guarantees are secured by first-priority 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 or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under ''—*Limitation on Restricted Payments*.''

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing sponsor.

## Merger and Consolidation

### *The Company*

The Company will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose 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 any member state of the European Union, the United Kingdom, 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 Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Company or the applicable Successor Company (as the case may be) 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 its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction; and

(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.

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, but in a case of a lease of all or substantially all of its assets, the predecessor Person will not be released from its obligations under the Indenture or the Notes.

***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:

(1) (A) the other Person is the Company or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such transaction; or

(B) (1) either (x) the Company or another Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and

(C) immediately after giving effect to such transaction, no Event of Default has occurred and is continuing; or

(2) 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 permitted 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 the Company or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, or any Restricted Subsidiary; (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, 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) and (4) under the heading ''—*The Company*'' shall apply to such transaction; and (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) and (4) 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.

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 issued under the Indenture 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 (or, in the case of an obligation set out in ''—*Certain Covenants—Reports*,'' 120 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;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary) (or the payment of which is Guaranteed by the Company or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary)) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

   (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 (''*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 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 so accelerated, aggregates €30.0 million or more at any one time outstanding;

(5) certain events of bankruptcy, insolvency or court protection of the Security Provider, the Company or a Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary) (the ''*bankruptcy provisions*'');

(6) failure by the Security Provider, the Company or a Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of €30.0 million 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 shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to a material portion of the Collateral for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or

any such Security Interest created thereunder shall be declared invalid or unenforceable or the Company, the Issuer or any Restricted Subsidiary shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 30 days; and

(8) (a) any Guarantee of the Notes of a Guarantor that is a Significant Subsidiary (or group of Guarantors that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary) ceases to be in full force and effect, other than in accordance with the terms of such Guarantee or the Indenture, or (b) in connection with the bankruptcy of the Company or a Guarantor that is a Significant Subsidiary (or group of Guarantors that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary).

However, a Default under clauses (4) or (6) of this 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 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 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 of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal or interest 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 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 offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a 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 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% 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) other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; *provided* that, for the avoidance of doubt, 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 Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(10) make any 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 of the Notes 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 to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this ''*Description of the Notes*'';

(2) provide for the assumption by a successor Person of the obligations of the Company or a Guarantor under any Notes Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) 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;

(5) 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 any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes that may be issued in compliance with the Indenture;

(7) 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 Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien 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;

(8) 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;

(9) 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;

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Security Interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (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;

(11) 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;

(12) comply with the covenant relating to mergers, consolidations and sales of assets; or

(13) as provided in ''*—Certain Covenants—Additional Intercreditor Agreements*.''

In formulating its decisions on such matters, the Trustee 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 of Notes 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 the Company and its Restricted Subsidiaries under the covenants described under ''*—Certain Covenants*'' (other than clauses (1), (2) and (4) of ''*—Merger and Consolidation—The Issuer*'') 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 Issuer*''), (4), (5) (with respect only to the Company and Significant Subsidiaries of the Company other than the Issuer), (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, and beneficial owners of the Notes, in their capacity as holders of the Notes, will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same 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 Paying Agent 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 Paying Agent 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 Paying Agent 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; provided that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit only required to be deposited with the Trustee on or prior to the date of redemption, and any deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such deficit that confirms that such deficit shall be applied toward such redemption; (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).

### 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 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, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. 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, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the 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 Exchange so require, notices of the Company with respect to the Notes will be sent to the Exchange.

All notices to Holders of Notes 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 in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of Book-Entry Interests.

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 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, if any, under or in connection with the Notes and the Guarantees, if any, 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 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 has been 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 Official List of 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 of New York, County and State of New York, United States. 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 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, 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 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 law of the location of the relevant asset that is part of the Collateral.

## Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from a Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company 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 and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation, acquisition or other combination.

"*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 agreement governing the Revolving Credit Facility, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Company.

"*Alpinvest*" means funds and/or accounts affiliated with, managed and/or advised by, Alpinvest Partners Mezzanine 2007 C.V.

"*Applicable Premium*" means, with respect to any Fixed Rate Note, the greater of:

(a) 1% of the principal amount of such Fixed Rate Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (A) the redemption price of such Fixed Rate Note at , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table set forth under ''—*Optional Redemption*'' (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Fixed Rate Note to and including , 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(ii) the outstanding principal amount of such Fixed Rate Note,

with respect to any Floating Rate Note the greater of:

(a) 1% of the principal amount of such Floating Rate Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (A) the redemption price of such Floating Rate Note at , 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table set forth under ''—*Optional Redemption*'' (excluding accrued and unpaid interest)), plus (B) all required interest payments due on such Note to and including , 2018 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points and assuming that the rate of interest on such Floating Rate Notes from the redemption date to and including , 2018 will equal to rate of interest on such Floating Rate Notes in effect on the date on which the applicable notice of redemption is given; over

(ii) the outstanding principal amount of such Floating Rate Note,

in each case 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 will not be the responsibility or obligation of the Trustee, Paying Agent or Calculation Agent.

''*Ardian*'' means funds, limited partnerships, investment vehicles and/or accounts managed or advised by Ardian France S.A., a limited company (*société anonyme*), organized and established under the laws of France.

''*Asset Disposition*'' means:

(a) 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 its Restricted Subsidiaries (in each case other than Capital Stock of the Company) (each referred to in this definition as a ''*disposition*''); or

(b) 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:

(1) a disposition by the Company or a Restricted Subsidiary to the Company or a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other 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;

(4) 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 its 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 its 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);

(5) transactions permitted under ''—*Merger and Consolidation*'' or a transaction that constitutes a Change of Control;

(6) 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;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of (a) €15.0 million and (b) 15% of LTM EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under ''—*Certain Covenants—Limitation on Restricted Payments*'' and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under ''—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,'' asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) 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;

(11) 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;

(12) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business;

(13) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(14) 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;

(15) 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;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the 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;

(17) (i) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased and (ii) dispositions of property to the extent that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased);

(18) 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;

(19) 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, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(20) 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;

(21) 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

(22) 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.

''*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 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 redemption date (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 redemption date to , 2019, in the case of Fixed Rate Notes, and , 2018, in the case of Floating Rate Notes; *provided*, *however*, that if the period from the redemption date to , 2019, in the case of Fixed Rate Notes, and , 2018, in the case of Floating Rate Notes, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to , 2019, in the case of Fixed Rate Notes, and , 2018, in the case of Floating Rate Notes, 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. In no case for any purposes in the Indenture shall the Bund Rate be less than 0.00%.

''*Business Day*'' means each day that is not a Saturday, Sunday or other day on which banking institutions in (i) Amsterdam, The Netherlands, (ii) London, United Kingdom and (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 an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS, as determined in accordance with IFRS as in effect on the Issue Date. 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 IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

''*Cash Equivalents*'' means:

(1) (a) Euros, Canadian dollars, Swiss Francs, United Kingdom pounds, Dollars or any national currency of any member state of the European Union; or (b) any other currency held by the Company and its Restricted Subsidiaries in the ordinary course of business;

(2) securities or other direct obligations, issued or directly and fully Guaranteed or insured by the United States of America, Canadian, Swiss or United Kingdom governments, 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 party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least ''A-1'' or the equivalent thereof by S&P or at least ''P-1'' or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 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) readily marketable direct obligations issued by a member state of the European Union, Switzerland, Norway, Canada, the United States of America, any State of the United States or the District of Columbia or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P;

(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) Indebtedness or preferred stock issued by Persons with a rating of ''BBB'' or higher from S&P or ''Baa3'' or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(8) bills of exchange issued in a member state of the European Union, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(9) 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 (8) above; and

(10) for purposes of clause (2) of the definition of ''Asset Disposition,'' the marketable securities portfolio owned by the Company and its Restricted Subsidiaries on the Issue Date.

''*Cash Management Services*'' means any of the following to the extent not constituting a line of credit (other than an overnight draft facility that is not in default): automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services 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 its Restricted Subsidiaries taken as a whole to a Person, other than the Company or any of its 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 our 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) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company, (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) will not cause a party to be a beneficial owner and (c) any Voting Stock beneficially owned by any Permitted Holder shall not be included in any Voting Stock of which any other person or group is the beneficial owner so long as such other person or group does not have greater voting power with respect to such Permitted Holder's Voting Stock.

''*Change of Control Triggering Event*'' means the occurrence of a Change of Control, unless on a pro forma basis for the Change of Control, the Consolidated Total Net Leverage Ratio is less than 3.9 to 1.0 immediately following such Change of Control, provided that the occurrence of any subsequent Change of Control shall be deemed to be a Change of Control Triggering Event without reference to the Consolidated Total Net Leverage Ratio.

''*Clearstream*'' means Clearstream Banking, *société anonyme*, or any successor thereof.

''*Code*'' means the United States Internal Revenue Code of 1986, as amended.

''*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 its 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 (to the extent deducted (where applicable) and not added back in calculating Consolidated Net Income):

(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); *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 (s) through (z) in clause (1) thereof); *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period; *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), including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, any other Credit Facility and any Securitization Fees, and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, Receivables Facilities, Securitization Facilities, any other Credit Facility, any Securitization Fees, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, in each case, whether or not consummated; *plus*

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), transaction or integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives), 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), operational and technology 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 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 amount of ''run rate'' cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings), operating expense or loss reductions, other operating improvements and initiatives and synergies projected by the Company in good faith to be reasonably anticipated to be achieved within 18 months of the date thereof (which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings), operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period, net of the amount of actual benefits realized prior to or during such period from such actions; provided that all steps have been taken, or are reasonably expected to be taken, in good faith, for realizing such cost savings within 18 months after the date of determination and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Company); *plus*

(i) 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*

(j) 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*

(k) 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*

(l) [Reserved.]

(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 its 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; *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 its 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) the amount of any losses, charges, expenses, costs or other payments (including all fees, expenses or charges related thereto) (i) in respect of stores or other facilities no longer used or useful in the conduct of the business of the Company or its Restricted Subsidiaries, abandoned, closed, disposed or discontinued operations and any losses on disposal of abandoned, closed or discontinued operations and (ii) in respect of the pre-opening and opening of new stores, disposition facilities and depots, and start-up period prior to opening, that are operated, or to be operated, by the Company or any Restricted Subsidiary, or charges in connection with brand or banner launch or re-launch costs; *plus*

(v) to the extent not already otherwise included herein, adjustments and add-backs made in calculating ''Run-Rate Adjusted EBITDA'' included in the Offering Memorandum; *plus*

(y) without duplication of amounts already included in the calculation of Consolidated EBITDA, for the first 18 months following a new store opening or refurbishment, an annualized amount attributable to such new or refurbished store for the most recent four consecutive fiscal quarters ending immediately prior to such date of determination based on the greater of (x) actual Consolidated EBITDA attributable to such new or refurbished store for each month such new refurbished store is in operation (post opening or refurbishment) and (y) the 24-month average Consolidated EBITDA for all similar stores that have been in operation for a period of at least 24 months (as reasonably determined in good faith by the Company); 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.

''*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), 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 (s) Securitization Fees, (t) penalties and interest relating to taxes, (u) any additional cash interest owing pursuant to any registration rights agreement, (v) accretion or accrual of discounted liabilities other than Indebtedness, (w) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with any acquisition, (x) 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 Revolving Credit Facility 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, (y) any expensing of bridge, commitment and other financing fees 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, but excluding, for the avoidance of doubt, any Additional Amounts paid with respect to the Notes); *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (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 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 Capitalized Lease Obligation 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)(i) 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)(i) 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 Revolving Credit Facility, the Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (13)(i) 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, asset disposition, 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 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 its Restricted Subsidiaries), as a result of any consummated acquisition (including the Transaction), 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 payouts on existing earn-outs) that are so required to be established as a result of the Refinancing Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Refinancing 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 Refinancing Transactions, or the release of any valuation allowances related to such item;

(18) (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 Senior Secured Net Leverage Ratio*'' means, as of any date of determination, the ratio of (x) the sum of (a) Senior Secured Indebtedness and (b) the Reserved Indebtedness Amount secured by a first priority lien on the Collateral and not contractually subordinated to obligations under the Notes or Guarantees as of such date, *less* the aggregate amount of cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis as of such date to (y) LTM EBITDA, calculated and determined in a manner consistent with the calculation of the Fixed Charge Coverage Ratio; *provided*, *however*, that 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 clause 5 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*.''

''*Consolidated Total Indebtedness*'' means, as of any date of determination, (a) the aggregate principal amount of Indebtedness for borrowed money (excluding Indebtedness with respect to Cash Management Services and intercompany Indebtedness, as of such date), plus (b) the aggregate principal amount of Capitalized Lease Obligations, Purchase Money Obligations and unreimbursed drawings under letters of credit of the Company and its Restricted Subsidiaries outstanding on such date, with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of ''Fixed Charge Coverage Ratio.'' For the avoidance of doubt, Consolidated Total Indebtedness shall exclude Indebtedness in respect of any Hedging Obligations, Receivables Facility or Securitization Facility.

''*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, *less* the aggregate amount of cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis as of such date to (y) LTM EBITDA, calculated and determined in a manner consistent with the calculation of the Fixed Charge Coverage Ratio; *provided*, *however*, that 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 clause 5 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*.''

''*Contingent Obligations*'' means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (''*primary obligations*'') of any other Person (the ''*primary obligor*''), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

''*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, instruments or other arrangements (including the Revolving Credit Facility 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 Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term ''*Credit Facility*'' shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the 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 issuer thereof 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 or regulatory obligations.

''*Equity Offering*'' means (x) a sale of Capital Stock (other than through the issuance of Disqualified Stock or Designated Preferred Stock or through an Excluded Contribution) other than (a) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions or other securities of the Company or any Parent Entity and (b) issuances of Capital Stock to any Subsidiary of the Company, (y) a cash equity contribution to the Company or (z) Indebtedness of a Parent entity contributed as described in (1)(c) of the covenant described under ''–*Certain Covenants–Limitation on Restricted Payments''*.

''*Euro*'' or ''€'' means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on 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.

''*Exchange*'' means The Official List of the Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority).

''*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 or Indebtedness of a Parent Entity contributed as described in (1)(c) of the covenant described under ''*—Certain Covenants—Limitation on Restricted Payments*'') 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 Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the 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, 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 in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this ''*Description of the Notes*'' or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith, and may take into consideration the fair market value of a group of assets being transferred and any liabilities, encumbrances or restrictions relating to such assets.

''*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 Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date (the ''*reference period*'') for which internal consolidated financial statements are available to the Fixed Charges of such Person for the reference 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 period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the reference 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 applicable four-quarter period; *provided*, *however*, that 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 clause 5 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*.''

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 its Restricted Subsidiaries, during the reference period or subsequent to the reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date may 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 Consolidated EBITDA resulting therefrom) had occurred on the first day of the reference 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 its 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 operation had occurred at the beginning of the reference 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 and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire reference period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation 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 Capitalized Lease Obligation 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 reference period except as set forth in the first paragraph of this definition. 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.

''*GoldenTree Asset Management*'' means funds and/or accounts affiliated with, managed and/or advised by, GoldenTree Asset Management L.P.

''*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 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 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 its 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, baskets and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date. At any time after the Issue Date, the Company may elect to establish that IFRS shall mean the IFRS as 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, the impact of IFRS 16 (*Leases*) 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 and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS (or, as applicable, GAAP) as of the Issue Date and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS (or, as applicable, GAAP) as in effect on the Issue Date.

''*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 or other obligations that are not themselves Indebtedness and such obligations are satisfied within 60 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 described in clause (3) and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS; provided, that Indebtedness of any Parent Entity (to the extent not guaranteed by the Company or any of its Restricted Subsidiaries) appearing upon the balance sheet of the Company prepared on the basis of IFRS shall be excluded.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. 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 any of the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, or any buy-back obligations with regards to stock and inventory under agreements entered into by franchisees with their third party financing sources, in each case other than Guarantees or other assumptions of Indebtedness of such franchisee;

(ii) Cash Management Services;

(iii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(iv) 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;

(v) 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;

(vi) 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;

(vii) obligations under or in respect of Qualified Securitization Transactions or Receivables Facilities;

(viii) Indebtedness of any Parent Entity appearing on the balance sheet of the Company solely by reason of push down accounting under IFRS;

(ix) Capital Stock (other than Disqualified Stock and Preferred Stock of a Restricted Subsidiary);

(x) 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 its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under *''—Merger and Consolidation*'';

(xi) non-interest bearing installment obligations and accrued liabilities Incurred in the ordinary course of business that are not more than 120 days past due;

(xii) (A) guarantees, letters of credit (to the extent not drawn or satisfied within 60 days of such drawing) or similar instruments in respect of any leases or provided to suppliers in the ordinary course of business (or provided to credit insurers relating to ordinary course of business payables of the Company and its Restricted Subsidiaries) or (B) other Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Company or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond;

(xiii) Indebtedness Incurred by the Company or one of the Restricted Subsidiaries in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Company or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such indebtedness; and

(xiv) Subordinated Shareholder Funding.

''*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 Investors*'' means Alpinvest, Ardian, GoldenTree and KKR or any of their respective Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by such Persons or any of their respective Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or such Persons from time to time.

''*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 the Intercreditor Agreement dated on or about the Issue Date, by and among, *inter alios*, the Company, the Security Agent and the Trustee, as amended from time to time.

''*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 redesignation 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 redesignation 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 of the European Union, the United Kingdom, Switzerland or Norway 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.

''*Issue Date*'' means , 2017.

''*KKR*'' means funds and/or accounts affiliated with, managed and/or advised by, KKR on behalf of the Oregon Public Employees Retirement Fund.

''*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 be deemed to constitute a Lien.

''*local line of credit''* or *''local working capital facility*'' means a debt facility borrowed by a Restricted Subsidiary that may be Guaranteed by the Company and any other Restricted Subsidiaries and may benefit from any Permitted Liens or Permitted Collateral Liens on any assets of the borrower and guarantors thereunder as permitted by the Indenture, the proceeds of which are intended to be used primarily in the jurisdiction of the borrower or where the substantial portion of its operations are located.

''*LTM EBITDA*'' means Consolidated EBITDA of the Company measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, in each case which may include pro forma adjustments 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:

(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 of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent Entity with (in the case of this clause (1)(b)) 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 €2.0 million in the aggregate at any one time outstanding.

''*Management Stockholders*'' means the current or former officers, directors, employees and other members of the management of, or consultants to, any Parent Entity, the Company or any of their respective Subsidiaries or spouses, family members or relatives thereof, or any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent Entity or participate in an employee arrangement that tracks equity value and is designed to distribute amounts based on a sale, share repurchase, dividend or other shareholder exit event.

''*Market Capitalization*'' means an amount equal to (i) the total number of issued and outstanding shares of common Capital Stock of the Company or any Parent Entity on the date of the declaration of a Restricted Payment permitted pursuant to clause (10) of the second paragraph under ''*—Certain Covenants—Limitation on Restricted Payments*'' multiplied by (ii) the arithmetic mean of the closing prices per share of such common Capital Stock on the principal securities exchange on which such common Capital Stock are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

''*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 Securities Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid, 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 Agreement), 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 Agreement, and including distributions for Related Taxes).

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture (including the Guarantees), the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*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 , 2017, relating to 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 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) (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) any Taxes and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Entity, the Company and its Subsidiaries;

(6) expenses Incurred by any Parent Entity in connection with any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness; and

(7) 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 its Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired into the Company or one of its 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*'' 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 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:

(a) that are described in one or more of clauses (2), (3), (4), (5), (6)(b) to (e), (7), (8), (15), (17), (18), (22), (23), (24), (25), (26), (27), (28), (30), (33), (34), (35), (36) and (37) 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; or

(b) to secure all obligations (including paid-in-kind interest) in respect of:

  (i) the Notes (other than Additional Notes), including any Guarantees thereof;

  (ii) Indebtedness described under clause (1) of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*'';

  (iii) Indebtedness described under clause (2) of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*,'' to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

  (iv) Indebtedness described under clause (5) of the second paragraph of ''*—Certain Covenants—Limitation on Indebtedness*,'' and that is Incurred by the Company or a Guarantor; *provided* that, at the time of such acquisition or other transaction and after giving pro forma effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, the Consolidated Senior Secured Net Leverage Ratio of the Company would have been either (x) no greater than 3.75 to 1.00 or (y) no greater than it was immediately prior to giving effect to the relevant transaction;

  (v) Indebtedness described under clauses (6), (7), (10), (13) or (17) of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*'';

  (vi) Indebtedness described under the first paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*''; *provided* that if such liens secure Senior Secured Indebtedness, at the time of Incurrence and after giving pro forma effect thereto, the Consolidated Senior Secured Net Leverage Ratio would be no greater than 3.75 to 1.00; or

  (vii) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (vi); or

(c) Incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed the greater of (i) €10.0 million and (ii) 10% of LTM EBITDA at any one 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,

*provided*, that, in the case of clauses (b) and (c) of this definition of ''*Permitted Collateral Liens,*'' each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement. Indebtedness described under clauses (1) and (6) (provided that such Indebtedness under clause (6) is in respect of Hedging Obligations related to currency or interest rate hedges with respect to Indebtedness incurred in compliance with the covenant under ''*—Certain Covenants—Limitation on Indebtedness*'') of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*'' may have super senior priority pursuant to the Intercreditor Agreement. For purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of one or more of the categories of Permitted Collateral Liens described 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 one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control Triggering Event or in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (iii) the Management Stockholders, (iv) any Related Person of any of the foregoing Persons, (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 (iv) together with the other holders of Class A ordinary shares listed in the ''*Principal Shareholders*'' section of the Offering Memorandum (provided that such other holders do not in the aggregate beneficially own (without giving effect to the existence of such group or any other group) more than 50% of the total voting power of the Voting Stock of the Company or any Parent Entity) 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.

''*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 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 in each case that was made in compliance with ''*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*'';

(9) Investments existing or pursuant to agreements or arrangements in effect or existence 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 permitted 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 or services, in any case, in the ordinary course of business or consistent with past practice, and in accordance with the Indenture;

(15) (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 (which shall include such arrangements in respect of providers of credit insurance related to the ordinary course of business payables of the Company and the Restricted Subsidiaries or in favor of landlords or for or on behalf of franchisees), 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) (i) Investments in franchisees or franchised stores or (ii) in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, which collectively in the case of clause (i) and (ii) 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) €30.0 million and (b) 30% 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) €45.0 million and (b) 45% 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) [Reserved];

(23) (a) Investments arising in connection with a Qualified Securitization Financing or Receivables Facility and (b) 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 consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property or Investments in franchisees or franchised stores in respect of any such purchases and acquisitions, in any case, in the ordinary course of business and otherwise in accordance with the Notes Indenture;

(25) Investments (including repurchases) in Indebtedness of the Company and its Restricted Subsidiaries;

(26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated 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 customer or 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) advances, loans or other extensions of credit to any joint venture or franchisee (but not, for the avoidance of doubt, any purchase or acquisition of Capital Stock of a joint venture or franchisee or any other form of contribution to the equity of such joint venture to franchisee) in the ordinary course of business and that would not, for the avoidance of doubt, constitute Indebtness of the joint venture or franchisee;

(31) 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

(32) 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, 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 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 ordinary course payables (or obligations of credit insurers with respect thereto), 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 its 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 its 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 contractual rights of set-off 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 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 clause (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; and/or (e) (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection and (ii) 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 (iii) 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 entered into by the Company and its 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 Revolving Credit Facility);

(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 (other than pursuant to Liens initially incurred pursuant to clause (29) of this Permitted Liens definition); *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) (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 local lines of credit, overdraft facilities, bilateral facilities or local working capital facilities;

(20) Permitted Collateral Liens;

(21) (a) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary and (b) Liens then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated 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 in respect of any credit support in favor of any provider of credit insurance relating to the payable Company and its Subsidiary;

(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 ''—*Certain 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) €20.0 million and (b) 20% 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) Reserved;

(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; and

(37) Liens arising in connection with any Permitted Tax Restructuring.

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 Tax Distribution*'' means, without duplication of any payments under any Tax Sharing Agreement, (a) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent Entity, any dividends 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 that are included in such consolidated or combined tax return would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Company and such 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 such Subsidiaries, provided, however, that to the extent any such Taxes are attributable to Unrestricted Subsidiaries (computed on a ''with'' and ''without'' basis), payments for such Taxes shall be permitted only to the extent such Unrestricted Subsidiaries have distributed cash to the Company for the purposes of such payments.

''*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 of the Notes (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 or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(a)(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

''*Public 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 its 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.

''*rating agencies*'' means S&P, Moody's and Fitch or if no rating of S&P, Moody's or Fitch is publicly available, as the case may be, the equivalent of such rating selected by the Company by any other Nationally Recognized Statistical Ratings Organization.

“*ratings categories*” means:

(a) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories);

(b) with respect to Moody’s, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories) and

(c) with respect to Fitch, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and RD/D (or equivalent successor categories).

“*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 to a commercial bank or Affiliate thereof in connection with a Receivables Facility.

“*Receivables Facility*” means an arrangement between the Company or a Restricted Subsidiary and a commercial bank or an Affiliate thereof pursuant to which (a) the Company or such Restricted Subsidiary, as applicable, sells (directly or indirectly) to such commercial bank (or such Affiliate) 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 (or unutilized commitment in respect of Indebtedness) existing on the Issue Date or Incurred (or established) 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, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; *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 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:

    (i) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary of the Company that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Guarantor; or

    (ii) 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 is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the

aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including premiums, accrued and unpaid interest and defeasance costs) of the Indebtedness being Refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" immediately prior to such refinancing, plus (z) fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees and similar fees) Incurred or payable in connection with such refinancing;

*provided*, that clause (1) above will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of any Credit Facilities or Secured Indebtedness. 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.

"*Refinancing Transactions*" shall have the meaning assigned to such term in this Offering Memorandum.

"*Related Person*" with respect to any Permitted Holder, means:

(a) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(b) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(d) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means 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* such Taxes are in fact paid) by any Parent Entity by virtue of its:

(a) being organized or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries) or otherwise maintain its existence or good standing under applicable law;

(b) being a holding company parent, directly or indirectly, of the Company or any Subsidiaries of the Company;

(c) 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

(d) having made any 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*"; and

(e) any Permitted Tax Distribution.

"*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 €50.0 million (equivalent) revolving credit facility made available under the Revolving Credit Facility Agreement.

''*Revolving Credit Facility Agreement*'' means the revolving credit facility agreement to be entered into by and among the Company on or about the Issue Date, the other borrowers party thereto, the guarantors from time to time party thereto, , as administrative agent and collateral 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, and any one or more agreements (and related documents) governing Indebtedness, including indentures, Incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder, in whole or in part), the borrowings and commitments then outstanding or permitted to be outstanding under such Revolving Credit Facility or one or more successors to the Revolving Credit Facility or one or more new credit agreements.

''*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, franchise fee, license fee, 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 as contemplated by the Indenture.

''*Senior Secured Indebtedness*'' means Indebtedness of the type referred to in the definition of ''Consolidated Total Indebtedness'' that (a) is secured by a first-priority Lien on the Collateral and not contractually subordinated to obligations under the Notes or the Guarantees or (b) that is Incurred by a Restricted Subsidiary that is not a Guarantor, and that, in the case of each of (a) and (b), (x) is Incurred under the first paragraph described under ''*—Certain Covenants—Limitation on Indebtedness*'' or clauses (1), (4)(a) and (b), (5), (7), (10), (13) or (17) of the second paragraph of the covenant described under ''*—Certain Covenants—Limitation on Indebtedness*, (y) is a Guarantee of any Indebtedness set forth in clause (x) that has been Incurred by the Company or a Restricted Subsidiary, or (z) is Refinancing Indebtedness in respect thereof, in all cases without double-counting.

''*Significant Subsidiary*'' means any Restricted Subsidiary that would be a ''significant subsidiary'' as defined in Article 1, Rule 1-02(w)(2) of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

''*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 any Notes Guarantee 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) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes and any 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 interest 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 Guarantee thereof or compliance by the Company or any Guarantor with its obligations under the Notes, any Guarantee thereof 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.

''*Taxes*'' means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority and ''Tax'' shall be construed accordingly.

''*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 and the United Kingdom, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

   (b) direct obligations of any country recognized by the United States of America rated at least ''A'' by S&P or ''A-1'' by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of £250 million (or the equivalent thereof in other currencies) 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 its 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, Canada, any European Union member state, the United Kingdom, Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least ''BBB-'' by S&P or ''Baa3'' by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, 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 million (or the equivalent thereof in other currencies) or whose long term debt is rated at least ''A'' by S&P or ''A2'' by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) Investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

''*Tax Sharing Agreement*'' means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent Entity or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Company and/or any of its Subsidiaries and any Parent Entity in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Company or such

Subsidiary for losses incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

''*Total Assets*'' means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with IFRS, determined on a pro forma basis in a manner consistent with the pro forma basis contained in the definition of Fixed Charge Coverage Ratio.

''*Transaction Expenses*'' means any fees or expenses Incurred or paid by the Company or any Restricted Subsidiary in connection with the Refinancing Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

''*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.

## BOOK-ENTRY; DELIVERY AND FORM

### General

Notes sold within the United States to ''qualified institutional buyers'' in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the ''Rule 144A Global Notes''). On the Issue Date, the Rule 144A Global Note representing the Fixed Rate Notes (the ''Fixed Rate Rule 144A Global Note'') and Rule 144A Global Note representing the Floating Rate Notes (the ''Floating Rate Rule 144A Global Note'') will be deposited with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Notes sold outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the ''Regulation S Global Notes'' and, together with the Rule 144A Global Notes, the ''Global Notes''). On the Issue Date, the Regulation S Global Note representing the Fixed Rate Notes (the ''Fixed Rate Regulation S Global Note'' and, together with the Fixed Rate Rule 144A Global Note, the ''Fixed Rate Global Notes'') and Regulation S Global Note representing the Floating Rate Notes (the ''Floating Rate Regulations S Global Note'' and, together with the Floating Rate Rule 144A Global Note, the ''Floating Rate Global Notes'') will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the ''Rule 144A Book-Entry Interests'') and ownership of interests in the Regulation S Global Notes (the ''Regulation S Book-Entry Interests'' and, together with the Rule 144A Book-Entry Interests, the ''Book-Entry Interests'') will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective 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 in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests will not be held in definitive form. Instead Euroclear and Clearstream will credit a participant's account on their book-entry transfer and registration systems with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities to 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 Notes for any purpose.

So long as the Notes are held in global form, the common depositary of Euroclear and/or Clearstream (or its respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and 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 Notes under the Indenture.

None of the Issuer, the Guarantors or any of the Trustee, the Transfer Agent, the Paying Agent, the Calculation Agent, the Registrar or any of their respective agents 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 Notes in registered form (the ''Definitive Registered Notes'') only in the following circumstances:

(i) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(ii) 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.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (ii), their current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event, the Registrar will 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 the Issuer, as applicable (in accordance with its 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, any 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 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/or Clearstream, as applicable.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. The Issuer is also not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Registrar or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer, Registrar and Trustee may charge for any expenses incurred by it in replacing a Definitive Registered Note.

If any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See ''*Transfer Restrictions*.''

### 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). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

### Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to participants' accounts in accordance with their customary procedures. 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 Paying Agent, the Transfer Agent, the Calculation agent, the Registrar and any of their respective agents will treat the registered holders of the Global Notes (e.g., the common depositary (or its respective nominee)) as the owner 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, Calculation 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 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 matter 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 participant.

### Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of (i) the Fixed Rate Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro and (ii) the Floating Rate Notes will be paid to holders of interests in such Notes through Euroclear and/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 a Note (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 relevant Notes, Euroclear and Clearstream, at the request of the holders of such 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's and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require the 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 or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest 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 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*.''

For the avoidance of doubt, (i) no Book Entry Interest in any Fixed Rate Global Note and no Definitive Registered Note issued in exchange for a Book Entry Interest in the Fixed Rate Global Notes may be transferred or exchanged for any Book Entry Interest in any Floating Rate Global Note or any Definitive Registered Note issued in exchange for a Book Entry Interest in the Floating Rate Global Notes (the ''Definitive Registered Floating Rate Senior Secured Notes''), and (ii) no Book Entry Interest in the Floating Rate Global Notes and no Definitive Registered Floating Rate Note may be transferred or exchanged for any Book Entry Interest in any Fixed Rate Global Note or any Definitive Registered Fixed Rate Note (the ''Definitive Registered Fixed Rate Notes'').

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.

### Pledges

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 Book-Entry Interest to pledge such interest to persons or entities who or that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

### Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands 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 act only on behalf of participants, who or that 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 who or that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

### Special timing considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time zone differences, there may be complications with completing transactions involving Euroclear and/or Clearstream on the same business day as in the United States. United States investors who or that wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Brussels, if Euroclear is used, or in Luxembourg, if Clearstream is used.

### 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 or any of the Guarantors, the Initial Purchasers, the Trustee 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 euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value 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.

## CERTAIN TAX CONSIDERATIONS

*If you are a prospective investor, you should consult your tax advisor as to the possible tax consequences of purchasing, holding or selling any Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase, hold or sell Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.*

### Certain United States federal income tax consequences

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of Notes as of the date hereof. Except for the discussion under ''*—Backup withholding and information reporting—Foreign Account Tax Compliance Act*,'' this summary deals only with Notes that are held as capital assets by a United States holder (as defined below) who acquires our Notes upon original issuance at their respective issue price (the first price at which a substantial amount of the Fixed Rate Notes or the Floating Rate Notes, as applicable, is sold to the investors for cash (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler)).

As used herein, a ''U.S. holder'' means a beneficial owner of a Note that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury Regulations (''Treasury Regulations'') to be treated as a United States person.

This summary is based upon provisions of the United States Internal Revenue Code of 1986, as amended (the ''Code''), and Treasury Regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes and does not address the effects of the Medicare contribution tax on net investment income or foreign, state, or local or other tax considerations that may be relevant to U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark to market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to U.S. holders whose ''functional currency'' is not the United States dollar;
- tax consequences to United States expatriates or entities covered by the United States anti-inversion rules;

- persons who actually or constructively own more than 5% of our voting stock;
- tax consequences to holders who are members of an ''expanded group'' or ''modified expanded group'' with the Issuer within the meaning of the Treasury Regulations under Code Section 385; or
- alternative minimum tax consequences, if any.

If an entity treated as a partnership for United States federal income tax purposes holds our Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Notes, you should consult your tax advisors.

**If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.**

***Characterization of the Notes***

We may be required to pay additional amounts if certain taxes are withheld or deducted from payments on the Notes (as described under ''*Description of the Notes—Withholding Taxes*'') or make additional payments in redemption of the Notes in addition to their stated principal amount and accrued interest (as described under ''*Description of the Notes—Change of Control*''). Although the issue is not free from doubt, we intend to take the position that the possibility of paying such additional amounts, or making additional payments in redemption of the Notes, does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position will be based in part on our determination that, as of the date of the issuance of the Notes, the possibility that additional amounts will have to be paid is a remote or incidental contingency within the meaning of the applicable Treasury Regulations.

Our determination that the Notes are not contingent payment debt instruments is binding on a U.S. holder, unless the U.S. holder explicitly discloses to the Internal Revenue Service (the ''IRS'') on its tax return for the year during which such U.S. holder acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a position contrary to that described above, a U.S. holder may be required to accrue interest income on its Notes based upon a comparable yield, regardless of its method of accounting. The ''comparable yield'' is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Notes. In addition, any gain on the sale, exchange, redemption or other taxable disposition of the Notes generally would be recharacterized as ordinary income. Each U.S. holder should consult its own tax advisor regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion 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 United States federal income tax purposes. In such a case, subject to the foreign currency rules discussed below, the gross amount of interest on a Note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes. In addition to interest on the Notes (which includes any foreign tax withheld), you will be required to include in income any Additional Amounts paid in respect of any foreign tax withheld. You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Stated interest income (including any Additional Amounts) generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income the U.S. dollar value of the stated interest received, determined by translating the euro received at the spot rate on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to such stated interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year. Under the second method, you may elect to translate stated interest income at the spot rate on:

- the last day of the accrual period;
- the last day of the portion of the accrual period within the applicable taxable year if the accrual period straddles your taxable year; or
- the date the stated interest payment is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the advisability of making the above election.

Whether or not such election is made, upon receipt of a stated interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income), you will recognize United States source ordinary income or loss in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euro received at the spot rate on the date such payment is received) and the U.S. dollar value of the stated interest income you previously included in income with respect to such payment. This exchange gain or loss will not be treated as an adjustment to interest income or expense.

**Sale, exchange, redemption, retirement and other taxable disposition of Notes**

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, you will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption, retirement or other taxable disposition (less an amount equal to any accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will be your U.S. dollar cost for that Note. If you purchased your Note with euro, your cost generally will be the U.S. dollar value of the euro paid for such Note determined at the spot rate on the date of such purchase. If your Note is sold, exchanged, redeemed, retired or otherwise disposed of in a taxable transaction for euro, the amount realized generally will be the U.S. dollar value of the euro received based on the spot rate in effect on the date of sale, exchange, redemption, retirement or other taxable disposition. If you are a cash method taxpayer and the Notes are traded on an established securities market, euro paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of Notes traded on an established securities market, provided that the election is applied consistently to all debt instruments from year to year. Such election cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, redemption, retirement or other taxable disposition, you have held the Note for more than one year. Capital gains of non-corporate U.S. holders, including individuals, derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realized by you on the sale, exchange, redemption, retirement or other taxable disposition of a Note would generally be treated as United States source gain or loss.

A portion of your gain or loss may be treated as exchange gain or loss with respect to the principal amount of a Note. Exchange gain or loss will be treated as ordinary income or loss and generally will be United States source gain or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euro on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the sale, exchange, redemption, retirement or other taxable disposition of the Note and (ii) the U.S. dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the Note.

### Exchange gain or loss with respect to euro

Your tax basis in the euro received as interest on a Note will be the U.S. dollar value thereof at the spot rate in effect on the date the euro are received. Your tax basis in euro received on the sale, exchange, redemption, retirement or other taxable disposition of a Note will be equal to the U.S. dollar value of the euro, determined at the time of the sale, exchange, redemption, retirement or other taxable disposition. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual basis U.S. holder) will determine the U.S. dollar value of the euro by translating the euro received at the spot rate of exchange on the settlement date of the sale, exchange, redemption, retirement or other taxable disposition. Accordingly, your basis in the euro received would be equal to the spot rate of exchange on the settlement date. If you purchase a Note with previously owned euro, you will generally recognize gain or loss in an amount equal to the difference, if any, between your adjusted tax basis in such euro and the U.S. dollar fair market value of such Note on the date of purchase.

Any gain or loss recognized by you on a sale, exchange, redemption, retirement or other taxable disposition of the euro will be ordinary income or loss and generally will be United States source gain or loss. The conversion of U.S. dollars to euro and the immediate use of such euro to purchase a Note generally will not result in any exchange gain or loss for a U.S. holder.

### Reportable transactions

Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the applicable Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency note, or foreign currency received in respect of a foreign currency note, to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. Holders considering the purchase of Notes should consult with their own tax advisor to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals and certain entities who or that own ''specified foreign financial assets'' with an aggregate value exceeding certain threshold amounts, generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in a financial account at certain financial institutions.

### Backup withholding and information reporting

Generally, information reporting requirements will apply to all payments of principal and interest on a Note, or the proceeds from the sale of a Note, unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding, currently at a rate of 28%.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the IRS.

Certain U.S. holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets), with their tax return for each year in which they hold an interest in the Notes. You are urged to consult your own tax advisors regarding backup withholding and information reporting requirements relating to your ownership and disposition of the Notes.

*Foreign Account Tax Compliance Act*

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as ''FATCA''), a ''foreign financial institution'' may be required to withhold United States tax on certain ''foreign passthru payments'' made after December 31, 2018 to the extent such payments are treated as attributable to certain United States source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining ''foreign passthru payments'' are filed generally would be ''grandfathered'' unless such obligations are materially modified after such date. As of the date of this offering memorandum, applicable final Treasury Regulations have not yet been filed. Accordingly, 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 United States federal income tax purposes after the expiration of this grandfathering period. Non-United States governments (including the government of the Netherlands) have entered into, and others are expected to enter into, intergovernmental agreements with the United States to implement FATCA in a manner that alters the rules described herein. U.S. holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

## Certain income tax consequences in the Netherlands

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this offering memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of ''—*Taxes on income and capital gains*,'' it is assumed that a holder of Notes, being an individual or a nonresident entity, does not have a substantial interest (*aanmerkelijk belang*), or—in the case of such holder being an entity—a deemed substantial interest, in the Issuer and that no connected person (*verbonden persoon*) to the holder has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (i) such individual, either alone or together with his or her partner, directly or indirectly has, or is deemed to have or (ii) certain relatives of such individual or his or her partner directly or indirectly have or are deemed to have (a) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (b) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, a nonresident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term ''entity'' means a corporation as well as any other person that or who is taxable as a corporation for Dutch corporate tax purposes.

Where the summary refers to ''the Netherlands'' or ''Dutch'' it refers only to the European part of the Kingdom of the Netherlands.

Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third-party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Investors should consult their professional advisors on the tax consequences of their acquiring, holding and disposing of Notes.

***Withholding tax***

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

***Taxes on income and capital gains***

*Residents*

Resident entities

An entity holding Notes which is, or is deemed to be, resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates.

Resident individuals

An individual holding Notes who is or is deemed to be, resident in the Netherlands for Dutch income tax purposes will be subject to income tax in the Netherlands in respect of income or a capital gain derived from the Notes at rates up to 52% if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) above applies, an individual holding Notes will be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. For 2017 the deemed return amounts to from 2.87% to 5.39% of the value of the individual's net assets as of the beginning of the relevant fiscal year (including the Notes). The applicable rates will be updated annually on the basis of historical market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

*Nonresidents*

A holder of Notes that is not and is not deemed to be resident in the Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from the Notes unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder of Notes derives profits from such enterprise (other than by way of holding securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

***Gift and inheritance taxes***

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

(i) such holder is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

***VAT***

There is no Dutch VAT payable by a holder of Notes in respect of payments in consideration for the acquisition of Notes, payments of interest or principal under the Notes or payments in consideration for a disposal of Notes.

***Other taxes and duties***

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

***Residence***

A holder of Notes will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set forth above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

Investors who are in any doubt as to their position should consult their professional advisors.

**Certain general tax considerations—Payments by a Guarantor**

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption that may apply. It is not certain that such payments by the Guarantor will be eligible for such exemptions.

## PLAN OF DISTRIBUTION

The Issuer, the Guarantors, Goldman Sachs International, ING Bank N.V., London Branch, and ABN AMRO Bank N.V. as Initial Purchasers have entered into a purchase agreement dated on or around the date of this offering memorandum with respect to the Notes (the ''Purchase Agreement'').

Subject to the terms and conditions set forth in the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint.

The Initial Purchasers initially propose to offer the Notes for resale at the respective issue prices that appear on the cover of this offering memorandum for each of the Fixed Rate Notes and the Floating Rate Notes. After the initial Offering, the Initial Purchasers may change the Offering's price for each series of Notes and any other selling terms without notice. The Initial Purchasers may offer and sell Notes in the United States through certain of their affiliates or through United States-registered broker dealers. ABN AMRO Bank N.V. and ING Bank N.V. are not registered broker-dealers in the United States, and therefore, to the extent that they intend to effect any offers or sales of the Notes in the United States, they will do so through their respective affiliates ABN AMRO Securities (USA) LLC or ING Financial Markets LLC or any other U.S. registered broker-dealers pursuant to applicable U.S. securities laws.

In the Purchase Agreement, we have agreed that:

- the obligations of the Initial Purchasers to pay for and accept delivery of the relevant Notes are subject to, among other conditions, the delivery of certain opinions by their counsel;
- during the period from the date of the Purchase Agreement through and including the date that is 45 days after such date, none of the Issuer, the Guarantors or any of their subsidiaries or other affiliates will, without the prior written consent of Goldman Sachs International, offer, sell, contract to sell or otherwise dispose of any debt (including, without limitation, any debt securities, loans or other debt instruments), issued or guaranteed by any of the Issuer or the Guarantors and having a tenor of more than one year (other than the Notes); and
- the Issuer and the relevant Guarantors will indemnify the Initial Purchasers and their respective affiliates against certain liabilities, including liabilities under the Securities Act, and/or will contribute to payments that the Initial Purchasers and their respective affiliates may be required to make in respect of those liabilities.

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 issue price set forth on the cover page hereof. Certain affiliates of the Issuer may purchase a portion of the Notes in the Offering.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. In the Purchase Agreement, each Initial Purchaser has agreed that the Notes may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements, including sales pursuant to Rule 144A and Regulation S.

In addition, until 40 days following the later of (i) the commencement of the Offering and (ii) the Issue Date, an offer or sale of Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. During this 40-day period, neither Clearstream nor Euroclear will monitor compliance by dealers with Section 4(a)(3) of the Securities Act.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under ''*Transfer Restrictions*.'' We do not intend to apply for the Notes to be listed on any securities exchange other than the Official List of the Exchange or to arrange for the Notes to be quoted on any quotation system. The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market-making in the Notes at any time in their sole discretion. In addition, such market-making activities will be subject to the limits imposed by the Securities Act, the Exchange Act and other applicable legal requirements. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the Offering, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate-covering transactions. Overallotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate-covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate-covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate-covering transactions, they may discontinue them at any time.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the business day following the date of pricing of the Notes (this settlement cycle is being referred to as ''T+ ''). Under Rule 15(c)6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next successive business day will be required, by virtue of the fact that the Notes initially will settle in T+ , 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 trade the Notes on the date of pricing should consult their own advisor.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that:

- 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; and
- 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer 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 advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to 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 Notes. See ''*Notice to Certain Investors*.''

Certain of the Initial Purchasers and their affiliates from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which they may receive customary advisory and transaction fees and reimbursement of expenses. In particular, ABN AMRO Bank N.V. and ING Bank N.V., or their respective affiliates, are currently lenders under the Existing Facilities and will therefore receive a portion of the proceeds of the Offering. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such 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, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of the Issuer, the group, such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

## CERTAIN INSOLVENCY CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

*The following is a general discussion of the insolvency laws of several jurisdictions for informational purposes only and does not address all the legal considerations that may be relevant to holders of the Notes.*

### European Union

The Issuer and the Guarantors are incorporated under the laws of Member States of the European Union.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended (the ''EU Insolvency Regulation''), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's ''centre of main interests'' (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its ''centre of main interests'' is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a debtor has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary (which presumption shall not apply if the registered office has been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings), Article 3(1), second sentence, of the EU Insolvency Regulation states that the centre of main interests ''shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties.'' The courts have taken into consideration a number of factors in determining the centre of main interests of a debtor, including, in particular, where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. Recital 30 of the EU Insolvency Regulation states that the presumption should be rebutted where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. A debtor's centre of main interests is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If the centre of main interests of a debtor is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although territorial (secondary) insolvency proceedings may be commenced in another Member State.

If the centre of main interests of a debtor is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence territorial (secondary) insolvency proceedings against that debtor only if such debtor has an ''establishment'' (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State. An ''establishment'' is defined to mean ''any place of operations where a debtor carries out or has carried out in the 3-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 territorial (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 those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the debtor has its centre of main interests 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 centre of main interests is situated under of the conditions laid down by that Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (i) 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 (ii) 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 centre of main interests 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.

## Belgium

### *Insolvency proceedings*

To the extent any Guarantor is incorporated under the laws of Belgium (a ''Belgian Guarantor''), and provided Belgium is the territory in which the center of such Belgian Guarantor's main interests is situated, main insolvency proceedings may be initiated in Belgium. Such proceedings would then be governed by Belgian law. Under certain circumstances, Belgian law also allows bankruptcy proceedings to be opened in Belgium over the assets of companies that are not established under Belgian law. The following is a brief description of certain aspects of Belgian insolvency law to the extent relevant in the context of the present transaction.

Belgian insolvency laws provide for two insolvency proceedings: judicial reorganization proceedings (*gerechtelijke reorganisatie*/*réorganisation judiciaire*) and bankruptcy proceedings (*faillissement*/*faillite*).

### *Judicial reorganization*

The judicial reorganization proceedings are regulated by the Act of January 31, 2009 on the Continuity of Enterprises (the ''Act on the Continuity of Enterprises''), as amended from time to time, including by the Act of May 27, 2013.

The Act on the Continuity of Enterprises provides for three types of reorganization: (i) an amicable settlement between the debtor and two or more of its creditors; (ii) a collective agreement; or (iii) the transfer of (part of) the activities.

The type of reorganization may change during the proceedings and may also depend on the position of the court and/or third parties.

In the case of an amicable settlement, the parties to such amicable settlement will be bound by the terms they have agreed.

### *In the case of a judicial reorganization by collective agreement, the creditors agree to a reorganization plan during the reorganization procedure*

A debtor may file a petition for judicial reorganization if the continuity of the enterprise is at risk, whether immediately or in the future. The contents of this principle are broad and are defined in practice by the courts. If the net assets of the company have fallen under 50% of the company's registered capital (*maatschappelijk kapitaal*/*capital social*), the continuity of the enterprise is always presumed to be at risk.

The court may accept a petition for judicial reorganization in other circumstances; for instance, if the activity of the company may be hampered or shut down by creditors. The fact that the conditions for bankruptcy are met (entailing that the debtor has the legal obligation to declare bankruptcy under the Act of August 8, 1997 on bankruptcy proceedings (the ''Belgian Bankruptcy Act'')), does not preclude the debtor from applying for judicial reorganization. Since 2013 the petition for judicial reorganization must indicate the measures and proposals that will be taken or made by the debtor to carry out the reorganization. A number of documents must also be attached to the petition, including, but not limited to, an interim balance sheet and income statement, prepared under the supervision of an auditor, an external expert accountant or a certified tax accountant.

As from the filing of the petition and as long as the court overseeing a judicial reorganization has not issued a ruling on the reorganization petition, the debtor cannot be declared bankrupt or wound up by court order. In addition, during the period between the filing of the petition and the court's decision, subject to certain exceptions, none of the debtor's assets may be disposed of by any of its creditors as a result of the enforcement of any security interests that such creditors may hold with respect to such assets.

The Act on the Continuity of Enterprises provides that, within a period of 14 days as from the filing of the petition, the court will hear the debtor and/or his or her legal counsel on the petition for reorganization and will hear the report from the delegated judge. After this hearing, the court will rule within eight days on the petition for judicial reorganization. If the conditions for judicial reorganization appear to be met, and all required documents have been provided, the court will declare the judicial reorganization procedure open, allowing a temporary moratorium for a maximum period of six months. At the request of the debtor and pursuant to the report issued by the delegated judge, the moratorium period can thereafter be extended by another six months. In exceptional circumstances (such as due to the size of the business, the complexity of the case or the impact of the procedure on employment), and if the interests of the creditors so allow, the court may order an additional extension of the moratorium period for six months.

The granting of the moratorium operates as a stay of enforcement. No enforcement measures with respect to preexisting claims in the moratorium can be continued or initiated against any of the debtor's assets from the time that the moratorium is granted until the end of the period, with few exceptions. During the moratorium, no attachments can be made with regard to preexisting claims.

Conservatory attachments that existed prior to the opening of the judicial reorganization retain their conservatory character, but the court may order their release, provided that such release does not have a material adverse effect on the situation of the creditor concerned.

If receivables are pledged by the debtor in favor of a creditor prior to the opening of the judicial reorganization procedure, such pledge will not be affected by the moratorium, provided that the receivables are pledged specifically to that creditor from the moment when the pledge is created. The holder of such pledged receivables is permitted to take enforcement measures against the estate of the initial counterparty of the debtor (such as the debtor's customers) during the moratorium. Receivables that form part of a pledge over business assets do not benefit from such exemption. A pledge on financial instruments within the meaning of the Financial Collateral Act of December 15, 2004 (the ''Belgian Financial Collateral Act''), such as shares in the Belgian Guarantors, can be enforced notwithstanding the enforcement prohibition imposed by the moratorium (unless considered an abuse of right). In the case of a pledge on cash held on accounts, the enforcement prohibition applies, save in the event of payment default or if certain other conditions are met. Personal guarantees granted by third parties in favor of the debtor's creditors are not covered by the enforcement prohibition imposed by the moratorium, nor are the debts payable by co-debtors, subject to certain exceptions or qualifications in respect of guarantees granted by individuals. The moratorium also does not prevent the voluntary payment by the debtor of claims covered by the moratorium, to the extent such payment is necessary for the continuity of the enterprise.

During the judicial reorganization proceedings, the board of directors and management of the debtor continue to exercise their management functions. Upon request of the debtor or any other interested party and to the extent it is deemed useful for reaching the aims of the restructuring, however, the court may appoint, in its decision to open the judicial reorganization procedure or at any other point in time during the course of the procedure, a judicial administrator (*gerechtsmandataris/mandataire de justice*) to assist the debtor during the restructuring. The court may also appoint a judicial administrator, upon the request of any interested party or the public prosecutor, in the event of manifestly grave shortcomings (*kennelijke en grove tekortkomingen*/*manquements graves et caractérisés*) of the debtor or any of its corporate bodies insofar as such measure can safeguard the continuity of the debtor. In addition, in the event of manifestly gross negligence (*kennelijk grove fout*/*faute grave et caractérisée*) or manifest bad faith, the court may, upon the request of any interested party or the public prosecutor appoint a temporary director (*voorlopig bestuurder*/*administrateur provisoire*) replacing the debtor's corporate bodies for the duration of the moratorium and charged with the management of the debtor.

The delegated judge, appointed by the court to assist the debtor in achieving the goal of the reorganization, has additional powers, including the power to request the court to end the reorganization procedure prematurely if he or she considers that the debtor is clearly not in a state to ensure the continuity of the whole or part of his or her business.

The reorganization procedure aims to preserve the continuity of a company as a going concern. Consequently, the initiation of the procedure does not terminate any contracts. Contractual provisions that provide for the early termination or acceleration of the contract upon the initiation or approval of a reorganization procedure, and certain contractual terms such as default interest, may not be enforceable during such a procedure. Moreover, the Act on the Continuity of Enterprises provides that a creditor may not terminate a contract on the basis of a debtor's default that occurred prior to the reorganization procedure if the debtor remedies such default within a 15-day period following the notification of such default.

As an exception to the general rule of continuity of contracts, the debtor may cease performing a contract during the reorganization proceedings, provided that the debtor notifies the creditor and the decision is necessary for the debtor to be able to propose a reorganization plan to its creditors or to transfer all or part of the company or its assets. The exercise of this right does not prevent the creditor from suspending the performance of its own obligations.

In the case of a judicial reorganization by collective agreement the debtor must, within a period of 14 days following the ruling declaring the judicial reorganization proceedings open, inform each of its creditors individually of the amount of their claims against the debtor as recorded in the books of the debtor, as well as details regarding security interests, if applicable. Creditors with preexisting claims, as well as any other interested party that claims to be a creditor, can challenge the amounts and the ranking of the secured claims declared by the debtor. The court can determine the disputed amounts and the ranking of such claims on a preliminary basis for the purpose of the reorganization procedure. In addition, the court can, upon the joint request by the debtor and the creditor, change the amount and the ranking of the claim initially declared by the debtor at the latest 15 days before the date on which the creditors will vote on the reorganization plan. If a creditor has not challenged the amount and the ranking of its claim at least 14 days in advance of the date on which the creditors will vote on the approval of the reorganization plan, the amount of its claim will remain unchanged for voting purposes as well as for the purposes of the reorganization plan.

The debtor must use the moratorium period to complete and finalize a reorganization plan, with the assistance of the court-appointed administrator, as the case may be. The plan may include measures such as the reduction or rescheduling of liabilities and interest obligations and the conversion of debt into equity and may be based on a differentiated treatment of certain various categories of liabilities.

The maximum duration of the plan is five years. The plan must be filed with the Clerk's Office of the Commercial Court at least 20 days in advance of the date on which the creditors will vote on the approval of the restructuring plan. The court needs to ratify the restructuring plan prior to its taking effect. A restructuring plan approved by a double majority of creditors (both in headcount and in principal amount due) and ratified by the court will bind the debtor and all creditors, including those who voted against the plan or abstained. Secured claims can only be subject to the restructuring plan insofar as the secured creditor has given its consent.

Instead of entering into formal reorganization proceedings as provided by the Act on the Continuity of Enterprises, the debtor can opt for an amicable settlement by drawing up an agreement and joint payment scheme plan with at least two creditors in order to settle its debts. If an agreement is reached for reorganization purposes, it is submitted to the court and entered into a register. Such an amicable settlement will remain enforceable in the event of a later bankruptcy, subject to certain exceptions.

A court-ordered transfer of all or part of the debtor's enterprise can be requested by the debtor in its petition or at a later stage in the procedure. It can be requested by the public prosecutor, by a creditor or by any party who has an interest in acquiring, in whole or in part, the debtor's enterprise, and the court can order such transfer in specific circumstances. The price of the transferred assets should at least be equal to the liquidation value. In the case of comparable offers, priority will be given to the offer guaranteeing employment by way of a social agreement.

A court-ordered transfer will be organized by a judicial administrator (*gerechtsmandataris/mandataire de justice*) appointed by the court. Following the transfer, the recourse of the creditors will be limited to the transfer price.

***Bankruptcy***

The Belgian bankruptcy procedure is essentially governed by the Belgian Bankruptcy Act, as amended from time to time.

Bankruptcy proceedings may be initiated by the debtor, by unpaid creditors, upon the initiative of the public prosecutor's office, by the provisional administrator of the debtor's assets, by the liquidator of the debtor's assets or by the liquidator of ''main insolvency proceedings'' opened in another EU Member State (other than Denmark) in accordance with the EU Insolvency Regulation. Once the court ascertains that the requirements for bankruptcy are met, the court will establish a date by which all creditors' claims must be submitted to the court for verification.

Conditions for a bankruptcy order (*faillietverklaring/déclaration de faillite*) are that the debtor must be in a situation of cessation of payments (*staking van betaling/cessation de paiements*) and unable to obtain further credit (*wiens krediet geschokt is/ébranlement de crédit*). Cessation of payments is generally accepted to mean that the debtor is not able to pay its debts as they fall due. Such a situation must be persistent and not merely temporary. The mere fact that a debtor has more debts than assets does not mean that the bankruptcy conditions are met. Companies in liquidation can be declared bankrupt up to six months after the judgments of the closing of the liquidation. In bankruptcy, the debtor loses all authority and decision rights concerning the management of the bankrupt business. The bankruptcy receiver (*curator/curateur*), appointed by the court, becomes responsible for the operation of the business and implements the sale of the debtor's assets, the distribution of the sale proceeds to creditors and the liquidation of the debtor. The rights of creditors in the process are limited to being informed of the course of the bankruptcy proceedings on a regular basis by the bankruptcy receiver. Creditors may oppose the sale of assets by bringing an action before the court, or may request the temporary continued operation of the business.

The bankruptcy receiver must decide whether or not to continue performance of ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may decide not to continue the performance of one or several contracts, subject to certain limitations, according to case law. The counterparty to an ongoing contract may summon the bankruptcy receiver to take a decision within 15 days. If no extension of the 15-day term is agreed upon or if the bankruptcy receiver does not make any decision, the ongoing contract is presumed to be terminated after the expiration of the 15-day term. If the bankruptcy receiver decides not to continue the performance of an ongoing contract or if an ongoing contract is terminated due to the expiration of the 15-day term, the counterparty to the contract may make a claim for damages in the bankruptcy, in which case such claim will rank *pari passu* with the claims of all other unsecured creditors.

The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. Two exceptions apply, however:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu personae* contracts (i.e., contracts whereby the identity of the counterparty constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

As a general rule, the enforcement rights of individual creditors are suspended upon the rendering of the court order opening bankruptcy proceedings, and after such order is made, only the bankruptcy receiver may proceed against the debtor and liquidate its assets. Such suspension does in principle not apply to security rights *in rem*, however (*zakelijke zekerheden/sûretés réelles*), subject to the below: creditors whose claims are secured by security rights *in rem* on movable assets can only enforce their security right after the report of claims was filed by the bankruptcy receiver. Upon the request of the bankruptcy receiver, the suspension period may be extended by a court order for up to one year as from the bankruptcy judgment, provided that such extension is in the interests of the bankruptcy estate and if the further suspension will allow for a realization of the assets which does not prejudice the secured creditors and provided that those secured creditors have been given the opportunity to be heard by the court.

If a security, such as a pledge, has been granted over assets that, at the time of opening of an insolvency proceeding, are located in another EU Member State, the rights the creditor has under such security shall, in accordance with the Insolvency Regulation, not be affected by the opening of such insolvency proceedings.

As from the date of the bankruptcy judgment, no further interest accrues against the bankrupt debtor on its unsecured debt, or debts secured by a general privilege, such as tax debts or social security debts.

The ranking of different types of debt of the bankrupt debtor is determined on the basis of a complex set of rules. The following is a general overview of only the main principles:

- *Estate debt*: Costs and indebtedness incurred by the bankruptcy receiver during the bankruptcy proceedings, the ''estate debts,'' which have a senior priority. In addition, if the bankruptcy receiver has contributed to the realization and enforcement of secured assets, such costs will be paid to the bankruptcy receiver in priority out of the proceeds of the realized assets before distributing the remainder to the secured creditors.
- *Security interests*: Creditors that hold a security interest have a priority right over the secured asset (whether by means of appropriation of the asset or on the proceeds upon realization).
- *Privileges*: Creditors may have a particular privilege on certain or all assets (such as tax claims, claims for social security premiums, etc.). Privileges on specific assets rank before privileges on all assets of the debtor. Certain privileges prevail over the security interests.
- *Unsecured creditors (pari passu)*: Once all estate debts and creditors having the benefit of security interests and privileges have been satisfied, the proceeds of the remaining assets will be distributed by the bankruptcy receiver among the unsecured creditors who rank *pari passu* (unless a creditor agreed to be subordinated).
- Subordinated creditors will receive the remainder (if any).

***Subsidiary guarantee/collateral***

The grant of a Guarantee or Collateral by a Belgian Guarantor for the obligations of another group company must fall within the grantor's legal and corporate purpose and be for the own corporate benefit of the granting company and comply with any applicable financial assistance rules.

Corporate benefit is not a well-defined concept under Belgian law and its interpretation is left to the courts and legal authors. The corporate benefit rules and their application in the context of granting guarantees or collateral for the benefit of a group company are not clearly established under Belgian law and there is only limited case law on this issue.

The question of corporate benefit must be determined on a case-by-case basis by reference to the prevailing factual circumstances. Consideration has to be given to any direct and/or indirect benefit that the company would actually derive from the transaction and is particularly relevant for upstream or cross-stream guarantees and collateral. It is generally taught by legal scholars that such benefit should be proportionally greater than the risk for the company resulting from the granting and/or enforcement of the guarantee concerned. The financial support granted by the company should not exceed its financial capabilities. Belgian case law does not offer clear guidelines on when a group transaction is within the individual group member's corporate benefit and when aforementioned conditions are met.

Whether or not the corporate benefit requirement is met is a matter of fact to be assessed by the board of directors of the company granting the guarantee. The corporate benefit justification by the company's board of directors will be subject to only a ''marginal review'' by the courts; in insolvency situations, however, the courts can be expected to take a more critical view.

If the corporate benefit requirement is not met, the directors of the company may be held liable under civil law (i) by the company for negligence in the management of the company and (ii) by third parties in tort and under criminal law in certain specific circumstances (i.e., where the specific facts can be qualified as ''abuse of company goods'' (*misbruik van vennootschapsgoederen*/*abus de bien sociaux*)). Moreover, the guarantee or collateral could be declared null and void. Alternatively, the guarantee or collateral could be reduced to an amount corresponding to the corporate benefit. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain ''limitation language'' in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Indenture will contain such limitation language and the Guarantee of the Belgian Guarantor(s) will be so limited. Including such limitation language is, however, not conclusive in determining the corporate benefit.

The grant of a guarantee or collateral by a Belgian company must also be within or serve the corporate purpose and statutory purpose of the Belgian company as described in its articles of association, and the guarantee or collateral may not include any liability that would result in unlawful financial assistance within the meaning of the Belgian Companies Code.

***Parallel debt***

Since there is no established concept of ''trust'' or ''trustee'' under the present Belgian legal system, the nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for holders of the Notes in respect of security interests such as pledges are debated and may not be effective or enforceable under Belgian law. Pursuant to Belgian law, security is an ''accessory'' which must be granted to the same person to whom the secured debt is owed, except in the case of financial collateral within the meaning of the Belgian Financial Collateral Act.

In order to enable the Security Agent to hold security created under certain applicable law (including Belgian law), the Intercreditor Agreement will provide for the creation of the parallel debt (as defined above) mirroring the obligations of the Issuer and the Guarantors to the holders of the Notes under or in connection with the Indenture. The parallel debt structure is commonly used for the purposes of taking Belgian law security in the context of transactions of this nature.

In the event of an insolvency of the Security Agent, the parallel debt structure means that the secured parties may be exposed to credit risk on the Security Agent, if payments in respect of the parallel debt and any proceeds received by the Security Agent cannot be separated from its other assets.

A parallel debt structure is not an uncommon market practice in Belgium and the validity thereof under Belgian law is supported by legal authors. Although various valid arguments exist under Belgian law to the effect that the security created in favor of the Security Agent, in its capacity as creditor of the parallel debt, would be valid, the possibility of a Belgian court finding otherwise cannot be excluded, given that there is no case law on this subject.

Lastly, Belgian pledges over financial collateral (such as the shares of the Belgian Guarantors) will be granted to the Security Agent acting for itself and for the account of the secured parties pursuant to Article 5 of the Belgian Financial Collateral Act. This provision allows for the creation of security over financial collateral held by an agent acting as representative for secured parties, provided that the secured parties can be determined on the basis of the security agreement.

The pledges to be granted in respect of the shares in the Belgian Guarantors refer to both the parallel debt and Article 5 of the Belgian Financial Collateral Act.

***Beneficial ownership***

There is no concept of ''beneficial ownership'' or ''beneficial owner'' under the present Belgian legal system, and so the rights, claims and effects resulting from such a concept may not be enforceable under Belgian law.

### *Hardening period and fraudulent transfer*

In the event of bankruptcy proceedings governed by Belgian law, certain transactions that have been concluded or performed by the debtor during the ''hardening period'' may be declared ineffective against third parties.

In principle, the cessation of payments (which constitutes a condition for filing for bankruptcy) is deemed to have occurred as of the date of the bankruptcy order. The court issuing the bankruptcy order may determine, based on serious and objective indications that the cessation of payments occurred on an earlier date. Such earlier date may not be earlier than six months before the date of the bankruptcy order, except in the case where the bankruptcy order relates to a company that was dissolved more than six months before the date of the bankruptcy order in circumstances suggesting an intent to defraud its creditors, in which case the date of cessation of payments may be determined to be the date of such decision to dissolve the company. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the ''hardening period'' (*verdachte periode*/*période suspecte*).

The transactions entered into or performed during the hardening period which may be declared ineffective against third parties and are unenforceable against the bankruptcy receiver include, among others: (i) transactions entered into without consideration or where the consideration received is considerably below the value of the act or asset provided by the debtor; (ii) payments for debts that are not yet due; (iii) payments other than in money for debts due; and (iv) new security provided for preexisting debts.

Other transactions entered into or performed during the hardening period may be declared ineffective against third parties, provided that the counterparty was aware of the debtor's cessation of payment.

In particular, a guarantee entered into during the hardening period may be declared ineffective against third parties if (i) it is regarded as having been granted gratuitously or where the consideration received is considerably below the value of the guarantee provided or if (ii) the beneficiaries of the guarantee were aware of the company's cessation of payments.

If the Guarantee given by the Belgian Guarantor was successfully voided (based on the above), holders of the Notes would cease to have any claim in respect thereof and would be under an obligation to repay any amounts received pursuant to such Guarantee.

Finally, regardless of any declaration by the commercial court of a hardening period, a third-party creditor may obtain a court ruling that any act or transaction (such as a guarantee) is not enforceable against it if it can establish that the challenged act or transaction was entered into with the fraudulent intent to adversely affect its position as an existing creditor (*actio pauliana*), irrespective of its date.

## The Netherlands

### *Insolvency proceedings*

The Issuer and certain of the Guarantors are incorporated under Dutch law (the ''Dutch Guarantors''). Accordingly, where debtors have their centre of main interests or an ''establishment'' in the Netherlands they may be subject to Dutch insolvency proceedings governed by Dutch insolvency laws, subject to certain exceptions provided for in the EU Insolvency Regulation. See ''—*European Union*.''

The Dutch insolvency laws may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions. The following is a brief description of certain aspects of the Dutch insolvency laws.

Any insolvency proceedings applicable to the Issuer and the Dutch Guarantors may be governed by Dutch insolvency laws. There are two insolvency regimes under Dutch law. The first, a suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate the assets of a debtor and distribute the proceeds thereof to its creditors. In practice a suspension of payments often results in the bankruptcy of the debtor. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*).

Only the debtor can make an application for a suspension of payments, and only if it foresees that it will be unable to continue to pay its debts as they fall due. Once the application has been filed, a court will immediately (*dadelijk*) grant a provisional suspension of payments and appoint one or more administrators (*bewindvoerders*). A meeting of creditors is required to decide on the definitive suspension of payments. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for a moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), the provisional moratorium ends. The definitive moratorium will generally be granted, unless a qualified minority (i.e., more than one-quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one-third of the number of creditors of the amount of claims held by creditors) of the unsecured, non-preferential, creditors declare against it or if there is a valid fear that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. That the debtor must be able to satisfy its creditors does not mean that they must be paid in full. It suffices that creditors can be satisfied to some extent (for example, by receiving a percentage of their claims within the framework of a composition). Other than in the case of the ordering by a competent court of a statutory stay of execution of up to two months (extendable by another period of up to two months) imposed by court order pursuant to Article 241a of the Dutch Bankruptcy Act, a suspension of payments will only affect unsecured, non-preferential creditors. During such stay of execution, a secured creditor may not, without the court's consent (i) claim the asset subject to the security right if it is under the control of (*in de macht van*) the debtor subject to a suspension of payments or (ii) seek recourse against the asset.

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. Bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. The debtor can also request the application of bankruptcy proceedings itself. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*). In Dutch bankruptcy proceedings, a debtor's assets are generally liquidated and the proceeds distributed to the debtor's creditors according to the relative priority of those creditors' claims and, to the extent certain creditors' claims have equal priority, in proportion to the amount of such claims. Certain parties, such as secured creditors, will benefit from special rights. Secured creditors, such as pledgees and mortgagees, may enforce their rights separately from bankruptcy and do not have to contribute to the liquidation costs; however, enforcement of the security interest might be subject to the following: (i) a statutory stay of execution of up to two months (extendable by another period of up to two months) imposed by court order pursuant to Article 63a of the Dutch Bankruptcy Act, which has the same effects as set forth above for stays of execution in suspensions of payment; (ii) a receiver (*curator*) can force a secured party to foreclose its security interest within a reasonable time (as determined by the receiver pursuant to Article 58(1) of the Dutch Bankruptcy Act), failing which the receiver will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs; and (iii) excess proceeds of enforcement must be returned to the company's receiver and may not be offset against an unsecured claim of the company's secured creditor. Consequently, Dutch bankruptcy laws could reduce your potential recovery in Dutch bankruptcy proceedings.

Both a suspension of payments and bankruptcy have retroactive effect from 00.00 hours of the day on which the suspension of payments or the bankruptcy of the relevant Dutch company is declared.

Unlike chapter 11 proceedings under United States bankruptcy law, where both secured and unsecured creditors are generally barred from seeking to recover on their claims, a suspension of payment and bankruptcy proceedings against Dutch debtors would allow secured creditors and preferential creditors (including tax and social security authorities) to satisfy their claims by proceeding against the assets (that secure their claims) as if there were no bankruptcy or suspension of payments. However, a statutory stay of execution as described above may be ordered by the competent court both in a suspension of payments and bankruptcy. Furthermore, certain preferred creditors have a preference by virtue of law. Unlike secured creditors, preferred creditors are not entitled to foreclose on assets of the bankrupt. They do have priority in the distribution of the proceeds of the bankrupt's assets. Restrictions on the enforcement of security interests may apply. For instance, higher ranking rights must be respected. These may include secured creditors and tax and social security authorities. A statutory stay of execution of security rights and other rights, as described above, may be imposed. Such set-off may be allowed prior to the bankruptcy, although at that time it may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for the set-off.

Any pending executions of judgments against the debtor will be suspended by the operation of law when a suspension of payments is granted and terminate by the operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination. Litigation pending on the date of the bankruptcy order is automatically stayed.

Both in a definitive suspension of payments and bankruptcy, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors if it is: (i) approved by a simple majority (*gewone meerderheid*) of the number of creditors represented at the creditors' meeting, representing at least 50% of the amount of the claims that are acknowledged and conditionally admitted; and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency law could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch suspension of payments proceeding or bankruptcy. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

The claim of a creditor, other than a claim to the extent that it is secured by Dutch law security, may be limited depending on the date the claim becomes due and payable in accordance with its terms. Claims that fall due more than one year after the date of the bankruptcy, will be valued for distribution purposes as of the date the bankruptcy was declared. Claims that become payable within one year after the bankruptcy was declared will be considered payable from the day the bankruptcy was declared.

All unsecured, pre-bankruptcy claims will have to be verified in the insolvency proceedings in order to be entitled to vote and, in a bankruptcy liquidation, entitled to distributions. ''Verification'' under Dutch law means, in the case of a suspension of payments, that the treatment of a disputed claim for voting purposes is determined and, in the case of a bankruptcy, the unsecured, pre-bankruptcy claims are submitted to a receiver for verification, and the receiver then makes a determination as to the claim's existence, ranking and value and whether and to what extent it should be admitted in the bankruptcy proceedings (for voting). In the situation of bankruptcy, creditors who wish to dispute the receiver's verification of their claims will be referred to a claim validation proceeding (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim, while in a suspension of payments the court will decide how a disputed claim will be treated for voting purposes. These procedures could cause holders of Notes to recover less than the principal amount of their Notes or less than they could recover in a United States liquidation proceeding. The *renvooi* proceedings could also cause payments to the holders of Notes to be delayed. Interest on claims accruing after the bankruptcy order date cannot be admitted unless secured by a pledge or mortgage, in which case interest will be admitted *pro memoria*, such as in case of the Notes. To the extent that interest is not covered by the proceeds of the security, the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

***Enforceability of guarantees and security general defenses and corporate benefit***

In general, receipt of any payment under a Dutch law-governed guarantee or security interest may be affected by (i) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*), (ii) force majeure (*niet toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*), and (iii) the other general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such guarantee or security interest. Other general defenses include claims that a guarantee or security interest should be voided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or error (*dwaling*). Other impeding factors include rights of suspension (*opschorting*), a dissolution of a contract (*ontbinding*) and set-off (*verrekening*). The enforceability of the obligations of the Dutch Guarantor may also be limited under the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions and in proceedings in a Dutch court for the enforcement of a Dutch law security interest, the court may mitigate amounts due in respect of litigation, enforcement and collection costs.

Furthermore, if a Dutch Guarantor enters into a transaction (such as the granting of a guarantee or security interest), the validity and enforceability of the relevant transaction may be contested by the Dutch company or its administrator (*bewindvoerder*) in a suspension of payments or its receiver (*curator*) in bankruptcy, if (i) that transaction is not in the company's corporate interest (*vennootschappelijk belang*) and (ii) the other party to the transaction knew or should have known this without independent investigation. In determining whether the granting of a guarantee or the giving of security is in the interest of the relevant company, a Dutch court would not only consider the text of the objects clause in the articles of association of the company but also all relevant circumstances, including whether the company derives certain commercial benefits from the transaction in respect of which the guarantee or security interest was granted and any indirect benefit derived by the relevant Dutch company as a consequence of the interdependence of it with the group of companies to which it belongs and whether or not the subsistence of the relevant Dutch company is jeopardized by conducting such transaction. The mere fact that a certain legal act (*rechtshandeling*) is explicitly mentioned in the objects clause in the articles of association of the company may not be conclusive evidence to state that such legal act is in the corporate interests.

As of October 1, 2012, the prohibition on financial assistance for a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) was removed from Dutch law. In connection with such removal the legislator noted that the granting of security with a view to the acquisition (or the refinancing thereof) by any party of shares in the company's share capital or the shares of its (direct or indirect) parent company could, depending on the further circumstances, constitute an *ultra vires* act. At present, there is no Dutch case law on this subject.

***Fraudulent conveyance***

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside bankruptcy: the *actio pauliana* provisions. Under Dutch law, any creditor of a Dutch Guarantor or its receiver (*curator*) may nullify any transaction or legal act entered into by a Dutch Guarantor in connection with the Notes, under certain circumstances, if (i) the transaction or legal act entered into by a Dutch Guarantor in connection with the Notes was conducted without a prior existing legal obligation to do so (*onverplicht*); (ii) the creditor(s) concerned or, in the case of its or their bankruptcy, any creditor was prejudiced as a consequence of such transactions or legal act (irrespective of whether a creditor's claim arose prior to or after such transactions); and (iii) at the time of the transaction or legal act entered into by a Dutch Guarantor in connection with the Notes was conducted (including the granting of the Guarantees or any security), the relevant Dutch Guarantor and, unless the transactions were conducted for no consideration (*om niet*), the counterparty knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*).

A receiver (*curator*) may nullify a transaction on behalf of and for the benefit of the joint insolvent debtor's creditors, and the burden of proof of the above-mentioned elements of fraudulent conveyance in principle rests on the receiver. Knowledge of prejudice is, however, presumed by law for certain transactions performed within a "suspect period" of one year prior to an adjudication of bankruptcy. This is applicable for certain transactions only, the most important application being in cases where the obligations of the bankrupt materially exceed those of the other party, the satisfaction of existing obligations of the bankrupt that are not yet due, and acts between the bankrupt and its counterparty when the shares in both are held (indirectly) by the same shareholder or if the bankrupt and its counterparty are part of the same group of companies. The foregoing requirements for invoking fraudulent transfer provisions outside a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy. In addition, the receiver may challenge a transaction if it was conducted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the transaction was conducted at a time when the counterparty knew that a request for bankruptcy had been filed or (ii) if such transaction was conducted as a result of deliberation between the debtor and the counterparty in order to give preference to the counterparty over the debtor's other creditors. Consequently, the validity of any such transactions conducted by a Dutch legal entity may be challenged and it is possible that such a challenge would be successful.

The application of Dutch law in respect of a Dutch law security interest in the Collateral will not prevent effect being given to the overriding provisions of the law of a jurisdiction with which the situation has a close connection (and for this purpose "overriding provisions" are provisions the respect for which are regarded as crucial by a jurisdiction for safeguarding its public interests to such an extent that they are applicable to any situation falling within their scope, irrespective of the law otherwise applicable to an agreement and include any rules (whether mandatory or not) that must be applied pursuant to the EU Insolvency Regulation) and will not prevent regard having to be had to the law of the jurisdiction in which performance takes place in relation to the manner of performance and the steps to be taken in the event of defective performance. In addition, enforcement of each Dutch law security interest in the Collateral (including allocation of the proceeds) is subject to Dutch law. Among other things, under Dutch law shares may only be transferred upon enforcement in accordance with Dutch law and the articles of association of the company in which shares are pledged at the time of enforcement. Rights of third parties acquiring a share or a limited right on a share and acting in good faith (*te goeder trouw*) may also affect the binding effect and enforceability of a Dutch law security interest in the Collateral.

In proceedings before a Dutch court, security interests are in principle enforced through a public auction of the relevant assets in accordance with Dutch law. The Security Agent or the relevant security interest provider may request the competent court to approve a private sale of the secured assets, except when otherwise agreed. In the case of secured assets, the Security Agent and the security interest provider may agree to an alternative foreclosure procedure once the security right has become enforceable. The security interest providers have agreed to waive the right to request such alternative foreclosure procedure. The Security Agent may also request the competent court to determine that the secured assets shall accrue to it for a price determined by the court. In the case of a pledge, the right of the relevant security interest provider to request approval of a private sale may be excluded.

It is not certain and has not been determined in published case law whether a right of pledge on shares can be created in advance of the acquisition of the shares by the pledgor.

***Parallel debt***

It is generally assumed that under Dutch law security interests such as rights of pledge cannot be validly created in favor of a person who is not the creditor of the claim that the security interest intends to secure. The beneficial 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 have a secured claim, the documentation relating to the Notes will provide for the creation of a ‘‘parallel debt.’’ Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by Dutch law will directly secure the parallel debt. The parallel debt concept has not been tested under Dutch law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by Dutch law.

# 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.

## General

The Notes and the Guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and securities laws of any other applicable jurisdiction. 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 in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes or the Guarantees under the 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 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 an offshore transaction in accordance with Regulation S.

We use the terms ''offshore transaction'' and ''United States'' with the meanings given to them in Regulation S.

## Important information about the Offering

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer, the Guarantors and the Initial Purchasers as follows:

(i) You understand and acknowledge that the Notes and the Guarantees have not been registered under the Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, 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 Securities Act or any other applicable 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 (iv) and (v) below.

(ii) You are not our ''affiliate'' (as defined in Rule 144 under the Securities Act) or acting on our behalf and you either:

(a) are a QIB, within the meaning of Rule 144A, and are aware that any sale of these Notes to you will be made in reliance on Rule 144A, and such acquisition will be for your own account or for the account of another QIB; or

(b) are purchasing the Notes in an offshore transaction in accordance with Regulation S.

(iii) You acknowledge that neither we, nor any of the Guarantors or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(iv) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are 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 Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(v) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Rule 144A Notes, and each subsequent holder of the 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 date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only:

(a) to the Issuer, the Guarantors or any subsidiary thereof;

(b) pursuant to a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe 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;

(d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that the Issuer, the Trustee, the Registrar and the Transfer Agent reserve the right prior to any offer, sale or other transfer of the relevant Notes (i) pursuant to clause (d) or (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to each of them, the Issuer, the Trustee, the Registrar and the Transfer Agent, and (ii) in each of the foregoing cases, 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.

(i) Each purchaser acknowledges that each Rule 144A Global 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 ''SECURITIES ACT'') OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (''RULE 144A'')), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE ''RESALE RESTRICTION TERMINATION DATE'') WHICH IS 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 WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN

RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Rule 144A Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(ii) You agree that you will, and each subsequent holder is required to, give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes, if then applicable.

(iii) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(iv) You acknowledge that the registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth therein have been complied with.

(v) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and you agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate and complete, you shall promptly notify us and the Initial Purchasers in writing. 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 investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(vi) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would result in a public offering of Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer, any of the Guarantors or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of Notes will be subject to the selling restrictions set forth in this section of the offering memorandum and/or in the front of this offering memorandum and ''*Plan of Distribution*.''

## AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers was furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum was deemed to acknowledge that:

(i) such person was 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 did not rely on any of the Initial Purchasers or any person affiliated with any of 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 paragraph (i) above, no person was authorized to give any information or to make any representation concerning the Notes or each Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3 2(b) of the Exchange Act, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer at Herikerbergweg 336, 1101 CT Amsterdam Zuid Oost, The Netherlands.

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will agree to furnish periodic information to holders of the Notes. See ''*Description of the Notes—Certain Covenants—Reports*.''

## INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

The statutory auditors of Maxeda DIY are Deloitte Accountants B.V. and the IFRS consolidated financial statements as of and for each of the years ended January 31, 2015, 2016 and 2017, each included in this offering memorandum, have been audited by Deloitte Accountants B.V., as stated in their report appearing herein.

## LEGAL MATTERS

The validity of the Notes, the Guarantees and certain other legal matters are being passed upon for us by Kirkland & Ellis International LLP, with respect to matters of United States federal and New York state law and English law, and by Clifford Chance LLP, with respect to matters of Dutch and Belgian law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, with respect to matters of United States federal and New York state law and English law, and by Linklaters LLP with respect to matters of Dutch and Belgian law.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

### Belgium

In the absence of any bilateral or multilateral treaty, a final and enforceable judgment of the courts exercising jurisdiction in the United States would be recognized and enforced by the courts of Belgium without review on the merits subject to the conditions specified in Articles 22 to 25 of the Belgian Code of International Private Law (*Wetboek van Internationaal Privaatrecht*/*Code de Droit International Privée*).

Pursuant to Article 24 of the Belgian Code of International Private Law, the following documents must be produced in court by the claimant:

- an official copy of the judgment (*uitgifte van de beslissing*/*expédition de la décision*) fulfilling all conditions required for its authentication under the applicable foreign law;
- if obtained by default, an original or legalized copy of the document demonstrating that the originating process has been served on the defendant in accordance with the applicable foreign law; and
- any document demonstrating that, under the applicable foreign law, the judgment is enforceable and has been notified to the defendant.

Articles 22 *et seq*. of the Belgian Code of International Private Law mainly require that the recognition or enforcement of the foreign judgment should not be a manifest violation of public policy, that the foreign courts must have respected the rights of defense, that the foreign judgment should be final, and that the assumption of jurisdiction by the foreign court may not have breached certain principles of Belgian law.

However, recognition and enforcement can be refused in the circumstances described in Article 25 of the Belgian Code of International Private Law, and notably if:

- the rights of defense have been violated;
- such recognition or enforcement would be manifestly incompatible with Belgian public policy;
- the jurisdiction of the foreign judge was based solely on the presence of the defendant or assets without any direct connection with the dispute in the foreign state;
- the decision is not final and may still be appealed under the applicable foreign law (however, provisional enforcement could then be granted) or does not meet the requirements of authenticity pursuant to the applicable laws;
- if in relation to matters for which parties cannot freely dispose of their rights, the decision has been sought with the sole purpose of escaping from the application of the laws applicable in accordance with Belgian private international law;
- the claim was filed in the United States after the filing in Belgium of a claim that is still pending between the same parties with respect to the same subject matter;
- the judgment is incompatible with a decision rendered in Belgium or a prior judgment rendered in another jurisdiction that can be recognized in Belgium;
- Belgian jurisdictions have exclusive jurisdiction in respect of the claim; or
- the decision is in conflict with the rules on the recognition and enforcement of court decisions in relation to insolvency proceedings, intellectual property or corporate standing.

As a general principle, procedural rules are governed by the law of the jurisdiction of the court (*lex fori*). In Belgium the procedural rules contained in, among others, the Belgian Judicial Code and the Code of Private International Law will apply when recognition and enforcement of judgments rendered by United States courts is sought in Belgium.

In the case of an enforcement through legal proceedings in Belgium (including the exequatur of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor, if the sum of money that the debtor is ordered to pay by a Belgian court, or by a foreign court judgment that is either (i) automatically enforceable and registered in Belgium or (ii) rendered enforceable by a Belgian court, exceeds €12,500. A nominal registration tax would be due on the registration of bailiff deeds.

## The Netherlands

The following discussion with respect to the enforceability of certain United States court judgments in the Netherlands is based upon advice provided to us by our Dutch legal advisors.

The Issuer and the Dutch Guarantors are incorporated under Dutch law. As a result, it may be difficult for investors to enforce judgments obtained in non-Dutch courts against the Issuer and the Dutch Guarantors.

The Netherlands does not currently have a treaty with the United States providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any court in any federal or state court in the United States based on civil liability, whether or not predicated solely upon United States federal securities laws, would not automatically be recognized or enforceable in the Netherlands. In order to obtain a judgment that is enforceable in the Netherlands, the claim must be relitigated before a competent Dutch court and the judgment rendered by the foreign court must be submitted in the course of such proceedings, in which case the Dutch court will have to decide whether and to what extent it, given the circumstances of the case, will recognize the foreign judgment. A Dutch court will, under current practice, generally grant the same judgment without relitigation analysis on the merits if (i) the foreign court rendering that judgment has jurisdiction over the matter on internationally acceptable grounds and has conducted the proceedings in accordance with generally accepted principles of fair trial, (ii) that judgment does not contravene public policy (*openbare orde*) of the Netherlands, (iii) the foreign judgment is not in conflict with a decision rendered by a Dutch court between the same parties, or with an earlier judgment rendered by a foreign court in proceedings involving the same cause of action and between the same parties, provided that the earlier decision can be recognized in the Netherlands, and (iv) the foreign judgment is—according to the law of its country of origin—final and conclusive in such a way that all appeals have been exhausted and no other remedy could be obtained from a competent judicial body. Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in the Netherlands, judgments in civil and commercial matters obtained from United States federal or state courts. Moreover, a Dutch court may reduce the amount of damages granted by a United States court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. The enforcement and recognition of judgments of United States courts in the Netherlands are subject to the Dutch rules of civil procedure.

Subject to the foregoing and service of process in accordance with applicable treaties, judgments in civil and commercial matters obtained from United States federal or state courts may be enforceable in the Netherlands. No assurance can be given, however, that these judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in the Netherlands and predicated solely upon United States federal securities laws.

## LISTING AND GENERAL INFORMATION

### Admission to trading and listing

The Issuer has applied to the Exchange for the listing of and permission to deal in the Notes on the Official List of the Exchange, in accordance with the rules and regulations of the Exchange.

### Clearing Information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

| | ISIN | Common codes |
|---|---|---|
| Rule 144A Global Fixed Rate Notes | | |
| Regulation S Global Fixed Rate Notes | | |
| Rule 144A Global Floating Rate Notes | | |
| Regulation S Global Floating Rate Notes | | |

### Approval

The Issuer and the Guarantors have obtained all necessary consents, approvals, authorizations or other orders for the issuance of the Notes, the Guarantees and other documents to be entered into by the Issuer and the Guarantors in connection with the issuance of the Notes. The issuance of the Notes was authorized by the Issuer prior to the Issue Date in accordance with the resolutions validly adopted by the board of directors of the Issuer on the same date.

### Significant change

Except as disclosed in this offering memorandum:

- there has been no material adverse change in our financial position since April 30, 2017; and
- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts that are material in the context of the issuance of the Notes and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

# INDEX TO FINANCIAL STATEMENTS

**Maxeda DIY B.V.**

Condensed consolidated interim financial statements for the three-month period ended April 30, 2017

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**Condensed consolidated interim statements of profit or loss and other comprehensive income**

| € in millions | Notes | UNAUDITED January 30, 2017 to April 30, 2017 | UNAUDITED February 1, 2016 to May 1, 2016 |
|---|---|---|---|
| Net sales | 5 | 351 | 341 |
| Cost of sales | | −233 | −228 |
| Gross operating result | | 118 | 113 |
| Selling and distribution cost | | 93 | 96 |
| General and administrative expenses | | 8 | 14 |
| Operating result | | 17 | 3 |
| Financial income and expense | 7 | −8 | −4 |
| Income before income taxes | | 9 | −1 |
| Income taxes | 8 | −3 | −2 |
| **Profit for the period** | | **6** | **−3** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Income from discontinued operations | | — | 1 |
| Other comprehensive income for the year, net of income tax | | — | **1** |
| **Total comprehensive income for the period** | | **6** | **−2** |

## Condensed consolidated interim statement of financial position

| € in millions | Notes | UNAUDITED April 30, 2017 | January 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | | 213 | 215 |
| Property, plant and equipment | | 85 | 87 |
| Financial fixed assets | 9 | 585 | 583 |
| Deferred tax assets | | 2 | 1 |
| **Total non-current assets** | | **885** | **886** |
| **Current assets** | | | |
| Inventories | | 340 | 310 |
| Trade and other receivables | 10 | 110 | 98 |
| Cash and cash equivalents | 11 | 74 | 59 |
| **Total current assets** | | **524** | **467** |
| **Total assets** | | **1,409** | **1,353** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 12 | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 185 | 179 |
| **Total Group equity** | | **430** | **424** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 13 | 464 | 464 |
| Employee benefits | | 15 | 16 |
| Other provisions | | 4 | 3 |
| Other non-current liabilities | | 4 | 2 |
| **Total non-current liabilities** | | **487** | **485** |
| **Current liabilities** | | | |
| Trade and other current payables | 14 | 457 | 396 |
| Current income tax liabilities | | 14 | 17 |
| Other current financial liabilities | | 21 | 31 |
| **Total current liabilities** | | **492** | **444** |
| **Total liabilities** | | **979** | **929** |
| **Total equity and liabilities** | | **1,409** | **1,353** |

## Condensed consolidated interim statement of changes in equity

| | | | Retained earnings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Other comprehensive income | | | | | |
| € in millions | Share capital | Share premium | Cash flow hedge reserve | Equity settled employee benefits reserve | Other legal reserve* | Other reserves | Result for the year/ period | Total Group equity |
| **Balance as at January 31, 2016** | 57 | 188 | — | −3 | 11 | 177 | −14 | 416 |
| Appropriation of the result previous year | — | — | — | — | — | −14 | 14 | — |
| Additional paid-in capital | — | — | — | — | — | — | — | — |
| Profit or loss for the year | — | — | — | — | — | — | 8 | 8 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | — | — | — | — | — | — |
| **Balance as at January 31, 2017** | 57 | 188 | — | −3 | 11 | 163 | 8 | 424 |
| Appropriation of the result previous year | — | — | — | — | — | 8 | −8 | — |
| Additional paid-in capital | — | — | — | — | — | — | — | — |
| Profit or loss for the year | — | — | — | — | — | — | 6 | 6 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | — | — | — | — | — | — |
| **Balance as at April 30, 2017** | 57 | 188 | — | −3 | 11 | 171 | 6 | 430 |

* This is a statutory reserve for the Belgian entities in line with Belgian law

## Condensed consolidated interim statement of cash flows

| € in millions | Notes | UNAUDITED January 30, 2017 to April 30, 2017 | UNAUDITED February 1, 2016 to May 1, 2016 |
|---|---|---|---|
| **Net cash flow from operating activities** | | **−2** | **−8** |
| Investments in tangible and intangible fixed assets | | −3 | −4 |
| Net gain on purchase and sale of tangible fixed assets | 6 | 5 | — |
| **Net cash flow from investing activities** | | **2** | **−4** |
| Repayment external debt | | — | — |
| External financing received | | — | — |
| **Net cash flow from financing activities** | | **—** | **—** |
| **Net increase in cash and cash equivalents** | | **—** | **−12** |
| **Cash and cash equivalents** as at the beginning of the period* | | 74 | 100 |
| **Cash and cash equivalents as at quarter-end** | | **74** | **88** |

* As a result of the difference between the period-end closing of the January management accounts (January 29, 2017, due to the retail calendar we use for our management accounts) and the period-end closing of our annual consolidated financial statements (January 31, 2017), a cash outflow of €15 million for end-of-month creditor payments is included in both our annual consolidated financial statements as of and for the year ended January 31, 2017 and our unaudited condensed consolidated interim financial statements as of and for the three months ended April 30, 2017.

## Notes to the condensed consolidated interim financial statements

### 1. Reporting entity

The reporting entity is Maxeda DIY B.V. (hereafter referred to as ''the Company'' or ''Maxeda DIY'' or ''the Group''). The company was established on December 27, 1955 and is legally seated in Amsterdam. The address of the company's registered office is De Entree 500, Amsterdam Zuid-Oost, the Netherlands and is registered at the chamber of commerce under number 33140909.

The shareholders' situation as at April 30, 2017 is as follows: The Company's direct shareholder is Maxeda DIY Holding B.V. and the ultimate controlling party Maxeda DIY Group B.V. The ultimate shareholders of the Company are a consortium consisting of investment funds, affiliated with and/or advised by, Ardian Funds (Paris, France), GoldenTree Asset Management funds (New York, United States of America), Kohlberg Kravis Roberts & Co. LP (London, United Kingdom), AlpInvest Partners N.V. (Amsterdam, the Netherlands), IdInvest Partners (Paris, France), Babson Capital Management (London, United Kingdom), Ares Management (Los Angeles, United States) and for 18.5% of the B-nonvoting shares Viktoria Holding B.V. (Amsterdam, the Netherlands).

### Main activities

The company is a holding company and the principal activity of its subsidiaries is Do-it-yourself retail in the Netherlands, Belgium and Luxembourg, with various store formats. In total the Group operates on a continued basis four Do-it-yourself retail formulas with 386 outlets (204 own stores and 182 franchise stores), over 1 million square meters of retail space and 7,251 employees on average. Approximately 41% of its stores are located outside the Netherlands. Its portfolio of leading DIY retail brands includes Praxis and Formido in the Netherlands, Brico, Briko Depot and Brico Plan-It in Belgium and Luxembourg. Maxeda DIY is focused on growing and developing as multi-brand and multi-format retail leader.

The Group's mission is to help and inspire people to create the home of their desires. Our vision is to do this as an integrated, modern, market leading company with four formats.

### 2. Basis of preparation

### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as endorsed by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Maxeda DIY B.V. as at and for the year ended January 31, 2017.

### Functional and presentation currency

The functional currency of the company is the euro. These condensed consolidated interim financial statements are presented in millions of euros.

### Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended January 31, 2017.

## 2. Basis of preparation (Continued)

### Purpose

These condensed consolidated interim financial statements have been prepared only for the purpose of inclusion in the Offering Memorandum for issuing Senior Secured Notes in connection with refinancing of the Company's debt.

## 3. Significant accounting policies

### General

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the company's consolidated financial statements as at and for the year ended January 31, 2017, except for the fact that the three months periods reported, include 13 full weeks based on the retail calendar used for the Group's period-end closings. The period presented in the annual consolidated financial statements may differ from the retail calendar since the articles of association state that the Company's financial year ends at January 31. This policy does not result in any material impact on the Group's income or Total Group equity for the reported periods.

Implementation of new and revised IFRS-EU over the three-month period ended April 30, 2017 did not have a material impact on our condensed consolidated interim financial statements.

### Income tax

Income tax expenses are recognised based on management's best estimate of the weighted average expected full year income tax rate per country.

## 4. Seasonality

The activities of Maxeda DIY are affected by seasonal patterns. Compared to other quarters in the year, the Group generates a normal level of revenue and profit in the first quarter. As a result, cash flow tends to be normal in the first quarter of the year.

## 5. Net sales

The net sales for the year per geographical area can be specified as follows:

| € in millions | January 30, 2017 to April 30, 2017 | February 1, 2016 to May 1, 2016 |
|---|---|---|
| The Netherlands | 170 | 162 |
| Belgium and Luxembourg | 181 | 179 |
| Total | 351 | 341 |

## 6. Significant transactions

During the three-month period ended April 30, 2017 leased assets were purchased and immediately sold through a sale-and-leaseback transaction. This resulted in an incidental benefit of € 5 million, which is included in the General and Administrative expenses.

## 7. Financial income and expense

| € in millions | January 30, 2017 to April 30, 2017 | February 1, 2016 to May 1, 2016 |
|---|---|---|
| Net interest income/(expenses) | −8 | −9 |
| Net affiliated company interest income/(expenses) | 1 | 6 |
| Other financial income/(expenses) | −1 | −1 |
| Total | −8 | −4 |

## 8. Income taxes

During the reporting period the Company and its Dutch subsidiaries are part of a fiscal unity for Dutch corporate income tax, headed by Maxeda DIY Group B.V. The benefits of this fiscal unity structure are attributed pro rata to this part of the Group within the fiscal unity. Over the reporting period the fiscal unity was in a tax loss position. As the fiscal unity as a total was in a tax loss position, no deferred tax asset/liability was recorded for the Dutch operations.

The operating activities are subject to income taxes in various countries against tax rates (domestic corporate tax rates) that vary between 25% and 33%.

## 9. Financial fixed assets

| € in millions | Amounts receivable from affiliated company | Other amounts receivable | Total |
|---|---|---|---|
| Balance as at January 31, 2016 | 562 | 12 | 574 |
| Acquisitions | — | — | — |
| Additions | — | 9 | 9 |
| Settlements | — | — | — |
| Balance as at January 31, 2017 | 562 | 21 | 583 |
| Acquisitions | — | — | — |
| Additions | — | 2 | 2 |
| Settlements | — | — | — |
| Balance as at April 30, 2017 | 562 | 23 | 585 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. As of May 2016, the loan bears 1.00% interest per annum. Prior to that, the interest was 4.00%. The loan shall be repaid upon request.

## 10. Trade and other receivables

| € in millions | April 30, 2017 | January 31, 2017 |
|---|---|---|
| Trade receivables | 83 | 83 |
| Prepaid rent | 10 | 9 |
| Other amounts receivable | 16 | 18 |
| Prepayments and accrued income | 16 | 4 |
| | 125 | 114 |
| Allowance for doubtful debts | − 15 | − 16 |
| Total | 110 | 98 |

## 11. Cash and cash equivalents

Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | April 30, 2017 | January 31, 2017 |
|---|---|---|
| Operational cash | 22 | 14 |
| Cash at banks | 52 | 45 |
| Total | 74 | 59 |

## 12. Equity

The share capital consists of 1,500,000 ordinary shares of € 100 per share. 567,226 shares were issued and paid in. There were no movements in the issued capital of the Company in the current interim reporting period.

## 13. Financial liabilities

| € in millions | Average effective interest % | Total nominal value April 30, 2017 | Financing costs to be amortised | Total April 30, 2017 | Average effective interest % | Total nominal value January 31, 2017 | Financing costs to be amortised | Total January 31, 2017 |
|---|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 6.9% | 484 | −2 | 482 | 6.9% | 484 | −2 | 482 |
| Of which due in current period | | 18 | — | 18 | | 18 | — | 18 |
| Loans longer than 1 year | | 466 | −2 | 464 | | 466 | −2 | 464 |

## 14. Trade and other current payables

| € in millions | April 30, 2017 | January 31, 2017 |
|---|---|---|
| Trade payables | 371 | 316 |
| Other taxes and social security contributions | 17 | 15 |
| Other liabilities | 8 | 6 |
| Accruals and deferred income | 61 | 59 |
| Total | 457 | 396 |

The average credit period on purchases of trading goods is approximately 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

On January 10, 2017 a restructuring was announced impacting Praxis Groep B.V. As the restructuring is planned to be settled in 2017/18, the associated cost of € 2 million is included under the other liabilities.

## 15. Financial risk management and financial instruments

### Financial risk management

The aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended January 31, 2017. The Group's financial instruments are all at level 2, no changes took place during the reported period.

## 16. Related party transactions

The company has related party relationships with its shareholders, subsidiaries and key management. The related party transactions in the first three-month period ended April 30, 2017 do in substance not deviate from the transactions as reflected in the financial statements as at and for the year ended January 31, 2017.

In the event of a sale of the Group, certain bonus payments under various schemes will become due to (former) employees, most of which would be borne by a parent the Company.

## 17. Subsequent events

No material events have occurred between the reporting period and July 3, 2017.

**Maxeda DIY B.V.**

Annual accounts for the year ended January 31, 2017

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## Directors' Report

The Directors' Report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

## Consolidated statement of profit or loss and other comprehensive income for the year ended January 31, 2017

| € in millions | Notes | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|---|
| Revenue | 5 | 1,355 | 1,337 |
| Cost of sales | | −891 | −874 |
| Gross profit | | 464 | 463 |
| Selling and distribution cost | | −363 | −367 |
| General and administrative expenses | | −58 | −70 |
| Operating result | | 43 | 26 |
| Financial income and expense | 8 | −25 | −34 |
| Income before income taxes | | 18 | −8 |
| Income taxes | 9 | −10 | −6 |
| **Result for the year** | | **8** | **−14** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Remeasurement of defined benefit obligation(1) | | — | 1 |
| Other comprehensive income for the year, net of income tax | | — | 1 |
| **Total comprehensive income for the year** | | **8** | **−13** |

(1) The Group has elected to present individual components of OCI, net of income tax with an aggregate amount presented for tax in the statement of profit or loss and OCI, and has provided disclosures related to tax on each component of OCI in note 9.

## Consolidated statement of financial position at January 31, 2017

| € in millions | Notes | January 31, 2017 | January 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 10 | 215 | 210 |
| Property, plant and equipment | 11 | 87 | 87 |
| Financial fixed assets | 12 | 583 | 574 |
| Deferred tax asset | 9 | 1 | 1 |
| **Total non-current assets** | | **886** | **872** |
| **Current assets** | | | |
| Inventories | 13 | 310 | 309 |
| Trade and other receivables | 14 | 98 | 99 |
| Cash and cash equivalents | 15 | 59 | 100 |
| **Total current assets** | | **467** | **508** |
| **Total assets** | | **1,353** | **1,380** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 179 | 171 |
| **Total Group equity** | 31 | **424** | **416** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 16 | 464 | 481 |
| Employee benefits | 17 | 16 | 17 |
| Other provisions | 18 | 3 | 8 |
| Financial lease liabilities | 19 | — | 1 |
| Other non-current liabilities | 20 | 2 | 2 |
| **Total non-current liabilities** | | **485** | **509** |
| **Current liabilities** | | | |
| Trade and other current payables | 21 | 396 | 411 |
| Current income tax liabilities | | 17 | 14 |
| Other current financial liabilities | 22 | 31 | 30 |
| **Total current liabilities** | | **444** | **455** |
| **Total liabilities** | | **929** | **964** |
| **Total equity and liabilities** | | **1,353** | **1,380** |

## Consolidated statement of changes in equity for the year ended January 31, 2017

| | | | Retained earnings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Other comprehensive income | | | | | |
| | Share capital | Share premium | Cash flow hedge reserve | Equity settled employee benefits reserve | Other legal reserve* | Other reserves | Result for the year | Total Group equity |
| **Balance as at January 31, 2015** | **57** | **188** | **—** | **−4** | **11** | **182** | **−5** | **429** |
| Appropriation of the result previous year | — | — | — | — | — | −5 | 5 | — |
| Additional paid-in capital | — | — | — | — | — | — | — | — |
| Profit or loss for the year | — | — | — | — | — | — | −14 | −14 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | — | 1 | — | — | — | 1 |
| **Balance as at January 31, 2016** | **57** | **188** | **—** | **−3** | **11** | **177** | **−14** | **416** |
| Appropriation of the result previous year | — | — | — | — | — | −14 | 14 | — |
| Additional paid-in capital | — | — | — | — | — | — | | — |
| Profit or loss for the year | — | — | — | — | — | — | 8 | 8 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | — | — | — | — | — | — |
| **Balance as at January 31, 2017** | **57** | **188** | **—** | **−3** | **11** | **163** | **8** | **424** |

* This is a statutory reserve for the Belgian entities in line with Belgian law.

## Consolidated statement of cash flows for the year ended January 31, 2017

| € in millions | Notes | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|---|
| **Operating result** | | **43** | **26** |
| Amortisation, depreciation and impairment | | 30 | 34 |
| Movements in: | | | |
| Inventories | | — | −13 |
| Trade and other receivables | | −1 | −20 |
| Trade and other payables* | | −15 | −9 |
| Provisions** | | −9 | 14 |
| **Cash flow from operations** | | **48** | **32** |
| Interest paid | | −33 | −30 |
| Taxes paid/received | | −6 | −9 |
| **Cash flow from operating activities** | | **9** | **−7** |
| Investments in tangible and intangible fixed assets | | −35 | −37 |
| **Cash flow from investing activities** | | **−35** | **−37** |
| Repayment external debt | | −15 | −15 |
| External financing | | — | −10 |
| **Cash flow from financing activities** | | **−15** | **−25** |
| **Net cash flow** | | **−41** | **−69** |
| Net cash as at the beginning of the year | | 100 | 169 |
| **Net cash as at year-end** | 15 | **59** | **100** |

* Excluding short-term loans from credit institutions

** This includes the mutation in the other provisions and the employee benefit provisions.

## Notes to the consolidated financial statements for the year ended January 31, 2017

### 1. General information

The Company was established on December 27, 1955. The registered and actual address of Maxeda DIY B.V. is De Entree 500, P.O. Box 22954, 1100 DL in Amsterdam, the Netherlands and is registered at the chamber of commerce under number 33140909.

The shareholders' situation as at January 31, 2017 is as follows: The Company's direct shareholder is Maxeda DIY Holding B.V and the ultimate controlling party Maxeda DIY Group B.V. The ultimate shareholders of the Company are a consortium consisting of investment funds, affiliated with and/or advised by Ardian Funds (Paris, France), GoldenTree Asset Management funds (New York, United States of America), Kohlberg Kravis Roberts & Co. LP (London, United Kingdom), AlpInvest Partners N.V. (Amsterdam, the Netherlands), IdInvest Partners (Paris, France), Babson Capital Management (London, United Kingdom), Ares Management (Los Angeles, United States) and for 18.5% of the B-nonvoting shares Viktoria Holding B.V. (Amsterdam, the Netherlands).

The Company is a holding company and the principal activities of the Company and its subsidiaries (hereafter referred to as ''the Group'') consist of Do-it-yourself retail in the Netherlands, Belgium and Luxembourg.

The Group's mission is to help and inspire people to create the home of their desires. Our vision is to do this as an integrated, modern, market leading company with four formats.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

#### 2.2 New and revised IFRSs in issue but not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after January 31, 2017. These have not yet been endorsed by the European Union and as such have not been adopted.

IFRS 9 Financial Instruments (effective January 1, 2018). This standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and the new general hedge accounting requirements. The Group is assessing the potential impact on its consolidated financial statements;

In May 2014, the IASB issued IFRS 15 'Revenue from contracts with customers'. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

IFRS 16 Leases (effective January 1, 2019) will replace the existing guidance in IAS 17 Leases and several interpretations (IFRIC 14, SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The Group is assessing the potential impact of these new IFRS standards on the consolidated financial statements.

## 3. Significant accounting policies

### Statement of compliance

The consolidated financial statements for the year ended January 31, 2017 have been prepared in accordance with International Financial Reporting Standards (''IFRS'') as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The notes to the Company's balance sheet and income statement are limited to items that differ from the corresponding items in the consolidated financial statements and that are of material significance. The Company's income statement has been prepared in accordance with Section 2:402 of the Dutch Civil Code.

### Reclassification

The accounting treatment for stock write-offs and associated labour cost has been aligned as from 2015/16 onwards. For comparison purposes, 'Cost of Goods Sold' and 'General Administrative Cost' for the year 2015/16 have been restated by a reclassification of EUR 7 million from 'Cost of Goods Sold' to 'General and Administrative Cost'.

Due to a change in Belgian law, new pension plans were introduced in 2015/16. For that purpose the comparative numbers for the 'Defined benefit obligation' and 'Plan assets' in note 17 were restated, but did not have any impact on equity and result.

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36 and IAS 19 employee benefits.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Functional and presentation currency

The functional currency of the Company is the euro. These consolidated financial statements are presented in millions of euros.

### 3. Significant accounting policies (Continued)

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### Revenue

Revenue comprises the sales value of the goods delivered and services rendered, net of VAT and sales discounts, including those discounts provided in connection with bonus or loyalty cards. For the Group's own stores, revenue is recognised at the moment of the delivery to consumers, for franchisees at the moment that the economic risk is transferred to the franchisee, which normally coincides with the delivery of goods to the franchisees. Net turnover also includes the fees from franchisees, concession holders and agency fees (after any discounts).

#### Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing, storing, rent, depreciation of property, plant and equipment, salaries, and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

#### Selling and distribution costs

Selling expenses consist of store employees' salaries and wages, store expenses, rent income and rent expense or depreciation related to stores, advertising costs, and other selling expenses.

#### General and administrative expenses

General and administrative expenses are the costs of general management of the group companies, the costs of group management and all costs that do not qualify as either cost of sales or selling and distribution costs.

#### Financial income and expense

Financial income and expense includes the interest income and expense, exchange rate differences that do not relate to participating interest or retail merchandise transactions, the gains and losses on interest rate hedging operations involving financial derivatives, the amortisation of financing costs and any result realised at redemption of financial liabilities.

### 3. Significant accounting policies (Continued)

#### Taxation

Income tax expense represents the sum of the current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax liabilities that relate to temporary differences are recognised, except for the deferred tax liabilities that arise from the initial recognition of goodwill. Deferred tax assets for temporary differences and for tax loss carry forward positions are recognised to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

#### Intangible fixed assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Other intangible fixed assets

Other intangible fixed assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible fixed assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Other intangible fixed assets are amortised over 3–5 years.

#### Property, plant and equipment

Tangible fixed assets are carried at historical cost. Assets that have been taken into use are depreciated on a straight-line basis over the estimated useful life per category of tangible fixed assets or parts thereof taking into account their residual value, with the following maximum terms:

- Buildings and leasehold improvements . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 30 years

Other tangible fixed assets:

- Technical installations . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 10 years
- Equipment and shop fittings . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8 years
- Computer hardware and cash register systems . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 5 years

**3. Significant accounting policies (Continued)**

Tangible fixed assets with a temporary right of use are depreciated over the duration of those rights. Land is not depreciated.

For tangible fixed assets to which the Group holds the beneficiary ownership pursuant to a financial lease agreement the net present value of the lease instalments is taken as historical cost and is depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which they are incurred.

**Impairment of fixed assets**

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible fixed assets, tangible fixed assets and financial fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that their carrying amounts may be impaired. For the purpose of impairment assessments, fixed assets are divided into groups with separately identifiable cash flows. Individual stores are considered to be separate cash-generating units for impairment testing purposes.

Financial fixed assets are assessed for impairment on an investment-by-investment basis. When an impairment is identified, the carrying value of the assets is written-down to their recoverable amount.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at the lower of their fair value at the inception of the lease or at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation in order to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental

### 3. Significant accounting policies (Continued)

expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Foreign currencies

Transactions in foreign currencies are recorded at exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated at the exchange rate as at the end of the reporting period. The resulting exchange differences are taken to the statement of profit or loss and other comprehensive income and accumulated in equity, with the exception of exchange differences on net investments in participating interests outside the Eurozone, which are presented directly in the shareholders' equity, net of taxation. The results from the participating interests outside the Eurozone are accounted for at the average exchange rates.

Exchange differences relating to retail merchandise transactions are presented as cost of sales, other exchange differences are presented as financial income and expenses.

#### Financial assets

Financial assets are classified into the following specified categories if applicable: financial assets 'at fair value through profit or loss' (hereafter referred to as ''FVTPL''), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets measured at fair value through profit or loss relate to financial derivatives for hedging exchange rate risks on current purchasing and to investments in money market funds.

The estimated fair value of trade and other receivables is approximately the same as the book value because of the short-term nature of these instruments and as recoverability is taken into account if necessary. Receivables from non-consolidated participating interests and other receivables are carried at amortised costs, which is usually the nominal value. When appropriate an allowance for doubtful debts is recorded.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost consists of the purchase price, the direct costs and directly attributable indirect costs incurred in bringing the inventories to their present location and condition. Net realisable value consists of the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition.

The Company uses the weighted average cost formula, in which the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased during the period. The average is calculated on a periodic basis.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**3. Significant accounting policies (Continued)**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Pension and other post-employment benefits**

The provision for pensions and other post-employee benefits mainly consists of pension obligations and jubilee benefits.

A pension scheme qualifies as a defined contribution scheme, as the Company has no other obligation than to pay the contributions based on a fixed percentage of the participant's income. The net assets and net liabilities recognised on the consolidated statement of financial position for defined benefit plans represent the actual surplus or deficit in the Group's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method.

Defined benefit costs are split into three categories: 1) service cost, past service cost, gains and losses on curtailment and settlements; 2) net interest expense or income and 3) re-measurement.

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for under defined contribution criteria.

The provisions for jubilee benefits are calculated using the projected unit credit method. The provisions for jubilee benefits are valued at discounted amounts.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit and loss ('FVTPL') or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

All derivative financial instruments are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses resulting from the fair value remeasurement are recognised in the statement of profit or loss and other comprehensive income as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised initially in the cash flow hedging reserve, a separate component of

### 3. Significant accounting policies (Continued)

equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income. Amounts accumulated in equity are reclassified into the statement of profit or loss and other comprehensive income in the same period in which the related exposure impacts the statement of profit or loss and other comprehensive income. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognized in the statement of profit or loss and other comprehensive income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognised in the statement of profit or loss and other comprehensive income. Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognised in the statement of profit or loss and other comprehensive income in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised in the statement of profit or loss and other comprehensive income over the remaining period to maturity of the hedged item.

Loans and short-term borrowings

Loans and short-term borrowings are recognised initially at the proceeds received, which represents fair value, net of transaction costs incurred. Loans and short-term borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability. Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**Statement of cash flows**

The statement of cash flows has been prepared using the indirect method.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that management considers most critical are the following assumptions:

- Estimates and assumptions for measuring intangible assets at time of acquisition, as well as estimates of their useful lives.
- Calculations made to determine the recoverable amount of a cash-generating unit to which goodwill is allocated. The calculation of the recoverable amount is based on the estimated future cash flows and an appropriate discount rate has to be determined to calculate the present value.
- Reviewing the level of obsolescence of inventories and its impact on the expected net realisable value, being the estimated selling price in the ordinary course of business less the estimated

## 4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

costs to be incurred in bringing the inventories to their selling location and in selling condition, and consequently, the measurement of inventories.

- Calculations made to determine the amount of current and deferred tax positions to be recognised. The calculation of the amount to be recognised is based on the estimated future taxable results and an estimate of the ultimate tax effect of certain transactions.

## 5. Revenue

The revenue for the year per geographical area can be specified as follows:

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| Belgium and Luxembourg | 710 | 706 |
| The Netherlands | 645 | 631 |
| Total | 1,355 | 1,337 |

## 6. Salaries, social security charges and pension expenses

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| Salaries | 182 | 185 |
| Social security charges | 37 | 37 |
| Pension expenses | 10 | 12 |
| Total | 229 | 234 |

## 7. Average number of FTEs and employees

| Average number of FTEs | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| The Netherlands | 2,530 | 2,476 |
| Belgium and Luxembourg | 2,452 | 2,440 |
| Asia | 42 | 53 |
| Total | 5,024 | 4,969 |

| Average number of employees | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| The Netherlands | 4,382 | 4,208 |
| Belgium and Luxembourg | 3,078 | 2,798 |
| Asia | 42 | 53 |
| Total | 7,502 | 7,059 |

## 8. Financial income and expense

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| Net interest income/(expenses) | −36 | −58 |
| Net affiliated company interest income/(expenses) | 10 | 27 |
| Other financial income/(expenses) | 1 | −3 |
| Total | −25 | −34 |

## 9. Income taxes

The taxes on income are an expense of € 10 million (2015/16: expense of € 6 million). Tax expense comprises:

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| **Current tax expense** | | |
| Current tax expense | −10 | −9 |
| Adjustments in relation to current tax of prior years | — | — |
| | −10 | −9 |
| **Deferred tax expense** | | |
| Deferred taxation liability relating to temporary differences | — | — |
| Deferred taxation receivable relating to temporary differences | — | 3 |
| Effect of changes in tax rates and laws | — | — |
| Utilisation of income tax loss | — | — |
| Total deferred tax benefit/(expense) | — | 3 |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −10 | −6 |

The total charge for the year can be reconciled as follows:

**Reconciliation of effective tax rate**

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| Result from continuing operations | 18 | −8 |
| Income tax expense calculated at 25% (2015/16: 25%) | −4 | 2 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | −2 | −1 |
| Effect of non-deductible expenses and tax-exempt income | 1 | −1 |
| Effect of utilisation of unrecognised tax losses | — | — |
| Effect of unrecognised tax losses for the year | −5 | −6 |
| Adjustments in relation to current tax of prior years & other | — | — |
| Recognition of loss carry-forwards | — | — |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −10 | −6 |

The operating activities are subject to income taxes in various countries against tax rates (domestic corporate tax rates) that vary between 17% and 33%.

## 9. Income taxes (Continued)

### Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

| € in millions | Net Assets/Liabilities January 31, 2017 | January 31, 2016 |
|---|---|---|
| Intangible fixed assets | — | — |
| Tangible fixed assets | — | — |
| Inventories | −6 | −6 |
| Provisions | 5 | 6 |
| Short-term liabilities | — | — |
| Tax loss carry forward | 2 | 1 |
| Tax assets/(liabilities) | 1 | 1 |
| Set-off tax assets with liabilities | — | — |
| Net tax assets/(liabilities) | 1 | 1 |

Movements in net deferred tax assets and liabilities can be specified as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Balance at beginning of year | 1 | −2 |
| Translation adjustments | — | — |
| Recognised in income | — | 3 |
| Other | — | — |
| Balance at year-end | 1 | 1 |

During the reporting period the Company and its Dutch subsidiaries are part of a fiscal unity for Dutch corporate income tax, headed by Maxeda DIY Group B.V. The benefits of this fiscal unity structure are attributed pro rata to this part of the Group within the fiscal unity. Over the reporting period the fiscal unity was in a tax loss position. As the fiscal unity as a total was in a tax loss position, no deferred tax asset/liability was recorded for the Dutch operations.

The unrecognised tax losses of this fiscal unity expire in 2017/18 and subsequent years.

## 10. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2015: | | | |
| Historical cost | 233 | 40 | 273 |
| Accumulated amortisation | −35 | −32 | −67 |
| Book value | 198 | 8 | 206 |
| Changes in book value: | | | |
| Acquisitions | — | 8 | 8 |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | 8 | 8 |
| Amortisation | — | −4 | −4 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | — | 4 | 4 |
| Balance as at January 31, 2016: | | | |
| Historical cost | 233 | 48 | 281 |
| Accumulated amortisation | −35 | −36 | −71 |
| Book value | 198 | 12 | 210 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | 10 | 10 |
| Disposals | — | — | — |
| Net investments | — | 10 | 10 |
| Amortisation | — | −5 | −5 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | — | 5 | 5 |
| Balance as at January 31, 2017: | | | |
| Historical cost | 233 | 58 | 291 |
| Accumulated amortisation | −35 | −41 | −76 |
| Book value | 198 | 17 | 215 |

### Impairment

In 2016/17 no impairment on intangible fixed assets has been recognised (2015/16: € 0 million).

### Annual impairment test

The carrying amounts of goodwill allocated to the cash-generating units are as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Do-it-yourself the Netherlands | 43 | 43 |
| Do-it-yourself Belgium | 155 | 155 |
| | 198 | 198 |

### 10. Intangible fixed assets (Continued)

The recoverable amount of each cash-generating unit, used in the annual impairment tests, is based on its value in use. Key assumptions used in the impairment tests for the cash-generating units in the table below were sales growth rates, gross profit (margin) and the rates used for discounting the projected cash flows. These cash flow projections were based on the Company's strategic plan. For estimation of the terminal value, we utilized a long-term growth rate of 1.5% for both cash generating units, based on expected long-term inflation rates.

The present value of estimated future cash flows has been calculated using a post-tax discount rate of 10.0% (2015/16: 10.0%). This discount rate was applied to both cash generating units. The post-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash generating unit. The pre-tax discount rate is equal to 12.8% and 14.1% for respectively DIY the Netherlands and DIY Belgium.

Based on the 2016/17 annual impairment test the recoverable amounts for all cash-generating units were estimated to be higher than the carrying amounts, and therefore no impairment losses were identified (2015/16: € 0 million).

The results of the annual impairment test of DIY the Netherlands and DIY Belgium have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

The recoverable amount is based on the value in use, which is the present value of future cash flows expected to be derived from a cash-generating unit.

## 11. Property, plant and equipment

| € in millions | Land, buildings and leasehold improvements | Other fixed assets | In progress and prepaymentss | Total |
|---|---|---|---|---|
| Balance as at January 31, 2015: | | | | |
| Historical cost | 62 | 395 | 9 | 466 |
| Accumulated depreciation and impairment | −50 | −327 | — | −377 |
| Book value | 12 | 68 | 9 | 89 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 4 | 25 | 1 | 30 |
| Transfer of assets in progress | — | — | −2 | −2 |
| Disposals | — | — | — | — |
| Net investments | 4 | 25 | −1 | 28 |
| Depreciation | −3 | −21 | — | −24 |
| Impairment | — | −6 | — | −6 |
| Total changes in book value | 1 | −2 | −1 | −2 |
| Balance as at January 31, 2016: | | | | |
| Historical cost | 66 | 420 | 8 | 494 |
| Accumulated depreciation and impairment | −53 | −354 | — | −407 |
| Book value | 13 | 66 | 8 | 87 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 2 | 14 | 9 | 25 |
| Transfer of assets in progress | — | 8 | −8 | — |
| Disposals | — | — | — | — |
| Net investments | 2 | 22 | 1 | 25 |
| Depreciation | −2 | −20 | — | −22 |
| Impairment | — | −3 | — | −3 |
| Total changes in book value | — | −1 | 1 | — |
| Balance as at January 31, 2017 | | | | |
| Historical cost | 68 | 442 | 9 | 519 |
| Accumulated depreciation and impairment | −55 | −377 | — | −432 |
| Book value | 13 | 65 | 9 | 87 |

Tangible fixed assets are assessed for impairment at the level of individual retail stores. The impairment tests of some stores resulted in an impairment of the carrying amount of the net asset value of these stores in 2016/17 of € 3 million (2015/16: € 6 million). The impairments in 2016/17 consist of impairments recognised by Praxis Doe-het-Zelf Center B.V. of € 3 million, mainly driven by disappointing store specific sales volumes in the Netherlands. Along with the impairments, the depreciation of € 22 million (2015/16: € 24 million) is recognised in the statement of profit or loss and other comprehensive income for the period 2016/17 on the line items General and administrative expenses and Selling and distribution cost.

## 12. Financial fixed assets

| € in millions | Amounts receivable from affiliated company | Other amounts receivable | Total |
|---|---|---|---|
| Balance as at January 31, 2015 | 797 | 33 | 830 |
| Acquisitions | — | — | — |
| Additions | — | 27 | 27 |
| Settlements* | −235 | −48 | −283 |
| Balance as at January 31, 2016 | 562 | 12 | 574 |
| Acquisitions | — | — | — |
| Additions | — | 9 | 9 |
| Settlements | — | — | — |
| Balance as at January 31, 2017 | 562 | 21 | 583 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. As of May 2016, the loan bears 1.00% interest per annum. Prior to that, the interest was 4.00% (2015/16: 4.00%). The loan shall be repaid upon request.

* As mentioned in note 16 in more detail, as per July 27, 2015 the subordinated lenders decided to do a non-cash debt-to-equity swap transaction were the lenders became shareholders of the Company direct parent, Maxeda DIY Group B.V., signed an agreement to implement a new capital structure. Maxeda DIY Group B.V. contributed the intercompany receivable on Maxeda DIY B.V., amounting to € 283 million into Maxeda DIY Holding B.V. in favour of share premium. Subsequently Maxeda DIY Holding B.V. settled the € 283 million receivable on Maxeda DIY B.V. with the outstanding intercompany loan with Maxeda DIY Holding B.V. As a result, the remaining intercompany debt payable decreased to € 562 million (nominal). The accrued interest of the loan amounts to € 21 million per January 31, 2017.

## 13. Inventories

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Finished products and merchandise inventories | 294 | 293 |
| Raw materials, packaging materials, technical supplies and other | 22 | 23 |
| | 316 | 316 |
| Provision for write-offs | −6 | −7 |
| Total | 310 | 309 |

An amount of € 5.0 million (2015/16: € 6.5 million) has been recognised in the statement of profit or loss and other comprehensive income as write-offs of inventories to net realisable value.

## 14. Trade and other receivables

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Trade receivables | 83 | 87 |
| Prepaid rent | 9 | 5 |
| Other amounts receivable | 18 | 15 |
| Prepayments and accrued income | 4 | 7 |
| | 114 | 114 |
| Allowance for doubtful debts | −16 | −15 |
| Total | 98 | 99 |

## 14. Trade and other receivables (Continued)

### Trade receivables

The average credit period on sales of goods is approximately 26 days. In general, no interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, by some formats interest is charged at approximately 6% per annum on the outstanding balance.

Ageing of past due but not impaired

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| 60–90 days | 1 | 1 |
| 90–180 days | 5 | 10 |
| Total | 6 | 11 |

Movement in the allowance for doubtful debts

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Balance at beginning of the year | −15 | −11 |
| Impairment losses recognised on receivables | −1 | −4 |
| Amounts written off as uncollectible | — | — |
| Amounts recovered during the year | — | — |
| Balance at end of the year | −16 | −15 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that no further credit allowance is required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| 0–60 days | — | — |
| 60–90 days | — | — |
| 90–120 days | — | — |
| 120+ days | −16 | −15 |
| Total | −16 | −15 |

## 15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Operational cash | 14 | 15 |
| Cash at banks | 45 | 85 |
| Total | 59 | 100 |

## 16. Financial liabilities

| € in millions | Average effective interest % | Total nominal value January 31, 2017 | Financing costs to be amortised | Total January 31, 2017 | Average effective interest % | Total nominal value January 31, 2016 | Financing costs to be amortised | Total January 31, 2016 |
|---|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 6.9% | 484 | −2 | 482 | 6.8% | 499 | −3 | 496 |
| Of which due in current period | | 18 | — | 18 | | 15 | — | 15 |
| Loans longer than 1 year | | 466 | −2 | 464 | | 484 | −3 | 481 |

Senior loan facility Maxeda DIY B.V.

The total Senior loan facility of Maxeda DIY B.V. was granted on June 29, 2007 and was amended and restated on May 7, 2013, November 18, 2013 and July 27, 2015 and comprises the following facilities:

- A Facility D loan in an aggregate amount of € 18 million with maturity date June 2017.
- A Facility E loan in an aggregate amount of € 466 million with maturity date June 2019.

The interest is floating for all facilities and based on EURIBOR, depending on the interest period selected by Maxeda, plus a margin. The margin varies from 3.25%–7.00%.

The Company has also an unused credit facility of € 20 million. This facility is granted by the ABN AMRO for general, corporate and working capital purposes of the borrower.

Maxeda DIY B.V. and its principal subsidiaries in the Netherlands and Belgium grant security towards the lenders over all its material assets, including shares in any company. This security is only limited as required by local law. It is not allowed to create additional security interest on assets, except for specified exemptions. The payment obligations under the Senior loan facility rank at least pari-passu in right and priority of payment with all other unsecured and unsubordinated indebtedness except for indebtedness preferred by laws or general application. In addition, there are restrictions for Maxeda DIY B.V. and its subsidiaries to enter into new financing and acquisition agreements without prior consent from the lenders.

Various events constitute a default, amongst others, if Maxeda DIY B.V. and its subsidiaries do not comply with the financial covenant of Total Net Debt to Consolidated EBITDA, of Total Senior Net Debt to Consolidated EBITDA, of Consolidated EBITDA to Net Cash Interest Payable and to Cash Flow to Net Debt Service. Under the existing Senior loan facility financial covenants have to be tested each quarter.

During the year and at the end of the reporting period Maxeda DIY B.V. and its subsidiaries comply with the aforementioned financial covenants.

## 17. Pensions and other employee benefits

The components of the employee benefits are shown in the following table:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Employee benefits | 13 | 15 |
| Jubilee benefits | 4 | 4 |
| Total | 17 | 19 |
| *Current portion* | *1* | *2* |
| *Non-current portion* | *16* | *17* |

### 17. Pensions and other employee benefits (Continued)

#### Defined contribution plans

The vast majority of the Dutch employees that are over twenty years of age participate in a multi-employer plan managed by Stichting Bedrijfstakpensioenfonds voor de Detailhandel (hereinafter referred to as ''Bpf Detailhandel''). Bpf Detailhandel executes the Dutch Maxeda pension scheme and the directors' pension scheme since January 1, 2007. This multi-employer plan qualifies as a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to obtain sufficient information to account for these plans as defined benefit plans.

In Belgium the Company makes contributions to a defined contribution plan. The plan is an average-pay based and fully insured and administrated by an insurance company.

During 2016/17 the Company contributed € 8 million (2015/16:€ 8 million) to its defined contribution plans recorded on the line items General and administrative expenses, Selling and distribution cost and Cost of sales.

#### Defined benefit plans

In Belgium the Company makes contribution to a defined benefit plan for executives. The plan is final-pay based and is administrated by an insurance company.

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation where a decrease in the discount rate will increase a plan's liability, however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability.

The average duration of the defined benefit obligations of the plans is 11 year. During the year no amendments/curtailments or settlements have been made. The plans are insured and funded via insurance premiums calculated by the insurer. The future return of the assets effects the future contributions. Any shortfall under legal minimum funding requirements should be funded immediately.

The Defined Benefit Obligation is computed in accordance with IAS 19; this quantity is the discounted present value of all benefits attributed under the Cost Method to service rendered prior to the fiscal date. The calculations are performed by qualified actuaries using the projected unit credit method.

During 2016/17 the Company contributed € 4 million (2015/16: € 2 million) to its defined benefit plans recorded.

The effect of Asset Ceiling (irrecoverable Surplus) is zero for 2016/17 and 2015/16.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| in % | January 31, 2017 | January 31, 2016* |
|---|---|---|
| Discount rate | 1.56 | 1.23 |
| Price inflation | 1.75 | 2.00 |
| Future general salary increases | 2.75 | 3.00 |
| Future pension increases for in-payment benefits | 1.75 | 2.00 |
| Future pension increases for deferred benefits | 0.00 | 0.00 |

* The discount rate for 2015/16 was adjusted for the inclusion of new pension plans in Belgium.

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by National Banks. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated share of the particular asset category in the plan's investment portfolio.

**17. Pensions and other employee benefits (Continued)**

Expenses recognised in comprehensive income in respect of these defined benefit plans are as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Current service costs | 3 | 2 |
| Net interest expense | — | — |
| Administration costs | — | — |
| Immediate recognition of (gain) / losses—other long-term employee benefit plan | — | — |
| Total expenses | 3 | 2 |

Re-measurement effects recognised in other comprehensive income in respect of defined plans are as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Actuarial (gain)/loss due to liability experience | — | −1 |
| Actuarial (gain)/loss due to liability assumption | 1 | — |
| Immediate recognition of (gain)/losses—other long term employee benefit plan | −2 | — |
| Total remeasurement effects recognized in OCI | −1 | −1 |

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

| € in millions | January 31, 2017 | January 31, 2016* |
|---|---|---|
| Present value of funded defined benefit obligations | 63 | 61 |
| Fair value of plan assets | −50 | −46 |
| Total liability employee benefits | 13 | 15 |

* The present value of defined benefit obligations and fair value of plan assets as at January 31, 2016 has been restated for a new defined benefit plans following a change in Belgian law.

Movements in the present value of the defined benefit obligation in the current year were as follows:

| € in millions | January 31, 2017 | January 31, 2016* |
|---|---|---|
| Opening defined benefit obligation | 61 | 21 |
| Current service cost | 3 | 2 |
| Interest cost | 1 | — |
| Actuarial (gain)/loss | 2 | −1 |
| Benefits paid | −4 | −2 |
| First time recognition | — | 41 |
| Closing defined benefit obligation | 63 | 61 |

* The present value of defined benefit obligations as at January 31, 2016 has been restated for new defined benefit plans in Belgium following a change in Belgian law.

**17. Pensions and other employee benefits (Continued)**

Movements in the fair value of plan assets in the current year were as follows:

| € in millions | January 31, 2017 | January 31, 2016* |
|---|---|---|
| Opening fair value of plan assets | 46 | 7 |
| Return on plan assets | 3 | — |
| Interest income | 1 | — |
| Employer contributions | 2 | 1 |
| Benefits paid | −2 | −1 |
| First time recognition | — | 39 |
| Closing fair value of plan assets | 50 | 46 |

* The present value of the fair value of plan assets as at January 31, 2016 has been restated for new defined benefit plans in Belgium following a change in Belgian law.

The major categories of plan assets at fair value at the end of the reporting period, are as follows:

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Equity instruments | — | — |
| Debt instruments | — | 7 |
| Insurance contracts | 50 | 39 |
| Total | 50 | 46 |

Virtually all equity and debt instruments have quoted prices in active markets. The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by the Group. The Group expects no contribution (2015/2016: nil) in 2016/17 to pension plans that qualify as a defined benefit scheme.

**Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and price inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate decreases with 100 basis points, the defined benefit obligation would increase by € 8 million.
- If the expected salary growth increases by 50 basis points, the defined benefit obligation would increase by € 3 million.
- If the price inflation increases with 25 basis points, the defined benefit obligation would increase by € 0 million.
- If mortality decreases by 6, the defined benefit obligation would increase by € 0 million.

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 17. Pensions and other employee benefits (Continued)

### Jubilee and other employer benefits

The Group has a number of plans for jubilee benefits in the Netherlands. The provision for these plans amounts to € 4 million (2015/16: € 4 million) and is based on the various arrangements in force using the projected unit credit method.

## 18. Other provisions

| € in millions | Total |
|---|---|
| Balance as at January 31, 2015 | 5 |
| *Current portion* | *1* |
| *Non-current portion* | *4* |
| Additions | 6 |
| Withdrawals and utilisations | — |
| Releases | — |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2016 | 11 |
| *Current portion* | *3* |
| *Non-current portion* | *8* |
| Additions | — |
| Withdrawals and utilisations | −7 |
| Releases | — |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2017 | 4 |
| *Current portion* | *1* |
| *Non-current portion* | *3* |

The other provisions include provisions in connection with various litigations and product liabilities. The Company takes a prudent approach with regards to the provisions.

For the provisions related to product liability and litigations the current portion is € 1 million and the remainder is expected to outflow between 1 and 3 years. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

## 19. Obligations under financial leases

### Leasing arrangements

Financial leases relate to property with lease terms between 2 and 7 years. All operating lease contracts over 2 years contain clauses for two yearly market rental reviews.

## 19. Obligations under financial leases (Continued)

### Financial lease liabilities

| € in millions | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | January 31, 2017 | January 31, 2016 | January 31, 2017 | January 31, 2016 |
| Not later than 1 year | 1 | 1 | 1 | 1 |
| Later than 1 year and not later than 5 years | — | 1 | — | 1 |
| | 1 | 2 | 1 | 2 |
| Less: future finance charges | — | — | — | — |
| Present value of minimum lease payments | 1 | 2 | 1 | 2 |
| Included in the financial statements as: | | | | |
| *Current financial lease liabilities* | | | *1* | *1* |
| *Non-current financial lease liabilities* | | | *—* | *1* |
| | | | *1* | *2* |

### Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

## 20. Other non-current liabilities

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Customer loyalty programmes | 3 | 3 |
| Total | 3 | 3 |
| Included in the financial statements as: | | |
| *Current liabilities* | *1* | *1* |
| *Non-current liabilities* | *2* | *2* |
| | *3* | *3* |

## 21. Trade and other current payables

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Trade payables | 316 | 327 |
| Other taxes and social security contributions | 15 | 28 |
| Other liabilities | 6 | 1 |
| Accruals and deferred income | 59 | 55 |
| Total | 396 | 411 |

The average credit period on purchases of trading goods is approximately 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

On January 10, 2017 a restructuring was announced impacting Praxis Groep B.V. As the restructuring is planned to be settled in 2017, the associated cost of € 3 million is included under the other liabilities.

## 22. Other current financial liabilities

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Provisions for employee benefits (current portion) | 1 | 2 |
| Other provisions (current portion) | 1 | 3 |
| Financial lease liabilities (current portion) | 1 | 1 |
| Total lending institutions (current portion) | 18 | 15 |
| Accrued interest third parties | 10 | 9 |
| Total | 31 | 30 |

## 23. Financial instruments and risks

### Capital risk management

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy has not changed since the previous year.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 16, cash and cash equivalents in note 15 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 32.

All the financial covenants as imposed in the borrowing arrangements are complied with during the year and at the end of the reporting period.

### Classification and fair value of financial instruments

The Group uses financial instruments, as part of the ordinary course of business, which are classified in the table below:

| | | January 31, 2017 | | January 31, 2016 | |
|---|---|---|---|---|---|
| € in millions | Category | Book value | Fair value | Book value | Fair value |
| **Financial assets** | | | | | |
| Loan affiliated company | a) | 583 | 583 | 574 | 574 |
| Trade and other receivables (excl. derivative financial instruments) | a) | 98 | 98 | 99 | 99 |
| Cash and cash equivalents | a) | 59 | 59 | 100 | 100 |
| Total financial assets | | 740 | 740 | 773 | 773 |
| **Financial liabilities** | | | | | |
| Senior loan facility Maxeda DIY B.V. | b) | 484 | 484 | 499 | 499 |
| Trade and other payables (excl. derivative financial instruments) | b) | 396 | 396 | 413 | 413 |
| Lease liabilities | b) | 1 | 1 | 2 | 2 |
| Total financial liabilities | | 881 | 881 | 914 | 914 |
| **Total per category** | | | | | |
| a) Loans and receivables | | 740 | 740 | 773 | 773 |
| b) Financial liabilities recognised at amortised cost | | −881 | −881 | −914 | −914 |

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing.

## 23. Financial instruments and risks (Continued)

The fair value of financial instruments has been determined by Maxeda using available market information and appropriate valuation methods (level 2 only). Level 2 inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

### Financial risk management objectives

The Group monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to reduce the potential impact of these risks to the required level by using derivative financial instruments to hedge these risk exposures.

The use of financial instruments is governed by the Group's policies approved by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Market risk

Market risk is defined as the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. Market risk contains currency risk, interest rate risk and other price risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing currency rates. This risk is limited because the vast majority of the Group's activities is denominated in euros. The currency risk on currently outstanding purchasing orders is hedged by using financial derivatives. These derivatives are recognised in the statement of financial position.

Interest rate risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market interest rates. In order to limit the impact on result of fluctuations in interest rates, the Group uses interest rate swaps. These financial derivatives are used to fix part of the interest rate on underlying loans. These derivatives are recognised in the consolidated statement of changes in equity.

Other price risks other than those arising from currency or interest rate risk relate to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. This risk is very limited given the nature of derivatives used by the Group.

### Credit risk

Credit risk is defined as the risk that any of the parties to a financial instrument were to be in default on their contractual obligations, resulting in a loss to the other parties. Except for receivables included under ''other amounts receivable'', the Group is not exposed to any significant credit risk with regard to its individual customers or counterparties. There is also a credit risk in case a counterparty to a contract involving financial derivatives defaults on its obligations. This risk is, however, remote given the creditworthiness of the counterparties with whom financial derivatives are contracted.

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations arising from financial instruments as they come due because of an inability to liquidate assets or obtain adequate funding. The Group holds sufficient cash and cash equivalent and has adequate credit facilities to minimise this risk.

## 23. Financial instruments and risks (Continued)

The repayment commitments on financial liabilities are summarised below:

| € in millions | Repayment commitments < 1 year | 1–5 years | > 5 years | Total January 31, 2017 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 18 | 466 | — | 484 |
| Total nominal value | 18 | 466 | — | 484 |

| € in millions | Repayment commitments < 1 year | 1–5 years | > 5 years | Total January 31, 2016 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 15 | 484 | — | 499 |
| Total nominal value | 15 | 484 | — | 499 |

## 24. Commitments not included in the consolidated statement of financial position

The Group has commitments under repurchase statements and guarantees, totalling € 66 million (2015/16: € 67 million), which are not included in the consolidated statement of financial position. These pertain mainly to franchisees and affiliated companies.

In the normal course of business, the Group entered into purchase agreements. Letters of Credit have been issued for some of the purchase agreements totalling € 8 million (2015/16: € 13 million) as per January 31, 2017.

The group companies have entered into long-term rental and lease contracts for business premises and other fixed assets. As at January 31, 2017 the future commitments were € 449 million (2015/16: € 452 million). Of this amount, € 91 million (2015/16: € 88 million) is payable within 1 year, € 219 million (2015/16: € 237 million) between 1 and 5 years and € 139 million (2015/16: € 127 million) after 5 years.

During the year, € 84 million (2015/16: € 84 million) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operational leases.

The Company and its Dutch subsidiaries are part of a fiscal unity, headed by Maxeda DIY Group B.V., for Dutch corporate income tax. As a result thereof, the Company and its Dutch subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

### Contingent liabilities

Companies within the Group are involved in various legal proceedings and other claims considered typical to its businesses. In the judgment of management, no losses, in excess of provisions made or covered by insurance programs, which would be material in relation to the Company's financial position are likely to arise in respect of these matters, although their occurrence may have a significant effect on periodic results.

## 25. Related party transactions

The Company has a related party relationship with its subsidiaries (see note 27), shareholders and key management. Transactions with key management are described in note 35.

### 26. List of subsidiaries

The following entities are significant subsidiaries of the Group as of January 31, 2017. Unless otherwise indicated, these are wholly or virtually wholly owned subsidiaries. Subsidiaries not providing additional insight into the Group as required under Dutch law are omitted from this list.

- Maxeda DIY B.V.
  - Praxis Groep B.V.
    - Praxis Doe-het-Zelf Center B.V.
    - Formido Bouwmarkten B.V.
  - Maxeda DIY Merken Praxis B.V.
    - Maxeda Benelux C.V.
  - Brico Belgium N.V.
    - Plan-it N.V.
    - Maxeda DIY Supply Chain N.V.

With respect to the separate financial statements of the Dutch legal entities included in the Group's consolidation, the Company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to said section 403, the Company has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which the Company has issued 403 declarations are open for inspection at the trade register as managed by the Dutch Chamber of Commerce.

**Company balance sheet as at January 31, 2017**

| € in millions | Notes | January 31, 2017 | January 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 28 | 107 | 107 |
| Financial fixed assets | 29 | 879 | 857 |
| **Total non-current assets** | | **986** | **964** |
| **Current assets** | | | |
| Inventories | | 1 | 1 |
| Trade and other receivables | 30 | 77 | 89 |
| **Total current assets** | | **78** | **90** |
| **Total assets** | | **1,064** | **1,054** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 179 | 171 |
| **Shareholders' equity** | 31 | **424** | **416** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 32 | 464 | 481 |
| **Total non-current liabilities** | | **464** | **481** |
| **Current liabilities** | | | |
| Trade and other payables | | 6 | 6 |
| Other current financial liabilities | 33 | 170 | 151 |
| **Total current liabilities** | | **176** | **157** |
| **Total liabilities** | | **640** | **638** |
| **Total equity and liabilities** | | **1,064** | **1,054** |

**Company income statement for the year ended January 31, 2017**

| € in millions | February 1, 2016 to January 31, 2017 | February 1, 2015 to January 31, 2016 |
|---|---|---|
| Result of participating interests after tax | 14 | −9 |
| Other results after tax | −6 | −5 |
| **Result after taxation** | **8** | **−14** |

## Notes to the Company financial statements

The Company financial statements have been prepared in accordance with the principles as defined in Part 9 of Book 2 of the Dutch Civil Code. By using the option in Section 2:362 (8) of the Dutch Civil Code the same accounting principles may be applied in the Company's financial statements and the consolidated financial statements. Participations in group companies are valued on the basis of net asset value. Net asset value is determined by valuing assets, provisions and liabilities and calculating the result using the accounting principles applied in the consolidated financial statements.

A list has been filed with the Amsterdam Trade Register setting out the data of the group companies as required under Sections 2:379 and 2:414 of the Dutch Civil Code.

### 27. Principles for the valuation of assets and liabilities and for the determination of results

The participating interests in group companies are stated at net asset value, calculated in accordance with the principles for valuation as set out in the notes to the consolidated financial statements. The other assets and liabilities are valued, and the result is determined, in accordance with the principles for valuation and determination of results as set out in the notes to the consolidated financial statements.

### 28. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2015: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2016: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2017: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |

## 29. Financial fixed assets

| € in millions | Participating interests in group companies | Amounts receivable from shareholder | Accounts receivable from subsidiaries | Other amounts receivable | Total |
|---|---|---|---|---|---|
| Balance as at January 31, 2015 | 174 | 797 | 118 | 33 | 1,122 |
| Acquisitions | — | — | — | — | — |
| Investments/additions | — | — | — | 27 | 27 |
| Settlements* | — | −235 | — | −48 | −283 |
| Share in net results | −9 | — | — | — | −9 |
| Divestments | — | — | — | — | — |
| Other movements | — | — | — | — | — |
| Balance as at January 31, 2016 | 165 | 562 | 118 | 12 | 857 |
| Acquisitions | — | — | — | — | — |
| Investments/additions | — | — | — | 9 | 9 |
| Settlements | — | — | — | — | — |
| Share in net results | 14 | — | — | — | 14 |
| Divestments | −1 | — | — | — | −1 |
| Other movements | — | — | — | — | — |
| Balance as at January 31, 2017 | 178 | 562 | 118 | 21 | 879 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. Up and until April 2016, the loan bore 4.00% interest per annum. As of May 2017, the loan bears 1.00% interest per annum. The loan shall be repaid upon request. The accrued interest of the loan amounts to € 21 million per January 31, 2017.

On April 22, 2009, a loan was granted to the Company's subsidiary, Brico Belgium N.V., to an amount of € 118 million. The loan bears 11.63% interest per annum. The loan shall be repaid upon request.

* As mentioned in note 16 in more detail, as per July 27, 2015 the subordinated lenders decided to do a non-cash debt-to-equity swap transaction were the lenders became shareholders of the Company direct parent, Maxeda DIY Group B.V., signed an agreement to implement a new capital structure. Maxeda DIY Group B.V. contributed the intercompany receivable on Maxeda DIY B.V., amounting to € 283 million, to Maxeda DIY Holding B.V. by means of a share premium contribution. Subsequently Maxeda DIY Holding B.V. settled the € 283 million receivable on Maxeda DIY B.V. with the outstanding intercompany loan with Maxeda DIY Holding B.V. As a result, the remaining intercompany debt payable decreased to € 562 million (nominal).

## 30. Trade and other receivables

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Trade receivables | 8 | 10 |
| Group corporation tax receivable | 61 | 58 |
| Amounts receivable group companies | 4 | 17 |
| Other receivables | 4 | 4 |
| | 77 | 89 |
| Allowance for doubtful debts | — | — |
| Total | 77 | 89 |

The group corporation tax receivable decreases the net asset value of the investments as result of the current tax structure within Maxeda DIY.

## 31. Shareholders' equity

| | | | Retained earnings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Other comprehensive income | | | | | |
| | Share capital | Share premium | Cash flow hedge reserve | Equity settled employee benefits reserve | Other legal reserve* | Other reserves | Result for the year | Total Group equity |
| **Balance as at January 31, 2015** | **57** | **188** | **—** | **−4** | **11** | **182** | **−5** | **429** |
| Appropriation of the result previous year . . . . . . . . . . | — | — | — | — | — | −5 | 5 | — |
| Additional paid-in capital . . . . . . . . | — | — | — | — | — | — | — | — |
| Profit or loss for the year . . . . . . . . . . | — | — | — | — | — | — | −14 | −14 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year . . . . . . . . . . | — | — | — | 1 | — | — | — | 1 |
| **Balance as at January 31, 2016** | **57** | **188** | **—** | **−3** | **11** | **177** | **−14** | **416** |
| Appropriation of the result previous year . . . . . . . . . . | — | — | — | — | — | −14 | 14 | — |
| Additional paid-in capital . . . . . . . . | — | — | — | — | — | — | | — |
| Profit or loss for the year . . . . . . . . . . | — | — | — | — | — | — | 8 | 8 |
| Dividend distribution | — | — | — | — | — | — | — | — |
| Other comprehensive income for the year . . . . . . . . . . | — | — | — | — | — | — | — | — |
| **Balance as at January 31, 2017** | **57** | **188** | **—** | **−3** | **11** | **163** | **8** | **424** |

* This is a statutory reserve for the Belgian entities in line with Belgian law.

As at January 31, 2017 the share capital consists of 1,500,000 ordinary shares of € 100 per share. 567,226 Shares were issued and paid in.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (interest rate swaps) related to hedged transactions that have not yet occurred.

## 32. Financial liabilities

| € in millions | Average effective interest % | Total nominal value January 31, 2017 | Financing costs to be amortised | Total January 31, 2017 | Average effective interest % | Total nominal value January 31, 2016 | Financing costs to be amortised | Total January 31, 2016 |
|---|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 6.9% | 484 | −2 | 482 | 6.8% | 499 | −3 | 496 |
| Of which due in current period | | 18 | — | 18 | | 15 | — | 15 |
| Loans longer than 1 year | | 466 | −2 | 464 | | 484 | −3 | 481 |

For the Senior loan facility, the subordinated facility and the Revolving credit facility reference is made to note 16 of the consolidated financial statements.

## 33. Other current financial liabilities

| € in millions | January 31, 2017 | January 31, 2016 |
|---|---|---|
| Short-term financial liabilities | 18 | 23 |
| Amounts payable group companies | 139 | 119 |
| Accrued interest third parties | 11 | 9 |
| Bank overdraft | 2 | — |
| Total | 170 | 151 |

The short-term financial liabilities amounting to € 20 million (2015/16: € 23 million) consist of € 18 million part of debt repayable within 1 year and € 2 million negative cash balance.

The amounts payable to group companies bear 6.50% interest per annum (2015/16: 6.50%).

## 34. Remuneration of key management

The individual service contracts of the members of the Board of Directors are determined by the Supervisory Board of Maxeda DIY Group B.V. The remuneration of the Board of Directors includes salaries, performance related bonuses, emoluments and other compensations.

The total 2016/17 remuneration of the Board of Directors amounts to € 3.3 million (2015/16: € 2.4 million).

The 2016/17 remuneration includes the contractual agreed termination benefit of the former CEO of the Company who left the Company in 2016/17.

## 35. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2016 to January 31, 2017 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Other non-audit services | — | 1 | 1 |
| Total principal auditor's remuneration | 1 | 1 | 2 |

### 35. Principal auditor's remuneration (Continued)

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2015 to January 31, 2016 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Other non-audit services | — | 1 | 1 |
| Total principal auditor's remuneration | 1 | 1 | 2 |

### 36. Commitments not included in the Company balance sheet

The Company and most of its Dutch subsidiaries are part of a fiscal unity headed by the Company's indirect shareholder Maxeda DIY Group B.V. As a result thereof, the Company and its subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

### Subsequent events

There are no subsequent events to report.

### Appropriation of result for the financial year 2015/16

The annual report 2015/16 was adopted in the General Meeting held on June 30, 2016. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Signature page to the Financial Statements of Maxeda DIY B.V.

Amsterdam, April 26, 2017

**The Board of Directors**

G.S.R. Colleau
Chief Executive Officer—Statutory director

L.P.E. Leunis
Chief Financial Officer—Statutory director

## Other information

### Proposal of profit appropriation

Section 15 of the Articles of Association stipulates that the profit is at the disposition of the annual General Meeting. The Board of Direcotrs will be putting a resolution before the annual General Meeting to the effect that the net result will be transferred to the other reserves. The financial statements reflect this proposal.

### Independent auditor's report

Reference is made to the independent auditor's report as included hereinafter.

Deloitte.

**Deloitte Accountants B.V.**
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## Independent auditor's report

To the shareholders and Board of Directors of Maxeda DIY B.V.

## REPORT ON THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL ACCOUNTS FOR THE YEAR ENDED JANUARY 31, 2017

### Our Opinion

We have audited the financial statements for the year ended January 31, 2017 of Maxeda DIY B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements included in these annual accounts give a true and fair view of the financial position of Maxeda DIY B.V. as at January 31, 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements included in these annual accounts give a true and fair view of the financial position of Maxeda DIY B.V. as at January 31, 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at January 31, 2017.
2. The following statements for the year ended January 31, 2017: the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at January 31, 2017.
2. The company income statement for the year ended January 31, 2017.
3. The notes comprising a summary of the accounting policies and other explanatory information.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ''Our responsibilities for the audit of the financial statements'' section of our report.

We are independent of Maxeda DIY B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- Directors' Report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Directors' Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

### Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, April 26, 2017

Deloitte Accountants B.V.

Signed on the original: G.M. Dekker

**Maxeda DIY B.V.**

Consolidated financial statements for the year ended January 31, 2016

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## Management Board's Report

The Management Board's Report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

## Consolidated statement of profit or loss and other comprehensive income for the year ended January 31, 2016

| € in millions | Notes | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|---|
| Revenue | 5 | 1,337 | 1,314 |
| Cost of sales | | −881 | −860 |
| Gross profit | | 456 | 454 |
| Selling and distribution cost | | −367 | −347 |
| General and administrative expenses | | −63 | −78 |
| Operating result | | 26 | 29 |
| Financial income and expense | 8 | −34 | −24 |
| Income before income taxes | | −8 | 5 |
| Income taxes | 9 | −6 | −10 |
| **Result for the year** | | **−14** | **−5** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Remeasurement of defined benefit obligation[1] | | 1 | −4 |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Net fair value gain on hedging instruments entered into for cash flow hedges | | — | 1 |
| Other comprehensive income for the year, net of income tax | | **1** | **−3** |
| **Total comprehensive income for the year** | | **−13** | **−8** |

(1) The Group has elected to present individual components of OCI, net of income tax with an aggregate amount presented for tax in the statement of profit or loss and OCI, and has provided disclosures related to tax on each component of OCI in note 9.

## Consolidated statement of financial position at January 31, 2016

| € in millions | Notes | January 31, 2016 | January 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 10 | 210 | 206 |
| Property, plant and equipment | 11 | 87 | 89 |
| Financial fixed assets | 12 | 574 | 830 |
| Deferred tax asset | 9 | 1 | — |
| **Total non-current assets** | | **872** | **1,125** |
| **Current assets** | | | |
| Inventories | 13 | 309 | 296 |
| Trade and other receivables | 14 | 99 | 90 |
| Cash and cash equivalents | 15 | 100 | 169 |
| **Total current assets** | | **508** | **555** |
| **Total assets** | | **1,380** | **1,680** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 171 | 184 |
| **Total Group equity** | 33 | **416** | **429** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 16 | 481 | 714 |
| Employee benefits | 17 | 17 | 17 |
| Other provisions | 18 | 8 | 4 |
| Deferred tax liability | 9 | — | 2 |
| Financial lease liabilities | 19 | 1 | 2 |
| Other non-current liabilities | 20 | 2 | 2 |
| **Total non-current liabilities** | | **509** | **741** |
| **Current liabilities** | | | |
| Trade and other current payables | 21 | 411 | 424 |
| Current income tax liabilities | | 14 | 16 |
| Other current financial liabilities | 22 | 30 | 70 |
| **Total current liabilities** | | **455** | **510** |
| **Total liabilities** | | **964** | **1,251** |
| **Total equity and liabilities** | | **1,380** | **1,680** |

## Consolidated statement of changes in equity for the year ended January 31, 2016

| | | | Retained earnings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Other comprehensive income | | | | | |
| | Share capital | Share premium | Cash flow hedge reserve | Equity settled employee benefits reserve | Other legal reserve* | Other reserves | Result for the year | Total Group equity |
| **Balance as at January 31, 2014** | **57** | **188** | **−1** | **0** | **11** | **560** | **19** | **834** |
| Appropriation of the result previous year | — | — | — | — | — | 19 | −19 | 0 |
| Additional paid-in capital | — | — | — | — | — | — | — | 0 |
| Profit or loss for the year | — | — | — | — | — | — | −5 | −5 |
| Dividend distribution | — | — | — | — | — | −397 | — | −397 |
| Other comprehensive income for the year | — | — | 1 | −4 | — | 0 | — | −3 |
| **Balance as at January 31, 2015** | **57** | **188** | **0** | **−4** | **11** | **182** | **−5** | **429** |
| Appropriation of the result previous year | — | — | — | — | — | −5 | 5 | 0 |
| Additional paid-in capital | — | — | — | — | — | — | — | 0 |
| Profit or loss for the year | — | — | — | — | — | — | −14 | −14 |
| Dividend distribution | — | — | — | — | — | — | — | 0 |
| Other comprehensive income for the year | — | — | — | 1 | — | — | — | 1 |
| **Balance as at January 31, 2016** | **57** | **188** | **0** | **−3** | **11** | **177** | **−14** | **416** |

* This is a statutory reserve for the Belgian entities in line with Belgium law

## Consolidated statement of cash flows for the year ended January 31, 2016

| € in millions | Notes | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|---|
| **Operating result** | | **26** | **29** |
| Amortisation, depreciation and impairment | | 34 | 29 |
| Movements in: | | | |
| Inventories | | −13 | −3 |
| Trade and other receivables | | −20 | 9 |
| Trade and other payables* | | −9 | 4 |
| Provisions** | | 14 | 2 |
| **Cash flow from operations** | | **32** | **70** |
| Interest paid | | −30 | −22 |
| Taxes paid/received | | −9 | −9 |
| **Cash flow from operating activities** | | **−7** | **39** |
| Investments in tangible and intangible fixed assets | | −37 | −33 |
| **Cash flow from investing activities** | | **−37** | **−33** |
| Repayment external debt | | −15 | −1 |
| External financing received | | −10 | 42 |
| **Cash flow from financing activities** | | **−25** | **41** |
| **Net cash flow** | | **−69** | **47** |
| Net cash as at the beginning of the year | | 169 | 122 |
| **Net cash as at year-end** | 15 | **100** | **169** |

* Excluding short-term loans from credit institutions

** This includes the mutation in the other provisions and the employee benefit provisions.

## Notes to the consolidated financial statements for the year ended January 31, 2016

### 1. General information

The Company was established on December 27, 1955 and is legally seated in Amsterdam. The address of the Company's registered office is De Entree 500 Amsterdam Zuid-Oost, the Netherlands.

The shareholders' situation as at January 31, 2016 is as follows: The Company's direct shareholder is Maxeda DIY Holding B.V and the ultimate controlling party Maxeda DIY Group B.V. The ultimate shareholders of the Company are a consortium consisting of investment funds, affiliated with and/or advised by Ardian Funds (Paris, France), GoldenTree Asset Management funds (New York, United States of America), Kohlberg Kravis Roberts & Co. LP (London, United Kingdom), AlpInvest Partners N.V. (Amsterdam, the Netherlands), IdInvest Partners (Paris, France), Babson Capital Management (London, United Kingdom), Ares Management (Los Angeles, United States) and for 18.5% of the B-nonvoting shares Viktoria Holding B.V. (Amsterdam, the Netherlands).

The Company is a holding company and the principal activities of the Company and its subsidiaries (hereafter referred to as ''the Group'') consist of Do-it-yourself retail in the Netherlands, Belgium and Luxembourg.

The Group's mission is to help and inspire people to create the home of their desires. Our vision is to do this as an integrated, modern, market leading company with four formats.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service. The amendment had no impact on the Group as contributions to existing defined benefit plans are attributed to periods of service using the projected unit credit method (being the default accounting treatment under IAS 19);

Annual improvements: 2010–2012 Cycle and Annual Improvements: 2011–2013 Cycle. These two cycles are a collection of amendments issued under the annual improvement process, which is designed to make necessary, but non-urgent amendments to IFRS.

#### 2.2 New and revised IFRSs in issue but not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after January 31, 2016. These have not yet been endorsed by the European Union and as such have not been adopted.

IFRS 9 Financial Instruments (effective January 1, 2018). This standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and the new general hedge accounting requirements. The Group is assessing the potential impact on its consolidated financial statements;

In May 2014, the IASB issued IFRS 15 'Revenue from contracts with customers'. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. In addition, the new standard requires a set of quantitative and qualitative disclosures to enable users of the Company's consolidated financial statements to

## 2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 supersedes IAS 11 'Construction contracts' and IAS 18 'Revenue' as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. The Company does not plan to adopt this standard early and the extent of the impact has not yet been determined.

IFRS 16 Leases (effective January 1, 2019). This standard replaces the existing guidance in IAS 17 Leases and several interpretations (IFRIC 14, SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The Group is assessing the potential impact on the consolidated financial statements.

## 3. Significant accounting policies

### Statement of compliance

The consolidated financial statements for the year ended January 31, 2016 have been prepared in accordance with International Financial Reporting Standards (''IFRS'') as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The notes to the Company's balance sheet and income statement are limited to items that differ from the corresponding items in the consolidated financial statements and that are of material significance. The Company's income statement has been prepared in accordance with Section 2:402 of the Dutch Civil Code.

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36 and IAS 19 employee benefits.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 3. Significant accounting policies (Continued)

### Functional and presentation currency

The functional currency of the Company is the euro. These consolidated financial statements are presented in millions of euros.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Revenue

Revenue comprises the sales value of the goods delivered and services rendered, net of VAT and sales discounts, including those discounts provided in connection with bonus or loyalty cards. For the Group’s own stores, revenue is recognised at the moment of the delivery to consumers, for franchisees at the moment that the economic risk is transferred to the franchisee, which normally coincides with the delivery of goods to the franchisees. Net turnover also includes the fees from franchisees, concession holders and agency fees (after any discounts).

### Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing, storing, rent, depreciation of property, plant and equipment, salaries, and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

### Selling and distribution costs

Selling expenses consist of store employees’ salaries and wages, store expenses, rent income and rent expense or depreciation related to stores, advertising costs, and other selling expenses.

### General and administrative expenses

General and administrative expenses are the costs of general management of the group companies, the costs of group management and all costs that do not qualify as either cost of sales or selling and distribution costs.

## 3. Significant accounting policies (Continued)

### Financial income and expense

Financial income and expense includes the interest income and expense, exchange rate differences that do not relate to participating interest or retail merchandise transactions, the gains and losses on interest rate hedging operations involving financial derivatives, the amortisation of financing costs and any result realised at redemption of financial liabilities. The financing costs, including advisory and legal fees directly related to a financial transaction, are charged to the statement of profit or loss and other comprehensive income using the effective interest method.

### Taxation

Income tax expense represents the sum of the current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax liabilities that relate to temporary differences are recognised, except for the deferred tax liabilities that arise from the initial recognition of goodwill. Deferred tax assets for temporary differences and for tax loss carry forward positions are recognised to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

### Intangible fixed assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

Other intangible fixed assets

Other intangible fixed assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible fixed assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Other intangible fixed assets are amortised over 3–5 years.

## 3. Significant accounting policies (Continued)

### Property, plant and equipment

Tangible fixed assets are carried at historical cost. Assets that have been taken into use are depreciated on a straight-line basis over the estimated useful life per category of tangible fixed assets or parts thereof taking into account their residual value, with the following maximum terms:

- Buildings and leasehold improvements . . . . . . . . . . 30 years

Other tangible fixed assets:
- Technical installations . . . . . . . . . . 10 years
- Equipment and shop fittings . . . . . . . . . . 8 years
- Computer hardware and cash register systems . . . . . . . . . . 5 years

Tangible fixed assets with a temporary right of use are depreciated over the duration of those rights. Land is not depreciated.

For tangible fixed assets to which the Group holds the beneficiary ownership pursuant to a financial lease agreement the net present value of the lease instalments is taken as historical cost and is depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which they are incurred.

### Impairment of fixed assets

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible fixed assets, tangible fixed assets and financial fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that their carrying amounts may be impaired. For the purpose of impairment assessments, fixed assets are divided into groups with separately identifiable cash flows. Individual stores are considered to be separate cash-generating units for impairment testing purposes.

Financial fixed assets are assessed for impairment on an investment-by-investment basis. When an impairment is identified, the carrying value of the assets is written-down to their recoverable amount.

### Financial fixed assets

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Associates are generally accompanying a shareholding between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Transactions between the Group and associates are at an arm's length basis.

## 3. Significant accounting policies (Continued)

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at the lower of their fair value at the inception of the lease or at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation in order to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Foreign currencies

Transactions in foreign currencies are recorded at exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated at the exchange rate as at the end of the reporting period. The resulting exchange differences are taken to the statement of profit or loss and other comprehensive income and accumulated in equity, with the exception of exchange differences on net investments in participating interests outside the Eurozone, which are presented directly in the shareholders' equity, net of taxation. The results from the participating interests outside the Eurozone are accounted for at the average exchange rates.

Exchange differences relating to retail merchandise transactions are presented as cost of sales, other exchange differences are presented as financial income and expenses.

### Financial assets

Financial assets are classified into the following specified categories if applicable: financial assets 'at fair value through profit or loss' (hereafter referred to as ''FVTPL''), 'held-to-maturity' investments, 'available-for-sale'(AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets measured at fair value through profit or loss relate to financial derivatives for hedging exchange rate risks on current purchasing and to investments in money market funds.

The estimated fair value of trade and other receivables is approximately the same as the book value because of the short-term nature of these instruments and as recoverability is taken into account if necessary. Receivables from non-consolidated participating interests and other receivables are carried at amortised costs, which is usually the nominal value. When appropriate an allowance for doubtful debts is recorded.

**3. Significant accounting policies (Continued)**

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost consists of the purchase price, the direct costs and directly attributable indirect costs incurred in bringing the inventories to their present location and condition. Net realisable value consists of the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition.

The Company uses the weighted average cost formula, in which the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased during the period. The average is calculated on a periodic basis.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Pension and other post-employment benefits**

The provision for pensions and other post-employee benefits mainly consists of pension obligations, jubilee benefits and redundancy schemes.

A pension scheme qualifies as a defined contribution scheme, as the Company has no other obligation than to pay the contributions based on a fixed percentage of the participant's income. The net assets and net liabilities recognised on the consolidated statement of financial position for defined benefit plans represent the actual surplus or deficit in the Group's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method.

Defined benefit costs are split into three categories: 1) service cost, past service cost, gains and losses on curtailment and settlements; 2) net interest expense or income and 3) re-measurement.

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for under defined contribution criteria.

The provisions for jubilee benefits are calculated using the projected unit credit method. The provisions for jubilee benefits are valued at discounted amounts. Provisions for redundancy schemes are valued at discounted amounts.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at Fair Value through Profit and Loss ('FVTPL') or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3. Significant accounting policies (Continued)

Derivative financial instruments

All derivative financial instruments are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses resulting from the fair value remeasurement are recognised in the statement of profit or loss and other comprehensive income as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income. Amounts accumulated in equity are reclassified into the statement of profit or loss and other comprehensive income in the same period in which the related exposure impacts the statement of profit or loss and other comprehensive income. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognized in the statement of profit or loss and other comprehensive income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognised in the statement of profit or loss and other comprehensive income. Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognised in the statement of profit or loss and other comprehensive income in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised in the statement of profit or loss and other comprehensive income over the remaining period to maturity of the hedged item.

Loans and short-term borrowings

Loans and short-term borrowings are recognised initially at the proceeds received, which represents fair value, net of transaction costs incurred. Loans and short-term borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability. Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**Statement of cash flows**

The statement of cash flows has been prepared using the indirect method.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions

## 4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that management considers most critical are the following assumptions:

- Estimates and assumptions for measuring intangible assets at time of acquisition, as well as estimates of their useful lives.
- Calculations made to determine the recoverable amount of a cash-generating unit to which goodwill is allocated. The calculation of the recoverable amount is based on the estimated future cash flows and an appropriate discount rate has to be determined to calculate the present value.
- Reviewing the level of obsolescence of inventories and its impact on the expected net realisable value, being the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition, and consequently, the measurement of inventories.
- Calculations made to determine the amount of current and deferred tax positions to be recognised. The calculation of the amount to be recognised is based on the estimated future taxable results and an estimate of the ultimate tax effect of certain transactions.

## 5. Revenue

The revenue for the year per geographical area can be specified as follows:

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Belgium and Luxembourg | 706 | 700 |
| The Netherlands | 631 | 614 |
| Total | 1,337 | 1,314 |

## 6. Salaries and social security charges

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Salaries | 185 | 182 |
| Social security charges | 37 | 37 |
| Pension expenses | 12 | 12 |
| Total | 234 | 231 |

## 7. Average number of employees

| | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| The Netherlands | 4,208 | 4,078 |
| Belgium, Luxembourg and other countries | 2,851 | 2,920 |
| Total | 7,059 | 6,998 |

## 8. Financial income and expense

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Net interest income/(expenses) | −58 | −62 |
| Net affiliated company interest income/(expenses) | 27 | 32 |
| Other financial income/(expenses) | −3 | 6 |
| Total | −34 | −24 |

## 9. Income taxes

The taxes on income are an expense of € 6 million (2014/15: expense of € 10 million). Tax expense comprises:

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| **Current tax expense** | | |
| Current tax expense | −9 | −9 |
| Adjustments in relation to current tax of prior years | — | — |
| | −9 | −9 |
| **Deferred tax expense** | | |
| Deferred taxation liability relating to temporary differences | — | −1 |
| Deferred taxation receivable relating to temporary differences | 3 | — |
| Effect of changes in tax rates and laws | — | — |
| Utilisation of income tax loss | — | — |
| Total deferred tax benefit/(expense) | 3 | −1 |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −6 | −10 |

## 9. Income taxes (Continued)

The total charge for the year can be reconciled as follows:

### Reconciliation of effective tax rate

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Result from continuing operations | −8 | 5 |
| Income tax expense calculated at 25% (2014/15: 25%) | 2 | −1 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | −1 | −3 |
| Effect of non-deductible expenses and tax-exempt income | −1 | −1 |
| Effect of utilisation of unrecognised tax losses | — | — |
| Effect of unrecognised tax losses for the year | −6 | −5 |
| Adjustments in relation to current tax of prior years & other | — | — |
| Recognition of loss carry-forwards | — | — |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −6 | −10 |

The operating activities are subject to income taxes in various countries against tax rates (domestic corporate tax rates) that vary between 17% and 33%.

### Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

| | Net Assets/Liabilities | |
|---|---|---|
| € in millions | January 31, 2016 | January 31, 2015 |
| Intangible fixed assets | — | — |
| Tangible fixed assets | — | 1 |
| Inventories | −6 | −6 |
| Provisions | 6 | 4 |
| Short-term liabilities | — | −1 |
| Tax loss carry forward | 1 | — |
| Tax assets/(liabilities) | 1 | −2 |
| Set-off tax assets with liabilities | — | — |
| Net tax assets/(liabilities) | 1 | −2 |

Movements in net deferred tax assets and liabilities can be specified as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Balance at beginning of year | −2 | −1 |
| Translation adjustments | — | — |
| Recognised in income | 3 | −1 |
| Other | — | — |
| Balance at year-end | 1 | −2 |

During the reporting period the Company and its Dutch subsidiaries are part of a fiscal unity for Dutch corporate income tax, headed by Maxeda DIY Group B.V. The benefits of this fiscal unity structure are attributed pro rata to this part of the Group within the fiscal unity. Over the reporting period the fiscal unity was in a tax loss position. As the fiscal unity as a total was in a tax loss position, no deferred tax asset/liability was recorded for the Dutch operations.

The unrecognised tax losses of this fiscal unity expire in 2016/17 and subsequent years.

## 10. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2014: | | | |
| Historical cost | 231 | 35 | 266 |
| Accumulated amortisation | −35 | −29 | −64 |
| Book value | 196 | 6 | 202 |
| Changes in book value: | | | |
| Acquisitions | 2 | 5 | 7 |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | 2 | 5 | 7 |
| Amortisation | — | −3 | −3 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | 2 | 2 | 4 |
| Balance as at January 31, 2015: | | | |
| Historical cost | 233 | 40 | 273 |
| Accumulated amortisation | −35 | −32 | −67 |
| Book value | 198 | 8 | 206 |
| Changes in book value: | | | |
| Acquisitions | — | 8 | 8 |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | 8 | 8 |
| Amortisation | — | −4 | −4 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | — | 4 | 4 |
| Balance as at January 31, 2016: | | | |
| Historical cost | 233 | 48 | 281 |
| Accumulated amortisation | −35 | −36 | −71 |
| Book value | 198 | 12 | 210 |

At January 31, 2016, goodwill was subject to impairment testing based on the following assumptions:

- The recoverable amount is based on the value in use, which is the present value of future cash flows expected to be derived from a cash-generating unit. Key assumptions used in the impairment tests for the cash-generating units are sales growth rates, operating profit (margin) and the rates used for discounting the projected cash flows.
- Future cash flows are based on the strategic plans for the coming three years as approved by the Company's management after which a terminal value was calculated. For terminal value calculation, growth rates were capped at 1.5% (2014/15: 1%).
- The pre-tax discount rate used amounts to 10.0% is based on the Group's weighted average cost of capital (''WACC'').

## 10. Intangible fixed assets (Continued)

Based on the impairment test, it was concluded that for each of the cash-generating units the recoverable amount exceeded the carrying amount, being the sum of the net asset value and capitalised goodwill. Reasonable and supportable changes to the assumptions did not result in the recoverable amount being lower than the carrying amount. As a result, no impairment of the goodwill is deemed necessary.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units which are expected to benefit from that business combination. The carrying amounts of goodwill allocated to the cash-generating units are as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Do-it-yourself the Netherlands | 43 | 43 |
| Do-it-yourself Belgium | 155 | 155 |
| | 198 | 198 |

Sensitivity to key changes in key assumptions

The expected future cash flows used in the impairment analysis are based on management's estimates. Consumer confidence affecting DIY retail markets as well as the financial markets and the overall economy may have an adverse impact on the estimated future cash flows of the cash-generating units.

## 11. Property, plant and equipment

| € in millions | Land, buildings and leasehold improvements | Other fixed assets | In progress and prepayments | Total |
|---|---|---|---|---|
| Balance as at January 31, 2014: | | | | |
| Historical cost | 61 | 373 | 6 | 440 |
| Accumulated depreciation and impairment | −47 | −304 | — | −351 |
| Book value | 14 | 69 | 6 | 89 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 1 | 22 | 3 | 26 |
| Transfer of assets in progress | — | — | — | — |
| Disposals | — | — | — | — |
| Net investments | 1 | 22 | 3 | 26 |
| Depreciation | −3 | −21 | — | −24 |
| Impairment | — | −2 | — | −2 |
| Total changes in book value | −2 | −1 | 3 | — |
| Balance as at January 31, 2015: | | | | |
| Historical cost | 62 | 395 | 9 | 466 |
| Accumulated depreciation and impairment | −50 | −327 | — | −377 |
| Book value | 12 | 68 | 9 | 89 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 4 | 25 | 1 | 30 |
| Transfer of assets in progress | — | — | −2 | −2 |
| Disposals | — | — | — | — |
| Net investments | 4 | 25 | −1 | 28 |
| Depreciation | −3 | −21 | — | −24 |
| Impairment | — | −6 | — | −6 |
| Total changes in book value | 1 | −2 | −1 | −2 |
| Balance as at January 31, 2016 | | | | |
| Historical cost | 66 | 420 | 8 | 494 |
| Accumulated depreciation and impairment | −53 | −354 | — | −407 |
| Book value | 13 | 66 | 8 | 87 |

Tangible fixed assets are assessed for impairment at the level of individual retail stores. The impairment tests of some stores resulted in an impairment of the carrying amount of the net asset value of these stores in 2015/16 of € 6 million (2014/15: € 2 million). The impairments in 2015/16 consist of impairments recognised by Praxis Doe-het-Zelf Center B.V. of € 5 million and by Brico Belgium N.V. of € 1 million, mainly driven by disappointing sales volumes and the macro-economic environment in the Netherlands and Belgium. Along with the impairments, the depreciation of € 24 million (2014/15: € 24 million) is recognised in the statement of profit or loss and other comprehensive income for the period 2015/16 on the line items General and administrative expenses and Selling and distribution cost.

## 12. Financial fixed assets

| € in millions | Amounts receivable from affiliated company | Other amounts receivable | Total |
|---|---|---|---|
| Balance as at January 31, 2014 | 797 | 398 | 1,195 |
| Acquisitions | — | — | — |
| Investments/additions | — | 32 | 32 |
| Settlements | — | −397 | −397 |
| Balance as at January 31, 2015 | 797 | 33 | 830 |
| Acquisitions | — | — | — |
| Investments/additions | — | 27 | 27 |
| Settlements* | −235 | −48 | −283 |
| Balance as at January 31, 2016 | 562 | 12 | 574 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. The loan bears 4.00% interest per annum (2014/15: 4.00%). The loan shall be repaid upon request.

* As mentioned in note 16 in more detail, as per July 27, 2015 the subordinated lenders decided to do a non-cash debt-to-equity swap transaction were the lenders became shareholders of the Company direct parent, Maxeda DIY Group B.V., signed an agreement to implement a new capital structure. Maxeda DIY Group B.V. contributed the intercompany receivable on Maxeda DIY B.V., amounting to € 283 million into Maxeda DIY Holding B.V. in favour of share premium. Subsequently Maxeda DIY Holding B.V. settled the € 283 million receivable on Maxeda DIY B.V. with the outstanding intercompany loan with Maxeda DIY Holding B.V. As a result, the remaining intercompany debt payable decreased to € 562 million (nominal). The accrued interest of the loan amounts to € 12 million per January 31, 2016.

## 13. Inventories

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Finished products and merchandise inventories | 327 | 316 |
| Raw materials, packaging materials, technical supplies and other | 23 | 22 |
| | 350 | 338 |
| Provision for write-offs | −41 | −42 |
| Total | 309 | 296 |

An amount of € 6.5 million (2014/15: € 5 million) has been recognised in the statement of profit or loss and other comprehensive income as write-offs of inventories to net realisable value.

## 14. Trade and other receivables

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Trade receivables | 87 | 84 |
| Prepaid rent | 5 | 7 |
| Amounts receivable affiliated companies | — | — |
| Derivative financial instruments | — | 4 |
| Other amounts receivable | 15 | 6 |
| Prepayments and accrued income | 7 | — |
| | 114 | 101 |
| Allowance for doubtful debts | −15 | −11 |
| Total | 99 | 90 |

## 14. Trade and other receivables (Continued)

### Trade receivables

The average credit period on sales of goods is approximately 26 days. In general, no interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, by some formats interest is charged at approximately 6% per annum on the outstanding balance.

Ageing of past due but not impaired

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| 60–90 days | 1 | 3 |
| 90–180 days | 10 | 12 |
| Total | 11 | 15 |

Movement in the allowance for doubtful debts

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Balance at beginning of the year | −11 | −8 |
| Impairment losses recognised on receivables | −4 | −3 |
| Amounts written off as uncollectible | — | — |
| Amounts recovered during the year | — | — |
| Balance at end of the year | −15 | −11 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that no further credit allowance is required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| 0–60 days | — | — |
| 60–90 days | — | — |
| 90–120 days | — | — |
| 120+ days | −15 | −11 |
| Total | −15 | −11 |

## 15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Operational cash | 15 | 15 |
| Cash at banks | 85 | 154 |
| Total | 100 | 169 |

## 16. Financial liabilities

| € in millions | Average effective interest % | Total nominal value January 31, 2016 | Financing costs to be amortised | Total January 31, 2016 | Average effective interest % | Total nominal value January 31, 2015 | Financing costs to be amortised | Total January 31, 2015 |
|---|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 6.8% | 499 | −3 | 496 | 4.4% | 482 | −3 | 479 |
| Subordinated facility Maxeda DIY B.V. | — | — | — | — | 14.2% | 256 | −4 | 252 |
| Ancillary credit facility Maxeda DIY B.V. | — | — | — | — | 5.3% | 42 | — | 42 |
| Total | | 499 | −3 | 496 | | 780 | −7 | 773 |
| Of which due in current period | | 15 | — | 15 | | 59 | — | 59 |
| Loans longer than 1 year | | 484 | −3 | 481 | | 721 | −7 | 714 |

Senior loan facility Maxeda DIY B.V.

The total Senior loan facility of Maxeda DIY B.V. was granted on June 29, 2007 and was amended and restated on May 7, 2013, November 18, 2013 and July 27, 2015 and comprises the following facilities:

- A Facility C loan in an aggregate amount of € 15 million with maturity date June 2016.
- A Facility D loan in an aggregate amount of € 18 million with maturity date June 2017.
- A Facility E loan in an aggregate amount of € 466 million with maturity date June 2019.

The interest is floating for all facilities and based on EURIBOR, depending on the interest period selected by Maxeda, plus a margin. The margin varies from 3.25%–7.00%.

The Company has also an unused credit facility of € 20 million. This Facility is granted by the ABN AMRO for general, corporate and working capital purposes of the borrower.

Maxeda DIY B.V. and its principal subsidiaries in the Netherlands and Belgium grant security towards the lenders over all its material assets, including over shares in any company. This security is only limited as required by local law. It is not allowed to create additional security interest on assets, except for specified exemptions. The payment obligations under the Senior loan facility rank at least pari-passu in right and priority of payment with all other unsecured and unsubordinated indebtedness except for indebtedness preferred by laws or general application. In addition, there are restrictions for Maxeda DIY B.V. and its subsidiaries to enter into new financing and acquisition agreements without prior consent from the lenders.

Various events constitute a default, amongst others, if Maxeda DIY B.V. and its subsidiaries do not comply with the financial covenant of Total Net Debt to Consolidated EBITDA, of Total Senior Net Debt to Consolidated EBITDA, of Consolidated EBITDA to Net Cash Interest Payable and to Cash Flow to Net Debt Service. Under the existing Senior loan facility financial covenants have to be tested each quarter.

### 16. Financial liabilities (Continued)

During the year and at the end of the reporting period Maxeda DIY B.V. and its subsidiaries comply with the aforementioned financial covenants.

Subordinated facility Maxeda DIY B.V.

The Subordinated facility of Maxeda DIY B.V. was granted on March 31, 2010 and was amended and restated on May 7, 2013. On July 27, 2015 a debt-to-equity swap was performed.

During the process, the Company was able to obtain consent on its covenant requirements under the previous senior financing arrangements in place. The new capital structure consists of: a) the amendment of the covenants ratios and the extension of the existing senior loan facilities until June 2019 (extension rate of 90%). The average interest rate will increase to 6.8% and two additional financial covenants are introduced; and b) a debt to equity conversion of the current subordinated loan facility holders. In exchange for approximately 82% of the outstanding shares all subordinated loan facility holders have converted their subordinated loan facility and became shareholder in the Company's indirect parent Maxeda DIY Group B.V. The new capital structure will improve the financial position and balance sheet of Maxeda DIY as amended conditions of the senior facilities include more favourable covenant ratios and the debt to equity conversion significantly reduces the debt position of the Company.

### 17. Pensions and other employee benefits

The components of the employee benefits are shown in the following table:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Employee benefits | 13 | 14 |
| Jubilee benefits | 4 | 4 |
| Other employee benefits | 2 | 1 |
| Total | 19 | 19 |
| *Current portion* | *2* | *2* |
| *Non-current portion* | *17* | *17* |

### Defined contribution plans

The vast majority of the Dutch employees that are over twenty years of age participate in a multi-employer plan managed by Stichting Bedrijfstakpensioenfonds voor de Detailhandel (hereinafter referred to as ''Bpf Detailhandel''). Bpf Detailhandel executes the Dutch Maxeda pension scheme and the directors' pension scheme since January 1, 2007.

This multi-employer plan qualifies as a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to obtain sufficient information to account for these plans as defined benefit plans.

In Belgium the Company makes contributions to a defined contribution plan. The plan is an average-pay based and fully insured and administrated by an insurance company.

During 2015 the Company contributed € 8 million (2014/15:€ 8) to its defined contribution plans recorded on the line items General and administrative expenses, Selling and distribution cost and Cost of sales.

### Defined benefit plans

In Belgium the Company makes contribution to a defined benefit plan for executives. The plan is final-pay based and is administrated by an insurance company.

**17. Pensions and other employee benefits (Continued)**

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation where a decrease in the discount rate will increase a plan's liability, however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability.

The average duration of the defined benefit obligations of the plans is 11 year. During the year no amendments/curtailments or settlements have been made. The plans are insured and funded via insurance premiums calculated by the insurer. The future return of the assets effects the future contributions. Any shortfall under legal minimum funding requirements should be funded immediately.

The Defined Benefit Obligation is computed in accordance with IAS 19; this quantity is the discounted present value of all benefits attributed under the Cost Method to service rendered prior to the fiscal date. The calculations are performed by qualified actuaries using the projected unit credit method.

During 2015/16 the Company contributed € 4 million (2014/15: € 3 million), to its defined benefit plans recorded on the line items General and administrative expenses, Selling and distribution cost and Cost of sales.

The effect of Asset Ceiling (irrecoverable Surplus) is zero for 2015/16 and 2014/15.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| in % | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Discount rate | 0.35–1.90 | 0.30–1.70 |
| Price inflation | 1.75 | 2.00 |
| Future general salary increases | 2.75 | 3.00 |
| Future pension increases | 1.75 | 2.00 |

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by National Banks. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated share of the particular asset category in the plan's investment portfolio.

Expenses recognised in comprehensive income in respect of these defined benefit plans are as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Current service costs | 2 | 2 |
| Net interest expense | — | 1 |
| Immediate recognition of (gain)/ losses—other long-term employee benefit plan | — | 1 |
| Total expenses | 2 | 4 |

### 17. Pensions and other employee benefits (Continued)

Re-measurement effects recognised in other comprehensive income in respect of defined plans are as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Actuarial (gain)/loss due to liability experience | −1 | — |
| Actuarial (gain)/loss due to liability assumption | — | 4 |
| Immediate recognition of (gain)/losses—other long term employee benefit plan | — | — |
| Total remeasurement effects recognized in OCI | −1 | 4 |

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Present value of funded defined benefit obligations | 20 | 21 |
| Fair value of plan assets | −7 | −7 |
| Total liability employee benefits | 13 | 14 |

Movements in the present value of the defined benefit obligation in the current year were as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Opening defined benefit obligation | 21 | 17 |
| Current service cost | 2 | 2 |
| Interest cost | — | 1 |
| Actuarial (gain)/loss | −1 | 4 |
| Benefits paid | −2 | −3 |
| Closing defined benefit obligation | 20 | 21 |

Movements in the fair value of plan assets in the current year were as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Opening fair value of plan assets | 7 | 7 |
| Interest income | — | — |
| Employee contributions | — | — |
| Employer contributions | 1 | 1 |
| Benefits paid | −1 | −1 |
| Closing fair value of plan assets | 7 | 7 |

The major categories of plan assets at fair value at the end of the reporting period, are as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Equity instruments | — | — |
| Debt instruments | 7 | 7 |
| Other assets | — | — |
| Total | 7 | 7 |

Virtually all equity and debt instruments have quoted prices in active markets. The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets

## 17. Pensions and other employee benefits (Continued)

used by the Group. The Group expects no contribution (2014/2015: € 1 million) in 2015/16 to pension plans that qualify as a defined benefit scheme.

### Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and price inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 0–90 basis points lower, the defined benefit obligation would increase by € 2 million.
- If the expected salary growth increases by 0.5%, the defined benefit obligation would increase by € 2 million.
- If the price inflation increases with 25 basis points, the defined benefit obligation would increase by € 0 million.

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years

### Jubilee and other employer benefits

The Group has a number of plans for jubilee benefits in the Netherlands. The provision for these plans amounts to € 4 million (2014/15: € 4 million) and is based on the various arrangements in force using the projected unit credit method.

Other employee benefits plans are related to contingent employer benefit liabilities in Belgium amounting to € 2 million (2014/15 € 1 million).

## 18. Other provisions

| € in millions | Total |
|---|---|
| Balance as at January 31, 2014 | 6 |
| *Current portion* | *2* |
| *Non-current portion* | *4* |
| Additions | 2 |
| Withdrawals and utilisations | −3 |
| Releases | — |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2015 | 5 |
| *Current portion* | *1* |
| *Non-current portion* | *4* |
| Additions | 6 |
| Withdrawals and utilisations | — |
| Releases | — |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2016 | 11 |
| *Current portion* | *3* |
| *Non-current portion* | *8* |

The other provisions include provisions in connection with various litigations and product liabilities.

For the provisions related to product liability and litigations the current portion is € 1 million and the remainder is expected to outflow between 1 and 3 years. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

## 19. Obligations under financial leases

### Leasing arrangements

Financial leases relate to property with lease terms between 2 and 7 years. All operating lease contracts over 2 years contain clauses for two yearly market rental reviews.

## 19. Obligations under financial leases (Continued)

### Financial lease liabilities

| € in millions | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | January 31, 2016 | January 31, 2015 | January 31, 2016 | January 31, 2015 |
| Not later than 1 year | 1 | 1 | 1 | 1 |
| Later than 1 year and not later than 5 years | 1 | 2 | 1 | 2 |
| | 2 | 3 | 2 | 3 |
| Less: future finance charges | — | — | — | — |
| Present value of minimum lease payments | 2 | 3 | 2 | 3 |
| Included in the financial statements as: | | | | |
| *Current financial lease liabilities* | | | *1* | *1* |
| *Non-current financial lease liabilities* | | | *1* | *2* |
| | | | *2* | *3* |

### Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

## 20. Other non-current liabilities

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Customer loyalty programmes | 3 | 3 |
| Total | 3 | 3 |
| Included in the financial statements as: | | |
| *Current liabilities* | *1* | *1* |
| *Non-current liabilities* | *2* | *2* |
| | *3* | *3* |

## 21. Trade and other current payables

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Trade payables | 327 | 335 |
| Affiliated companies | — | 2 |
| Other taxes and social security contributions | 28 | 30 |
| Other liabilities | 1 | 6 |
| Accruals and deferred income | 55 | 51 |
| Total | 411 | 424 |

The average credit period on purchases of trading goods is approximately 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

## 22. Other current financial liabilities

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Provisions for employee benefits (current portion) | 2 | 2 |
| Other provisions (current portion) | 3 | 1 |
| Financial lease liabilities (current portion) | 1 | — |
| Total lending institutions (current portion) | 15 | 59 |
| Accrued interest third parties | 9 | 8 |
| Total | 30 | 70 |

## 23. Financial instruments and risks

### Capital risk management

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy has not changed since the previous year.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 33.

All the financial covenants as imposed in the borrowing arrangements are complied with during the year and at the end of the reporting period.

### Classification and fair value of financial instruments

The Group uses financial instruments, as part of the ordinary course of business, which are classified in the table below:

| | | January 31, 2016 | | January 31, 2015 | |
|---|---|---|---|---|---|
| € in millions | Category | Book value | Fair value | Book value | Fair value |
| **Financial assets** | | | | | |
| Derivative financial instruments | a) | — | — | 4 | 4 |
| Loan affiliated company | b) | 574 | 574 | 830 | 830 |
| Trade and other receivables (excl. derivative financial instruments) | b) | 99 | 99 | 86 | 86 |
| Cash and cash equivalents | b) | 100 | 100 | 169 | 169 |
| Total financial assets | | 773 | 773 | 1,089 | 1,089 |
| **Financial liabilities** | | | | | |
| Senior loan facility Maxeda DIY B.V. | c) | 499 | 499 | 479 | 482 |
| Subordinated facility Maxeda DIY B.V. | c) | — | — | 252 | 256 |
| Revolving Credit facility Maxeda DIY B.V. | c) | — | — | 42 | 42 |
| Trade and other payables (excl. derivative financial instruments) | c) | 413 | 413 | 422 | 421 |
| Lease liabilities | c) | 2 | 2 | 3 | 3 |
| Total financial liabilities | | 914 | 914 | 1,198 | 1,204 |
| **Total per category** | | | | | |
| a) Financial assets recognised at fair value through profit or loss | | — | — | 4 | 4 |
| b) Loans and receivables | | 773 | 773 | 1,085 | 1,085 |
| c) Financial liabilities recognised at amortised cost | | −914 | −914 | −1,198 | −1,204 |
| | | −141 | −141 | −109 | −115 |

**23. Financial instruments and risks (Continued)**

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing.

The fair value of the senior is based upon level 3 (unobservable inputs) and relates to the amortisation of financing costs (Note 16).

The fair value of the derivative at year-end amounts to nil (2014/15: € 4 million). This derivative has been entered into with a financial institution. The Company using available market information to determine the fair value of the financial instrument and appropriate valuation methods (level 2 only). The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

**Financial risk management objectives**

The Group monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to reduce the potential impact of these risks to the required level by using derivative financial instruments to hedge these risk exposures.

The use of financial instruments is governed by the Group's policies approved by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**Market risk**

Market risk is defined as the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. Market risk contains currency risk, interest rate risk and other price risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing currency rates. This risk is limited because the vast majority of the Group's activities is denominated in euros. The currency risk on currently outstanding purchasing orders is hedged by using financial derivatives. These derivatives are recognised in the statement of financial position.

Interest rate risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market interest rates. In order to limit the impact on result of fluctuations in interest rates, the Group uses interest rate swaps. These financial derivatives are used to fix part of the interest rate on underlying loans. These derivatives are recognised in the consolidated statement of changes in equity.

Other price risks other than those arising from currency or interest rate risk relate to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. This risk is very limited given the nature of derivatives used by the Group.

**Credit risk**

Credit risk is defined as the risk that any of the parties to a financial instrument were to be in default on their contractual obligations, resulting in a loss to the other parties. Except for receivables included under ''other amounts receivable'', the Group is not exposed to any significant credit risk with regard to its individual customers or counterparties. There is also a credit risk in case a counterparty to a contract involving financial derivatives defaults on its obligations. This risk is, however, remote given the creditworthiness of the counterparties with whom financial derivatives are contracted.

### 23. Financial instruments and risks (Continued)

#### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations arising from financial instruments as they come due because of an inability to liquidate assets or obtain adequate funding. The Group holds sufficient cash and cash equivalent and has adequate credit facilities to minimise this risk.

The repayment commitments on financial liabilities are summarised below:

| € in millions | Repayment commitments < 1 year | Repayment commitments 1–5 years | Repayment commitments > 5 years | Total January 31, 2016 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 15 | 484 | — | 499 |
| Total nominal value | 15 | 484 | — | 499 |

| € in millions | Repayment commitments < 1 year | Repayment commitments 1–5 years | Repayment commitments > 5 years | Total January 31, 2015 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 17 | 465 | — | 482 |
| Subordinated facility Maxeda DIY B.V. | 256 | — | — | 256* |
| Ancillary credit facility Maxeda DIY B.V. | 42 | — | — | 42 |
| Total nominal value | 315 | 465 | — | 780 |

* As mentioned in note 16 in more detail, as per July 27, 2015 the subordinated lenders decided to do a debt-to-equity swap were the lenders become shareholders of the Company. This was a non-cash transaction.

### 24. Commitments not included in the consolidated statement of financial position

The Group has commitments under repurchase statements and guarantees, totalling € 67 million (2014/15: € 69 million), which are not included in the consolidated statement of financial position. These pertain mainly to franchisees and affiliated companies.

In the normal course of business, the Group entered into purchase agreements. Letters of Credit have been issued for some of the purchase agreements totalling € 13 million (2014/15: € 24 million) as per January 31, 2016.

The group companies have entered into long-term rental and lease contracts for business premises and other fixed assets. As at January 31, 2016 the future commitments were € 452 million (2014/15: € 454 million). Of this amount, € 88 million (2014/15: € 89 million) is payable within 1 year, € 237 million (2014/15: € 252 million) between 1 and 5 years and € 127 million (2014/15: € 113 million) after 5 years.

During the year, € 84 million (2014/15: € 80 million) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operational leases.

The Company and its Dutch subsidiaries are part of a fiscal unity, headed by Maxeda DIY Group B.V., for Dutch corporate income tax. As a result thereof, the Company and its Dutch subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

#### Contingent liabilities

Companies within the Group are involved in various legal proceedings and other claims considered typical to its businesses. In the judgment of management, no losses, in excess of provisions made or covered by insurance programs, which would be material in relation to the Company's financial position are likely to arise in respect of these matters, although their occurrence may have a significant effect on periodic results.

## 25. Related party transactions

The Company has a related party relationship with its subsidiaries (see note 27), shareholders and key management. Transactions with key management are described in note 36.

## 26. Subsequent events

On March 25, 2016 the Company sold its subsidiary Procumulator B.V.

On April 26, 2016 the Supervisory Board announced the appointment of Guy Colleau as Group's new Chief Executive Officer from May 1, 2016.

## 27. List of subsidiaries

The following entities are significant subsidiaries of the Group as of January 31, 2016. Unless otherwise indicated, these are wholly or virtually wholly owned subsidiaries. Subsidiaries not providing additional insight into the Group as required under Dutch law are omitted from this list.

- Maxeda DIY B.V.
  - Praxis Groep B.V.
    - Praxis Doe-het-Zelf Center B.V.
    - Formido Bouwmarkten B.V.
  - Maxeda DIY Merken Praxis B.V.
    - Maxeda Benelux C.V.
  - Brico Belgium N.V.
    - Plan-it N.V.
    - Maxeda DIY Supply Chain N.V.
  - Procumulator B.V.
  - Shanghai Maxeda Procurement Consultancy Co., Ltd

With respect to the separate financial statements of the Dutch legal entities included in the Group's consolidation, the Company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to said section 403, the Company has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which the Company has issued 403 declarations are open for inspection at the trade register as managed by the Dutch Chamber of Commerce.

## Company balance sheet as at January 31, 2016

| € in millions | Notes | January 31, 2016 | January 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 29 | 107 | 107 |
| Tangible fixed assets | | — | — |
| Financial fixed assets | 30 | 739 | 1,004 |
| **Total non-current assets** | | **846** | **1,111** |
| **Current assets** | | | |
| Inventories | | 1 | 1 |
| Trade and other receivables | 31 | 183 | 180 |
| Cash and cash equivalents | 32 | — | 23 |
| **Total current assets** | | **184** | **204** |
| **Total assets** | | **1,030** | **1,315** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 171 | 184 |
| **Shareholders' equity** | 33 | **416** | **429** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 34 | 481 | 714 |
| **Total non-current liabilities** | | **481** | **714** |
| **Current liabilities** | | | |
| Trade and other payables | | 6 | 17 |
| Other current financial liabilities | 35 | 127 | 155 |
| **Total current liabilities** | | **133** | **172** |
| **Total liabilities** | | **614** | **886** |
| **Total equity and liabilities** | | **1,030** | **1,315** |

## Company income statement for the year ended January 31, 2016

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Result of participating interests after tax | −9 | 16 |
| Other results after tax | −5 | −21 |
| **Result after taxation** | **−14** | **−5** |

## Notes to the Company financial statements

The Company financial statements have been prepared in accordance with the principles as defined in Part 9 of Book 2 of the Dutch Civil Code. By using the option in Section 2:362 (8) of the Dutch Civil Code the same accounting principles may be applied in the Company's financial statements and the consolidated financial statements. Participations in group companies are valued on the basis of net asset value. Net asset value is determined by valuing assets, provisions and liabilities and calculating the result using the accounting principles applied in the consolidated financial statements.

A list has been filed with the Amsterdam Trade Register setting out the data of the group companies as required under Sections 2:379 and 2:414 of the Dutch Civil Code.

### 28. Principles for the valuation of assets and liabilities and for the determination of results

The participating interests in group companies are stated at net asset value, calculated in accordance with the principles for valuation as set out in the notes to the consolidated financial statements. The other assets and liabilities are valued, and the result is determined, in accordance with the principles for valuation and determination of results as set out in the notes to the consolidated financial statements.

### 29. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2014: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2015: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2016: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |

Reference is made to note 10 of the consolidated financial statements.

## 30. Financial fixed assets

| € in millions | Participating interests in group companies | Amounts receivable from shareholder | Other amounts receivable | Total |
|---|---|---|---|---|
| Balance as at January 31, 2014 | 158 | 797 | 398 | 1,353 |
| Acquisitions | — | — | — | — |
| Investments/additions | — | — | — | — |
| Settlements | — | — | −397 | −397 |
| Share in net results | 16 | — | — | 16 |
| Other movements | — | — | 32 | 32 |
| Balance as at January 31, 2015 | 174 | 797 | 33 | 1,004 |
| Acquisitions | — | — | — | — |
| Investments/additions | — | — | 27 | 27 |
| Settlements* | — | −235 | −48 | −283 |
| Share in net results | −9 | — | — | −9 |
| Other movements | — | — | — | — |
| Balance as at January 31, 2016 | 165 | 562 | 12 | 739 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. The loan bears 4.00% interest per annum. The loan shall be repaid upon request.

* As mentioned in note 16 in more detail, as per July 27, 2015 the subordinated lenders decided to do a non-cash debt-to-equity swap transaction were the lenders became shareholders of the Company direct parent, Maxeda DIY Group B.V., signed an agreement to implement a new capital structure. Maxeda DIY Group B.V. contributed the intercompany receivable on Maxeda DIY B.V., amounting to € 283 million, to Maxeda DIY Holding B.V. by means of a share premium contribution. Subsequently Maxeda DIY Holding B.V. settled the € 283 million receivable on Maxeda DIY B.V. with the outstanding intercompany loan with Maxeda DIY Holding B.V. As a result, the remaining intercompany debt payable decreased to € 562 million (nominal). The accrued interest of the loan amounts to € 12 million per January 31, 2016.

## 31. Trade and other receivables

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Trade receivables | 10 | 9 |
| Group corporation tax receivable | 58 | 56 |
| Amounts receivable group companies | 111 | 114 |
| Other receivables | 4 | 2 |
| | 183 | 181 |
| Allowance for doubtful debts | — | −1 |
| Total | 183 | 180 |

The group corporation tax receivable decreases the net asset value of the investments as result of the current tax structure within Maxeda DIY.

## 32. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

## 32. Cash and cash equivalents (Continued)

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Cash at banks | — | 23 |
| Total | — | 23 |

## 33. Shareholders' equity

| | | | Retained earnings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Other comprehensive income | | | | | |
| | Share capital | Share premium | Cash flow hedge reserve | Equity settled employee benefits reserve | Other legal reserve* | Other reserves | Result for the year | Total Group equity |
| **Balance as at January 31, 2014** | **57** | **188** | **−1** | **0** | **11** | **560** | **19** | **834** |
| Appropriation of the result previous year | — | — | — | — | — | 19 | −19 | 0 |
| Additional paid-in capital | — | — | — | — | — | — | — | 0 |
| Profit or loss for the year | — | — | — | — | — | — | −5 | −5 |
| Dividend distribution | — | — | — | — | — | −397 | — | −397 |
| Other comprehensive income for the year | — | — | 1 | −4 | — | 0 | — | −3 |
| **Balance as at January 31, 2015** | **57** | **188** | **0** | **−4** | **11** | **182** | **−5** | **429** |
| Appropriation of the result previous year | — | — | — | — | — | −5 | 5 | 0 |
| Additional paid-in capital | — | — | — | — | — | — | — | 0 |
| Profit or loss for the year | — | — | — | — | — | — | −14 | −14 |
| Dividend distribution | — | — | — | — | — | — | — | 0 |
| Other comprehensive income for the year | — | — | — | 1 | — | — | — | 1 |
| **Balance as at January 31, 2016** | **57** | **188** | **0** | **−3** | **11** | **177** | **−14** | **416** |

* This is a statutory for the Belgian entities in line with Belgium law

As at January 31, 2016 the share capital consists of 1,500,000 ordinary shares of € 100 per share. 567,226 Shares were issued and paid in.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (interest rate swaps) related to hedged transactions that have not yet occurred.

## 34. Financial liabilities

| € in millions | Average effective interest % | Total nominal value January 31, 2016 | Financing costs to be amortised | Total January 31, 2016 | Average effective interest % | Total nominal value January 31, 2015 | Financing costs to be amortised | Total January 31, 2015 |
|---|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 6.8% | 499 | −3 | 496 | 4.4% | 482 | −3 | 479 |
| Subordinated facility Maxeda DIY B.V. | — | — | — | — | 14.2% | 256 | −4 | 252 |
| Ancillary credit facility Maxeda DIY B.V. | — | — | — | — | 5.3% | 42 | — | 42 |
| Total | | 499 | −3 | 496 | | 780 | −7 | 773 |
| Of which due in current period | | 15 | — | 15 | | 59 | — | 59 |
| Loans longer than 1 year | | 484 | −3 | 481 | | 721 | −7 | 714 |

For the Senior loan facility, the subordinated facility and the Revolving credit facility reference is made to note 16 of the consolidated financial statements.

## 35. Other current financial liabilities

| € in millions | January 31, 2016 | January 31, 2015 |
|---|---|---|
| Short-term financial liabilities | 23 | 59 |
| Amounts payable group companies | 95 | 88 |
| Accrued interest third parties | 9 | 8 |
| Total | 127 | 155 |

For the short-term financial liabilities amounting to € 23 million (2014/15: € 59 million) consist of € 15 million part of long-term debt repayable within 1 year and € 8 million negative cash balance.

The amounts payable to group companies bear 11.63% interest per annum (2014/15: 6.50%).

## 36. Remuneration of key management

The remuneration of key management (being the former and current statutory directors) during the year was as follows:

| € in millions | February 1, 2015 to January 31, 2016 | February 1, 2014 to January 31, 2015 |
|---|---|---|
| Short-term benefits (salary/ short term bonus) | 2 | 3 |
| Post-employment benefits | — | — |
| Termination benefits | 1 | 1 |
| Total | 3 | 4 |

### 36. Remuneration of key management (Continued)

The remuneration committee having regard to the performance of individuals and market trends determines the remuneration of directors.

The total remuneration for the Supervisory board is € 1 million (2014/2015: 0)

### 37. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2015 to January 31, 2016 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Tax advisory services | — | — | — |
| Other non-audit services | — | 1 | 1 |
| Total principal auditor's remuneration | 1 | 1 | 2 |

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2014 to January 31, 2015 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Tax advisory services | — | — | — |
| Other non-audit services | — | 1 | 1 |
| Total principal auditor's remuneration | 1 | 1 | 2 |

### 38. Commitments not included in the Company balance sheet

The Company and most of its Dutch subsidiaries are part of a fiscal unity headed by the Company's indirect shareholder Maxeda DIY Group B.V. As a result thereof, the Company and its subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

Signature page to the Financial Statements of Maxeda DIY B.V.

Amsterdam, April 29, 2016

**The Board of Management**

R.F. van Neerbos
Chief Executive Officer—Statutory director

L.P.E. Leunis
Chief Financial Officer—Non-statutory director

## Other information

### Appropriation of result for the financial year 2014/15

The annual report 2014/15 was adopted in the General Meeting held on October 9, 2015. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

### Proposal of profit appropriation

Section 15 of the Articles of Association stipulates that the profit is at the disposition of the annual General Meeting. The Board of Management will be putting a resolution before the annual General Meeting to the effect that the net result will be deducted from the other reserves.

### Subsequent events

For information regarding subsequent events, see Note 26 to the consolidated financial statements.

### Independent auditor's report

Reference is made to the independent auditor's report as included hereinafter.

Deloitte.

**Deloitte Accountants B.V.**
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**Independent auditor's report**

To: The Executive Board and shareholders of Maxeda DIY B.V.

**Report on the financial statements**

We have audited the accompanying financial statements for the year ended January 31, 2016 of Maxeda DIY B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per January 31, 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at January 31, 2016, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

**Management's responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion with respect to the consolidated financial statements**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Maxeda DIY B.V. as per January 31, 2016 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

**Opinion with respect to the company financial statements**

In our opinion, the company financial statements give a true and fair view of the financial position of Maxeda DIY B.V. as per January 31, 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Management Board's Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Management Board's Report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, April 29, 2016

Deloitte Accountants B.V.

Signed on the original: G.M. Dekker

**Maxeda DIY B.V.**

consolidated financial statements for the year ended January 31, 2015

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## Management Board's Report

The Management Board's Report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

## Consolidated statement of profit or loss and other comprehensive income for the year ended January 31, 2015

| € in millions | Notes | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|---|
| Revenue | 5 | 1,314 | 1,320 |
| Cost of sales | | −860 | −864 |
| Gross profit | | 454 | 456 |
| Selling and distribution cost | | −347 | −359 |
| General and administrative expenses | | −78 | −72 |
| Operating result | | 29 | 25 |
| Financial income and expense | 8 | −24 | 7 |
| Income before income taxes | | 5 | 32 |
| Income taxes | 9 | −10 | −13 |
| **Result for the year** | | **−5** | **19** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Remeasurement of defined benefit obligation | | −4 | 1 |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Net fair value gain on hedging instruments entered into for cash flow hedges | | 1 | 4 |
| Other comprehensive income for the year, net of income tax | | **−3** | **5** |
| **Total comprehensive income for the year** | | **−8** | **24** |

## Consolidated statement of financial position at January 31, 2015

| € in millions | Notes | January 31, 2015 | January 31, 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 10 | 206 | 202 |
| Property, plant and equipment | 11 | 89 | 89 |
| Financial fixed assets | 12 | 830 | 1,195 |
| **Total non-current assets** | | **1,125** | **1,486** |
| **Current assets** | | | |
| Inventories | 13 | 296 | 293 |
| Trade and other receivables | 14 | 90 | 99 |
| Cash and cash equivalents | 15 | 169 | 122 |
| **Total current assets** | | **555** | **514** |
| **Total assets** | | **1,680** | **2,000** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 184 | 589 |
| **Total Group equity** | 33 | **429** | **834** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 16 | 714 | 688 |
| Employee benefits | 17 | 17 | 13 |
| Other provisions | 18 | 4 | 4 |
| Deferred tax liability | 9 | 2 | 1 |
| Financial lease liabilities | 19 | 3 | 4 |
| Other non-current liabilities | 20 | 3 | 5 |
| **Total non-current liabilities** | | **743** | **715** |
| **Current liabilities** | | | |
| Trade and other current payables | 21 | 422 | 418 |
| Current income tax liabilities | | 16 | 15 |
| Other current financial liabilities | 22 | 70 | 18 |
| **Total current liabilities** | | **508** | **451** |
| **Total liabilities** | | **1,251** | **1,166** |
| **Total equity and liabilities** | | **1,680** | **2,000** |

**Consolidated statement of changes in equity for the year ended January 31, 2015**

| | Share capital | Share premium | Retained earnings: Cash flow hedge reserve | Retained earnings: Other reserves* | Retained earnings: Result for the year | Total Group equity |
|---|---|---|---|---|---|---|
| **Balance as at January 31, 2013** | **57** | **148** | **−5** | **515** | **55** | **770** |
| Appropriation of the result previous year | — | — | — | 55 | −55 | — |
| Additional paid-in capital | — | 40 | — | — | — | 40 |
| Profit or loss for the year | — | — | — | — | 19 | 19 |
| Dividend distribution | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | 4 | 1 | — | 5 |
| **Balance as at January 31, 2014** | **57** | **188** | **−1** | **571** | **19** | **834** |
| Appropriation of the result previous year | — | — | — | 19 | −19 | — |
| Additional paid-in capital | — | | — | — | — | — |
| Profit or loss for the year | — | — | — | — | −5 | −5 |
| Dividend distribution | — | — | — | −397 | — | −397 |
| Other comprehensive income for the year | — | — | 1 | −4 | — | −3 |
| **Balance as at January 31, 2015** | **57** | **188** | **—** | **189** | **−5** | **429** |

* Other reserves include the remeasurements of defined benefit plans.

## Consolidated statement of cash flows for the year ended January 31, 2015

| € in millions | Notes | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|---|
| **Operating result** | | **29** | **25** |
| Amortisation, depreciation and impairment | | 29 | 35 |
| Result on sale of assets in results on continued activities reclassified to investing activities | | — | — |
| Movements in: | | | |
| Inventories | | −3 | −9 |
| Trade and other receivables | | 9 | 6 |
| Trade and other payables* | | 4 | −33 |
| Provisions | | 2 | −2 |
| Other movement from operations | | — | — |
| **Cash flow from operations** | | **70** | **22** |
| Interest received | | — | — |
| Interest paid | | −22 | −36 |
| Taxes paid/received | | −9 | −15 |
| **Cash flow from operating activities** | | **39** | **−29** |
| Investments in tangible and intangible fixed assets | | −33 | −24 |
| Disposals of tangible and intangible fixed assets | | — | — |
| Investments in group companies | | — | — |
| Disposals of group companies | | — | — |
| Disposals of subsidiaries | | — | — |
| Other receivables | | — | — |
| **Cash flow from investing activities** | | **−33** | **−24** |
| Repayment external debt | | −1 | −54 |
| External financing received | | 42 | 38 |
| Distributions/Dividend paid** | | — | — |
| Distributions/Dividend received | | — | — |
| Paid-in share premium | | — | 40 |
| **Cash flow from financing activities** | | **41** | **24** |
| **Net cash flow** | | **47** | **−29** |
| Net cash as at the beginning of the year | | 122 | 151 |
| **Net cash as at year-end** | 15 | **169** | **122** |

* Excluding short-term loans from credit institutions

** Reference is made to note 12 with respect to non-cash dividend distribution

**Notes to the consolidated financial statements for the year ended January 31, 2015**

## 1. General information

The company was established on December 27, 1955 and is legally seated in Amsterdam. The address of the company's registered office is De Entree 500 Amsterdam Zuid-Oost, the Netherlands.

The shareholders situation as at January 31, 2015 was as follows (refer to Note 26 for changes in shareholder structure since July 2015):

The company's direct shareholder is Maxeda DIY Holding B.V and the ultimate controlling party is Victoria Holding S.a.r.l. The ultimate shareholders of the company are a consortium consisting of investment funds affiliated with and/or advised by Kohlberg Kravis Roberts & Co. LP (London, United Kingdom), Cinven Ltd. (London, United Kingdom), Permira Advisers LLP (London, United Kingdom) and AlpInvest Partners N.V. (Amsterdam, the Netherlands) and various members of management of Maxeda Retail Group's direct and indirect subsidiaries.

The company is a holding company and the principal activities of the company and its subsidiaries (hereafter referred to as ''the Group'') consist of Do-it-yourself retail in the Netherlands, Belgium and Luxembourg.

The Group's mission is to help and inspire people to create the home of their desires. Our vision is to do this as an integrated, modern, market leading company with four formats.

## 2. Application of new and revised International Financial Reporting Standards (IFRSs)

### 2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at January 1, 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

IFRS 11, 'Joint arrangements', replaces IAS 31, 'Interests in joint ventures', and SIC 13, 'Jointly controlled entities', and deals with how a joint arrangement, in which two or more parties have joint control over an entity, should be classified. The adoption of IFRS 11 does not affect the company's financial position or performance, as the company did not previously use proportionate consolidation, and there are no entities previously accounted for under the equity method that should be accounted for on a line-by-line basis (joint operations) under IFRS 11.

The amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

The amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Asset remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. The application of these amendments has had no impact on the disclosures in the Group's consolidated financial statements.

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. As the

## 2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The application of this Interpretation has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### 2.2 New and revised IFRSs in issue but not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after July 1, 2014 or later, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the company.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, earlier application is permitted. IFRS 9 could change the classification and measurement of financial assets. The company does not plan to adopt this standard early and the extent of the impact has not yet been determined.

In May 2014, the IASB issued IFRS 15 'Revenue from contracts with customers'. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. In addition, the new standard requires a set of quantitative and qualitative disclosures to enable users of the company's consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 supersedes IAS 11 'Construction contracts' and IAS 18 'Revenue' as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. The company does not plan to adopt this standard early and the extent of the impact has not yet been determined.

## 3. Significant accounting policies

### Statement of compliance

The consolidated financial statements for the year ended January 31, 2015 have been prepared in accordance with International Financial Reporting Standards (''IFRS'') as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The notes to the company's balance sheet and income statement are limited to items that differ from the corresponding items in the consolidated financial statements and that are of material significance. The company's income statement has been prepared in accordance with Section 2:402 of the Dutch Civil Code.

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of

## 3. Significant accounting policies (Continued)

an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36 and IAS 19 employee benefits.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Functional and presentation currency

The functional currency of the company is the euro. These consolidated financial statements are presented in millions of euros.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control on the acquiree. Acquisition-related costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

## 3. Significant accounting policies (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively and assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

### Revenue

Revenue comprises the sales value of the goods delivered and services rendered, net of VAT and sales discounts, including those discounts provided in connection with bonus or loyalty cards. For the Group's own stores, revenue is recognised at the moment of the delivery to consumers, for franchisees at the moment that the economic risk is transferred to the franchisee, which normally coincides with the delivery of goods to the franchisees. Net turnover also includes the fees from franchisees, concession holders and agency fees (after any discounts).

### Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing, storing, rent, depreciation of property, plant and equipment, salaries, and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

### Selling and distribution costs

Selling expenses consist of store employees' salaries and wages, store expenses, rent income and rent expense or depreciation related to stores, advertising costs, and other selling expenses.

### General and administrative expenses

General and administrative expenses are the costs of general management of the group companies, the costs of group management and all costs that do not qualify as either cost of sales or selling and distribution costs.

### Financial income and expense

Financial income and expense includes the interest income and expense, exchange rate differences that do not relate to participating interest or retail merchandise transactions, the gains and losses on interest rate hedging operations involving financial derivatives, the amortisation of financing costs and any result realised at redemption of financial liabilities. The financing costs, including advisory

**3. Significant accounting policies (Continued)**

and legal fees directly related to a financial transaction, are charged to the statement of profit or loss and other comprehensive income using the effective interest method.

**Taxation**

Income tax expense represents the sum of the current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax liabilities that relate to temporary differences are recognised, except for the deferred tax liabilities that arise from the initial recognition of goodwill. Deferred tax assets for temporary differences and for tax loss carry forward positions are recognised to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

**Intangible fixed assets**

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

Other intangible fixed assets

Other intangible fixed assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible fixed assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Other intangible fixed assets are amortised over 3–5 years.

**Property, plant and equipment**

Tangible fixed assets are carried at historical cost. Assets that have been taken into use are depreciated on a straight-line basis over the estimated useful life per category of tangible fixed assets or parts thereof taking into account their residual value, with the following maximum terms:

- Buildings and leasehold improvements . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 30 years

### 3. Significant accounting policies (Continued)

Other tangible fixed assets:

| | |
|---|---|
| • Technical installations | 10 years |
| • Equipment and shop fittings | 8 years |
| • Computer hardware and cash register systems | 5 years |

Tangible fixed assets with a temporary right of use are depreciated over the duration of those rights. Land is not depreciated.

For tangible fixed assets to which the Group holds the beneficiary ownership pursuant to a financial lease agreement the net present value of the lease instalments is taken as historical cost and is depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The company recognises other borrowing costs as an expense in the period in which they are incurred.

#### Impairment of fixed assets

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible fixed assets, tangible fixed assets and financial fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that their carrying amounts may be impaired. For the purpose of impairment assessments, fixed assets are divided into groups with separately identifiable cash flows. Individual stores are considered to be separate cash-generating units for impairment testing purposes.

Financial fixed assets are assessed for impairment on an investment-by-investment basis. When an impairment is identified, the carrying value of the assets is written-down to their recoverable amount.

#### Financial fixed assets

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Associates are generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Transactions between the Group and associates are at an arm's length basis.

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

**3. Significant accounting policies (Continued)**

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Foreign currencies**

Transactions in foreign currencies are recorded at exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated at the exchange rate as at the end of the reporting period. The resulting exchange differences are taken to the statement of profit or loss and other comprehensive income and accumulated in equity, with the exception of exchange differences on net investments in participating interests outside the Eurozone, which are presented directly in the shareholders' equity, net of taxation. The results from the participating interests outside the Eurozone are accounted for at the average exchange rates.

Exchange differences relating to retail merchandise transactions are presented as cost of sales, other exchange differences are presented as financial income and expenses.

**Financial assets**

Financial assets are classified into the following specified categories if applicable: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale'(AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets measured at fair value through profit or loss relate to financial derivatives for hedging exchange rate risks on current purchasing and to investments in money market funds. Furthermore, in order to limit the impact on results of fluctuations in interest rates, the Group uses interest rate swaps. These financial derivatives are used to fix the interest rate on underlying loans. The carrying amounts are equal to the fair values, which are based on market quotes excluding transaction costs. If no market quotes are available, the fair value is estimated by using valuation models.

The estimated fair value of trade and other receivables is approximately the same as the book value because of the short-term nature of these instruments and as recoverability is taken into account if necessary. Receivables from non-consolidated participating interests and other receivables are carried at amortised costs, which is usually the nominal value. When appropriate an allowance for doubtful debts is recorded.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost consists of the purchase price, the direct costs and directly attributable indirect costs incurred in bringing the inventories to their

### 3. Significant accounting policies (Continued)

present location and condition. Net realisable value consists of the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition.

The company uses the weighted average cost formula, in which the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased during the period. The average is calculated on a periodic basis.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### Pension and other post-employment benefits

The provision for pensions and other post-employee benefits mainly consists of pension obligations, jubilee benefits and redundancy schemes.

A pension scheme qualifies as a defined contribution scheme, as the company has no other obligation than to pay the contributions based on a fixed percentage of the participant's income. The net assets and net liabilities recognised on the consolidated statement of financial position for defined benefit plans represent the actual surplus or deficit in the Group's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method.

Defined benefit costs are split into three categories: 1) service cost, past service cost, gains and losses on curtailment and settlements; 2) net interest expense or income and 3) re-measurement.

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for under defined contribution criteria.

The provisions for jubilee benefits are calculated using the projected unit credit method. The provisions for jubilee benefits are valued at discounted amounts. Provisions for redundancy schemes are valued at discounted amounts.

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at Fair Value through Profit and Loss ('FVTPL') or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

All derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each

**3. Significant accounting policies (Continued)**

reporting period. Gains and losses resulting from the fair value remeasurement are recognised in the statement of profit or loss and other comprehensive income as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income. Amounts accumulated in equity are reclassified into the statement of profit or loss and other comprehensive income in the same period in which the related exposure impacts the statement of profit or loss and other comprehensive income. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognized in the statement of profit or loss and other comprehensive income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognized in the statement of profit or loss and other comprehensive income. Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognised in the statement of profit or loss and other comprehensive income in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised in the statement of profit or loss and other comprehensive income over the remaining period to maturity of the hedged item.

Loans and short-term borrowings

Loans and short-term borrowings are recognised initially at the proceeds received, which represents fair value, net of transaction costs incurred. Loans and short-term borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability. Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**Statement of cash flows**

The statement of cash flows has been prepared using the indirect method.

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects

## 4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that management considers most critical are the following assumptions:

- Estimates and assumptions for measuring intangible assets at time of acquisition, as well as estimates of their useful lives.
- Calculations made to determine the recoverable amount of a cash-generating unit to which goodwill is allocated. The calculation of the recoverable amount is based on the estimated future cash flows and an appropriate discount rate has to be determined to calculate the present value.
- Reviewing the level of obsolescence of inventories and its impact on the expected net realisable value, being the estimated selling price in the ordinary course of business less the estimated costs to be incurred in bringing the inventories to their selling location and in selling condition, and consequently, the measurement of inventories.
- Calculations made to determine the amount of current and deferred tax positions to be recognised. The calculation of the amount to be recognised is based on the estimated future taxable results and an estimate of the ultimate tax effect of certain transactions.

## 5. Revenue

The revenue for the year per geographical area can be specified as follows:

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Belgium and Luxembourg | 700 | 712 |
| The Netherlands | 614 | 608 |
| Total | 1,314 | 1,320 |

## 6. Salaries and social security charges

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Salaries | 182 | 182 |
| Social security charges | 37 | 37 |
| Pension expenses | 12 | 9 |
| Total | 231 | 228 |

## 7. Average number of employees

| | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| The Netherlands | 4,078 | 3,893 |
| Belgium, Luxembourg and other countries | 2,920 | 2,919 |
| Total | 6,998 | 6,812 |

## 8. Financial income and expense

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Net interest income/(expenses) | −62 | −57 |
| Net affiliated company interest income/(expenses) | 32 | 63 |
| Other financial income/(expenses) | 6 | 1 |
| Total | −24 | 7 |

## 9. Income taxes

The taxes on income are an expense of € 10 million (2013/14: expense of € 13 million). Tax expense comprises:

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| **Current tax expense** | | |
| Current tax expense | −9 | −12 |
| Adjustments in relation to current tax of prior years | — | — |
| | −9 | −12 |
| **Deferred tax expense** | | |
| Deferred taxation liability relating to temporary differences | −1 | −1 |
| Deferred taxation receivable relating to temporary differences | — | — |
| Effect of changes in tax rates and laws | — | — |
| Utilisation of income tax loss | — | — |
| Total deferred tax benefit/(expense) | −1 | −1 |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −10 | −13 |

The total charge for the year can be reconciled as follows:

### Reconciliation of effective tax rate

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Result from continuing operations | 5 | 32 |
| Income tax expense calculated at 25% (2013/14: 25%) | −1 | −8 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | −3 | −2 |
| Effect of non-deductible expenses and tax-exempt income | −1 | −1 |
| Effect of utilisation of unrecognised tax losses | — | 3 |
| Effect of unrecognised tax losses for the year | −5 | — |
| Adjustments in relation to current tax of prior years & other | — | −5 |
| Recognition of loss carry-forwards | — | — |
| Total tax benefit/(expense) in consolidated statement of profit or loss and other comprehensive income | −10 | −13 |

The operating activities are subject to income taxes in various countries against tax rates (domestic corporate tax rates) that vary between 17% and 33%.

## 9. Income taxes (Continued)

### Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

| € in millions | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | January 31, 2015 | January 31, 2014 | January 31, 2015 | January 31, 2014 | January 31, 2015 | January 31, 2014 |
| Intangible fixed assets | — | — | — | — | — | — |
| Tangible fixed assets | — | — | 1 | 1 | 1 | 1 |
| Inventories | — | — | −6 | −5 | −6 | −5 |
| Provisions | — | — | 4 | 3 | 4 | 3 |
| Short term liabilities | — | — | −1 | — | −1 | — |
| Tax assets/(liabilities) | — | — | −2 | −1 | −2 | −1 |
| Set-off tax assets with liabilities | — | — | — | — | — | — |
| Net tax assets/(liabilities) | — | — | −2 | −1 | −2 | −1 |

Movements in net deferred tax assets and liabilities can be specified as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Balance at beginning of year | −1 | — |
| Translation adjustments | — | — |
| Recognised in income | −1 | −1 |
| Other | — | — |
| Balance at year-end | −2 | −1 |

Unrecognised deferred tax assets

The following deferred tax assets have not been recognised at the balance sheet date:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Tax losses | 96 | 98 |
| Unused tax credits | — | — |
| Temporary differences | 1 | 1 |
| Balance at year-end | 97 | 99 |

The company and its Dutch subsidiaries are part of a fiscal unity, headed by Maxeda DIY Group B.V., for Dutch corporate income tax. The benefits of this fiscal unity structure are attributed pro rata to this part of the Group within the fiscal unity.

The unrecognised tax losses of this fiscal unity expire in 2015/16 and subsequent years.

## 10. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2013: | | | |
| Historical cost | 231 | 31 | 262 |
| Accumulated amortisation | −35 | −26 | −61 |
| Book value | 196 | 5 | 201 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | 4 | 4 |
| Disposals | — | — | — |
| Net investments | — | 4 | 4 |
| Amortisation | — | −3 | −3 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | — | 1 | 1 |
| Balance as at January 31, 2014: | | | |
| Historical cost | 231 | 35 | 266 |
| Accumulated amortisation | −35 | −29 | −64 |
| Book value | 196 | 6 | 202 |
| Changes in book value: | | | |
| Acquisitions | 2 | 5 | 7 |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | 2 | 5 | 7 |
| Amortisation | — | −3 | −3 |
| Impairment | — | — | — |
| Adjustments due to changes in the fair value of the identified assets and liabilities | — | — | — |
| Total changes in book value | 2 | 2 | 4 |
| Balance as at January 31, 2015: | | | |
| Historical cost | 233 | 40 | 273 |
| Accumulated amortisation | −35 | −32 | −67 |
| Book value | 198 | 8 | 206 |

An amount of € 3 million (2013/14: € 3 million) is recognised for amortisation in the statement of profit or loss and other comprehensive income for the period 2014/15 on the line items General and administrative expenses and Selling and distribution cost.

At January 31, 2015, goodwill was subject to impairment testing based on the following assumptions:

- The recoverable amount is based on the value in use, which is the present value of future cash flows expected to be derived from a cash-generating unit. Key assumptions used in the impairment tests for the cash-generating units are sales growth rates, operating profit (margin) and the rates used for discounting the projected cash flows.
- Future cash flows are based on the strategic plans for the coming three years as approved by the company's management after which a terminal value was calculated. For terminal value calculation, growth rates were capped at 1% (2013/14: 1%).

**10. Intangible fixed assets (Continued)**

- The pre-tax discount rate used amounts to 13.3% is based on the Group's weighted average cost of capital (''WACC'').

Based on the impairment test, it was concluded that for each of the cash-generating units the recoverable amount exceeded the carrying amount, being the sum of the net asset value and capitalised goodwill. Reasonable and supportable changes to the assumptions did not result in the recoverable amount being lower than the carrying amount. As a result, no impairment of the goodwill is deemed necessary.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units which are expected to benefit from that business combination. The carrying amounts of goodwill allocated to the cash-generating units are as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Do-it-yourself the Netherlands | 43 | 42 |
| Do-it-yourself Belgium | 155 | 154 |
| | 198 | 196 |

Sensitivity to key changes in key assumptions

The expected future cash flows used in the impairment analysis are based on management's estimates. Consumer confidence affecting DIY retail markets as well as the financial markets and the overall economy may have an adverse impact on the estimated future cash flows of the cash-generating units.

Although there is sufficient headroom between the recoverable and carrying amount in both the Netherlands and Belgium, management prepared a sensitivity analysis concluding that a combined negative sensitivity on both WACC and sales growth rates would not result in an impairment.

## 11. Property, plant and equipment

| € in millions | Land, buildings and leasehold improvements | Other fixed assets | In progress and prepayments | Total |
|---|---|---|---|---|
| Balance as at January 31, 2013: | | | | |
| Historical cost | 60 | 351 | 9 | 420 |
| Accumulated depreciation and impairment | −44 | −275 | — | −319 |
| Book value | 16 | 76 | 9 | 101 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 1 | 22 | −3 | 20 |
| Disposals | — | — | — | — |
| Net investments | 1 | 22 | −3 | 20 |
| Depreciation | −3 | −25 | — | −28 |
| Impairment | — | −4 | — | −4 |
| Total changes in book value | −2 | −7 | −3 | −12 |
| Balance as at January 31, 2014: | | | | |
| Historical cost | 61 | 373 | 6 | 440 |
| Accumulated depreciation and impairment | −47 | −304 | — | −351 |
| Book value | 14 | 69 | 6 | 89 |
| Changes in book value: | | | | |
| Acquisitions | — | — | — | — |
| Investments | 1 | 22 | 3 | 26 |
| Disposals | — | — | — | — |
| Net investments | 1 | 22 | 3 | 26 |
| Depreciation | −3 | −21 | — | −24 |
| Impairment | — | −2 | — | −2 |
| Total changes in book value | −2 | −1 | 3 | — |
| Balance as at January 31, 2015: | | | | |
| Historical cost | 62 | 395 | 9 | 466 |
| Accumulated depreciation and impairment | −50 | −327 | — | −377 |
| Book value | 12 | 68 | 9 | 89 |

Tangible fixed assets are assessed for impairment at the level of individual retail stores. The impairment tests of some stores resulted in an impairment of the carrying amount of the net asset value of these stores in 2014/15 of € 2 million (2013/14: € 4 million). The impairments in 2014/15 of € 2 million consist of impairments recognised by Praxis Doe-het-Zelf Center B.V. mainly driven by disappointing sales volumes and the macro-economic environment in the Netherlands.

Depreciation in an amount of € 24 million (2013/14: € 28 million) and impairment in an amount of € 2 million (2013/14: € 4 million) are recognised in the statement of profit or loss and other comprehensive income for the period 2014/15 on the line items General and administrative expenses and Selling and distribution cost.

## 12. Financial fixed assets

| € in millions | Amounts receivable from affiliated company | Other amounts receivable | Total |
|---|---|---|---|
| Balance as at January 31, 2013 | 797 | 333 | 1,130 |
| Acquisitions | — | — | — |
| Investments/additions | — | 65 | 65 |
| Dividend distribution | — | — | — |
| Balance as at January 31, 2014 | 797 | 398 | 1,195 |
| Acquisitions | — | — | — |
| Investments/additions | — | 32 | 32 |
| Dividend distribution | — | −397 | −397 |
| Balance as at January 31, 2015 | 797 | 33 | 830 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. The loan bears 4.00% interest per annum (2013/14: 8.00%). The loan shall be repaid upon request.

Under the other amounts receivable an amount of accrued interest affiliated companies is stated. In May 2014, the total accrued interest amounting to € 397 million has been settled via a non-cash dividend distribution to the parent company.

## 13. Inventories

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Finished products and merchandise inventories | 316 | 317 |
| Raw materials, packaging materials, technical supplies and other | 22 | 16 |
| | 338 | 333 |
| Provision for write-offs | −42 | −40 |
| Total | 296 | 293 |

An amount of € 5 million (2013/14: € 4 million) has been recognised in the statement of profit or loss and other comprehensive income as write-offs of inventories to net realisable value.

## 14. Trade and other receivables

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Trade receivables | 84 | 93 |
| Prepaid rent | 7 | 6 |
| Amounts receivable affiliated companies | — | — |
| Derivative financial instruments | 4 | |
| Other amounts receivable | 6 | 6 |
| Prepayments and accrued income | — | 2 |
| | 101 | 107 |
| Allowance for doubtful debts | −11 | −8 |
| Total | 90 | 99 |

### 14. Trade and other receivables (Continued)

**Trade receivables**

The average credit period on sales of goods is approximately 26 days. In general, no interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, by some formats interest is charged at approximately 9% per annum on the outstanding balance.

Ageing of past due but not impaired

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| 60–90 days | 3 | 3 |
| 90–180 days | 12 | 12 |
| Total | 15 | 15 |

Movement in the allowance for doubtful debts

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Balance at beginning of the year | −8 | −8 |
| Impairment losses recognised on receivables | −3 | −1 |
| Amounts written off as uncollectible | — | 1 |
| Amounts recovered during the year | — | — |
| Balance at end of the year | −11 | −8 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that no further credit allowance is required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| 0–60 days | — | — |
| 60–90 days | — | — |
| 90–120 days | — | — |
| 120+ days | −11 | −8 |
| Total | −11 | −8 |

### 15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Operational cash | 15 | 15 |
| Cash at banks | 154 | 107 |
| Total | 169 | 122 |

## 16. Financial liabilities

| € in millions | Average effective interest % | Total nominal value January 31, 2015 | Financing costs to be amortised | Total January 31, 2015 | Total nominal value January 31, 2014 | Financing costs to be amortised | Total January 31, 2014 |
|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 4.4% | 482 | −3 | 479 | 482 | −4 | 478 |
| Subordinated facility Maxeda DIY B.V. | 14.2% | 256 | −4 | 252 | 216 | −6 | 210 |
| Ancillary credit facility Maxeda DIY B.V. | 5.3% | 42 | — | 42 | — | — | — |
| Total | | 780 | −7 | 773 | 698 | −10 | 688 |
| Of which due in current period | | 59 | — | 59 | — | — | — |
| Loans longer than 1 year | | 721 | −7 | 714 | 698 | −10 | 688 |

Senior loan facility Maxeda DIY B.V.

The total Senior loan facility of Maxeda DIY B.V. was granted on June 29, 2007 and was amended and restated on May 7, 2013 and November 18, 2013 and comprises the following facilities:

- A Facility B loan in an aggregate amount of € 17 million with maturity date June 2015.
- A Facility C loan in an aggregate amount of € 17 million with maturity date June 2016.
- A Facility D loan in an aggregate amount of € 447 million with maturity date June 2017.
- A Revolving Credit Facility in an aggregate amount of € 42 million with maturity date June 2017.

The interest is floating for all facilities and based on EURIBOR, depending on the interest period selected by Maxeda, plus a margin. The margin varies from 2.25%–4.50%. In determining the effective interest expense, the effects of interest rate swaps have been included. As at the end of the reporting period, no interest rate swaps were outstanding anymore (2013/14: € 100 million).

Maxeda DIY B.V. and its principal subsidiaries in the Netherlands and Belgium grant security towards the lenders over all its material assets, including over shares in any company. This security is only limited as required by local law. It is not allowed to create additional security interest on assets, except for specified exemptions. The payment obligations under the Senior loan facility rank at least pari-passu in right and priority of payment with all other unsecured and unsubordinated indebtedness except for indebtedness preferred by laws or general application. In addition, there are restrictions for Maxeda DIY B.V. and its subsidiaries to enter into new financing and acquisition agreements without prior consent from the lenders.

Various events constitute a default, amongst others, if Maxeda DIY B.V. and its subsidiaries do not comply with the financial covenant of Total Net Debt to Consolidated EBITDA, of Total Senior Net Debt to Consolidated EBITDA, of Consolidated EBITDA to Net Cash Interest Payable and to Cash Flow to Net Debt Service. Under the existing Senior loan facility financial covenants have to be tested each quarter.

During the year and at the end of the reporting period Maxeda DIY B.V. and its subsidiaries comply with the aforementioned financial covenants.

Subordinated facility Maxeda DIY B.V.

The Subordinated facility of Maxeda DIY B.V. was granted on March 31, 2010 and was amended and restated on May 7, 2013. The facility comprises a Term loan of originally € 170 million. Part of this Subordinated facility has been provided by related parties. The maturity date of the Subordinated loan and any capitalised PIK Interest is June, 2018. The debt is subordinated to the Senior loan facility of Maxeda DIY B.V.

## 16. Financial liabilities (Continued)

The interest on the Subordinated facility includes a cash interest and a PIK interest. The cash interest is based on EURIBOR, with a minimum of 1.50%, plus a margin of 7.00% per annum, depending on the interest period selected by the company. The PIK interest is 7.00% per annum. Both the cash and PIK interest accrue on the loan and are capitalised on the last day of the interest period chosen by the company. The capitalised cash and PIK interest are treated as part of the principal amount and bear interest after being capitalised.

The company and its principal subsidiaries in the Netherlands and Belgium grant security towards the lenders over all its material assets, including over shares in any company. This security is only limited as required by local law. It is not allowed to create additional security interest on assets, except for specified exemptions.

Various events constitute a default, amongst others, if Maxeda DIY B.V. and its subsidiaries do not comply with the financial covenant of Total Net Debt to Consolidated EBITDA, of Total Senior Net Debt to Consolidated EBITDA, of Consolidated EBITDA to Net Cash Interest Payable and to Cash Flow to Net Debt Service. Under the existing Subordinated loan facility financial covenants have to be tested each quarter.

During the year and at the end of the reporting period the company and its subsidiaries comply with all the financial covenants, which have to be tested each quarter.

For subsequent events with respect to our financial liabilities, reference is made to note 26.

## 17. Pensions and other employee benefits

The components of the employee benefits are shown in the following table:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Employee benefits | 14 | 10 |
| Jubilee benefits | 4 | 3 |
| Other employee benefits | 1 | 1 |
| Total | 19 | 14 |
| *Current portion* | *2* | *1* |
| *Non-current portion* | *17* | *13* |

### Defined contribution plans

The vast majority of the Dutch employees that are over twenty years of age participate in a multi-employer plan managed by Stichting Bedrijfstakpensioenfonds voor de Detailhandel (hereinafter referred to as ''Bpf Detailhandel''). Bpf Detailhandel executes the Dutch Maxeda pension scheme and the directors' pension scheme since January 1, 2007.

This multi-employer plan qualifies as a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to obtain sufficient information to account for these plans as defined benefit plans.

In Belgium the company makes contributions to a defined contribution plan. The plan is an average-pay based and fully insured and administrated by an insurance company.

During 2014 and 2013, the company contributed € 8 million, to its defined contribution plans recorded on the line items General and administrative expenses, Selling and distribution cost and Cost of sales.

### Defined benefit plans

In Belgium the company makes contribution to a defined benefit plan for executives. The plan is final-pay based and is administrated by an insurance company.

**17. Pensions and other employee benefits (Continued)**

The pension plans expose the company to actuarial risks such as: longevity risk, interest rate risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation where a decrease in the discount rate will increase a plan's liability, however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability.

The average duration of the defined benefit obligations of the plans is 11 year. During the year no amendments/curtailments or settlements have been made. The plans are insured and funded via insurance premiums calculated by the insurer. The future return of the assets effects the future contributions. Any shortfall under legal minimum funding requirements should be funded immediately.

During 2014 and 2013, the company contributed € 3 million and € 1 million respectively, to its defined benefit plans recorded on the line items General and administrative expenses, Selling and distribution cost and Cost of sales.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| in % | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Discount rate | 0.30–1.70 | 1.10–3.00 |
| Price inflation | 2.00 | 2.00 |
| Future general salary increases | 3.00 | 3.00 |
| Future pension increases | 2.00 | 2.00 |

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by National Banks. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated share of the particular asset category in the plan's investment portfolio.

Expenses recognised in comprehensive income in respect of these defined benefit plans are as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Current service costs | 2 | 2 |
| Net interest expense | 1 | — |
| Administration costs | — | — |
| Immediate recognition of (gain)/ losses—other long-term employee benefit plan | 1 | −1 |
| Total expenses | 4 | 1 |

Re-measurement effects recognised in other comprehensive income in respect of defined plans are as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Actuarial (gain)/loss due to liability experience | — | −2 |
| Actuarial (gain)/loss due to liability assumption | 4 | — |
| Immediate recognition of (gain)/losses—other long term employee benefit plan | — | — |
| Total remeasurement effects recognized in OCI | 4 | −2 |

### 17. Pensions and other employee benefits (Continued)

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Present value of funded defined benefit obligations | 21 | 17 |
| Fair value of plan assets | −7 | −7 |
| Total liability employee benefits | 14 | 10 |

Movements in the present value of the defined benefit obligation in the current year were as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Opening defined benefit obligation | 17 | 21 |
| Current service cost | 2 | 2 |
| Interest cost | 1 | — |
| Actuarial (gain)/loss | 4 | −3 |
| Benefits paid | −3 | −3 |
| Closing defined benefit obligation | 21 | 17 |

Movements in the fair value of plan assets in the current year were as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Opening fair value of plan assets | 7 | 8 |
| Interest income | — | — |
| Employee contributions | — | — |
| Employer contributions | 1 | 1 |
| Benefits paid | −1 | −2 |
| Closing fair value of plan assets | 7 | 7 |

The major categories of plan assets at fair value at the end of the reporting period, are as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Equity instruments | — | 1 |
| Debt instruments | 7 | 6 |
| Other assets | — | — |
| Total | 7 | 7 |

Virtually all equity and debt instruments have quoted prices in active markets. The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by the Group. The Group expects to contribute approximately € 1 million in 2014/15 to pension plans that qualify as a defined benefit scheme.

#### Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and price inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 0–70 basis points lower, the defined benefit obligation would increase by € 2 million.

## 17. Pensions and other employee benefits (Continued)

- If the expected salary growth increases by 0.5%, the defined benefit obligation would increase by € 1 million.
- If the price inflation increases with 25 basis points, the defined benefit obligation would increase by € 0 million.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years

### Jubilee and other employer benefits

The Group has a number of plans for jubilee benefits in the Netherlands. The provision for these plans amounts to € 4 million (2013/14: € 3 million) and is based on the various arrangements in force using the projected unit credit method.

Other employee benefits plans are related to contingent employer benefit liabilities in Belgium amounting to € 1 million (2013/14 € 1 million).

## 18. Other provisions

| € in millions | Total |
|---|---|
| Balance as at January 31, 2013 | 6 |
| *Current portion* | *3* |
| *Non-current portion* | *3* |
| Additions | 2 |
| Withdrawals and utilisations | −1 |
| Releases | −1 |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2014 | 6 |
| *Current portion* | *2* |
| *Non-current portion* | *4* |
| Additions | 2 |
| Withdrawals and utilisations | −3 |
| Releases | — |
| Adjustments due to changes in the fair value of identified assets and liabilities | — |
| Balance as at January 31, 2015 | 5 |
| *Current portion* | *1* |
| *Non-current portion* | *4* |

The other provisions include provisions in connection with various litigations and product liabilities.

For the provisions related to product liability and litigations the current portion is € 1 million and the remainder is expected to outflow between 1 and 3 years. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

## 19. Obligations under financial leases

### Leasing arrangements

Financial leases relate to property with lease terms between 2 and 7 years.

### Financial lease liabilities

| € in millions | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | January 31, 2015 | January 31, 2014 | January 31, 2015 | January 31, 2014 |
| Not later than 1 year | — | — | — | — |
| Later than 1 year and not later than 5 years | 3 | 4 | 3 | 4 |
| Later than five years | — | — | — | — |
| | 3 | 4 | 3 | 4 |
| Less: future finance charges | — | — | — | — |
| Present value of minimum lease payments | 3 | 4 | 3 | 4 |
| Included in the financial statements as: | | | | |
| *Current financial lease liabilities* | | | — | — |
| *Non-current financial lease liabilities* | | | *3* | *4* |
| | | | *3* | *4* |

### Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

## 20. Other non-current liabilities

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Non-current derivative financial instruments | — | — |
| Customer loyalty programmes | 3 | 5 |
| Total | 3 | 5 |

## 21. Trade and other current payables

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Trade payables | 335 | 328 |
| Affiliated companies | 2 | 1 |
| Other taxes and social security contributions | 30 | 29 |
| Other liabilities | 4 | 4 |
| Accruals and deferred income | 51 | 56 |
| Total | 422 | 418 |

The average credit period on purchases of trading goods is approximately 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

### 22. Other current financial liabilities

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Provisions for employee benefits (current portion) | 2 | 1 |
| Other provisions (current portion) | 1 | 2 |
| Financial lease liabilities (current portion) | — | — |
| Total lending institutions (current portion) | 59 | — |
| Derivative financial instruments | — | 1 |
| Accrued interest third parties | 8 | 14 |
| Total | 70 | 18 |

### 23. Financial instruments and risks

#### Capital risk management

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy has not changed since the previous year.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 33.

All the financial covenants as imposed in the borrowing arrangements are complied with during the year and at the end of the reporting period. For subsequent events with respect to our financial liabilities, reference is made to note 26.

### 23. Financial instruments and risks (Continued)

### Classification and fair value of financial instruments

The Group uses financial instruments, as part of the ordinary course of business, which are classified in the table below:

| € in millions | Category | January 31, 2015 Book value | January 31, 2015 Fair value | January 31, 2014 Book value | January 31, 2014 Fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Derivative financial instruments | a) | 4 | 4 | — | — |
| Loan affiliated company | b) | 830 | 830 | 1,195 | 1,195 |
| Trade and other receivables (excl. derivative financial instruments) | b) | 86 | 86 | 99 | 99 |
| Cash and cash equivalents | b) | 169 | 169 | 122 | 122 |
| Total financial assets | | 1,089 | 1,089 | 1,416 | 1,416 |
| **Financial liabilities** | | | | | |
| Senior loan facility Maxeda DIY B.V. | d) | 479 | 482 | 478 | 482 |
| Subordinated facility Maxeda DIY B.V. | d) | 252 | 256 | 210 | 216 |
| Revolving Credit facility Maxeda DIY B.V. | d) | 42 | 42 | — | — |
| Derivative financial instruments | c) | — | — | 1 | 1 |
| Trade and other payables | d) | 422 | 421 | 418 | 418 |
| Lease liabilities | d) | 3 | 3 | 4 | 4 |
| Total financial liabilities | | 1,198 | 1,204 | 1,111 | 1,121 |
| **Total per category** | | | | | |
| a) Financial assets recognised at fair value through profit or loss | | 4 | 4 | — | — |
| b) Loans and receivables | | 1,085 | 1,085 | 1,416 | 1,416 |
| c) Financial liabilities recognised at fair value through profit or loss | | — | — | −1 | −1 |
| d) Financial liabilities recognised at amortised cost | | −1,198 | −1,204 | −1,110 | −1,120 |
| | | −109 | −115 | 305 | 295 |

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest bearing.

The fair value of the senior and subordinated loan facility is based upon level 3 (unobservable inputs) and relates to the amortisation of financing costs (Note 16).

The fair value of the derivative at year-end amounts to € 4 million (2013/14: € −1 million). This derivative has been entered into with a financial institution. The company using available market information has determined the fair value of financial instrument and appropriate valuation methods (level 2 only). An assessment has been made of a potential debit valuation adjustment, however, has not been recorded as the adjustment is deemed to be not material.

### Financial risk management objectives

The Group monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to reduce the potential impact of these risks to the required level by using derivative financial instruments to hedge these risk exposures.

**23. Financial instruments and risks (Continued)**

The use of financial instruments is governed by the Group's policies approved by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**Market risk**

Market risk is defined as the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. Market risk contains currency risk, interest rate risk and other price risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing currency rates. This risk is limited because the vast majority of the Group's activities is denominated in euros. The currency risk on currently outstanding purchasing orders is hedged by using financial derivatives. These derivatives are recognised in the statement of financial position.

Interest rate risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market interest rates. In order to limit the impact on result of fluctuations in interest rates, the Group uses interest rate swaps. These financial derivatives are used to fix part of the interest rate on underlying loans. These derivatives are recognised in the consolidated statement of changes in equity.

Other price risks other than those arising from currency or interest rate risk relate to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changing market prices. This risk is very limited given the nature of derivatives used by the Group.

The main market risk for the Group is the interest rate risk. The interest rate risk can be quantified using a sensitivity analysis. Such analysis shows the impact on the fair value of financial assets and liabilities due to potential changes in the market interest rates. Taking into account the interest rate swaps, an increase of the EURIBOR by 0.5% is estimated to result in a decline of the income before income taxes of approximately € 2 million based on the financial instruments to which the company is exposed at January 31, 2015.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure

resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity of € 1 million (2013/14: € 4 million) is reclassified to profit or loss over the period that the floating rate interest payments on debt affect the profit or loss. During the year, the interest rate hedges have been fully effective.

**Credit risk**

Credit risk is defined as the risk that any of the parties to a financial instrument were to be in default on their contractual obligations, resulting in a loss to the other parties. Except for receivables included under ''other amounts receivable'', the Group is not exposed to any significant credit risk with regard to its individual customers or counterparties. There is also a credit risk in case a counterparty to a contract involving financial derivatives defaults on its obligations. This risk is, however, remote given the creditworthiness of the counterparties with whom financial derivatives are contracted.

**Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its obligations arising from financial instruments as they come due because of an inability to liquidate assets or obtain adequate funding. The Group holds sufficient cash and cash equivalent and has adequate credit facilities to minimise this risk.

**23. Financial instruments and risks (Continued)**

The repayment commitments on financial liabilities are summarised below:

| € in millions | Repayment commitments < 1 year | 1–5 years | > 5 years | Total January 31, 2015 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 17 | 465 | — | 482 |
| Subordinated facility Maxeda DIY B.V. | — | 256 | — | 256 |
| Ancillary credit facility Maxeda DIY B.V. | 42 | — | — | 42 |
| Total nominal value | 59 | 721 | — | 780 |

| € in millions | Repayment commitments < 1 year | 1–5 years | > 5 years | Total January 31, 2014 |
|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | — | 482 | — | 482 |
| Subordinated facility Maxeda DIY B.V. | — | 216 | — | 216 |
| Ancillary credit facility Maxeda DIY B.V. | — | — | — | — |
| Total nominal value | — | 698 | — | 698 |

Reference is made to note 26 subsequent events.

**24. Commitments not included in the consolidated statement of financial position**

The Group has commitments under repurchase statements and guarantees, totalling € 69 million (2013/14: € 70 million), which are not included in the consolidated statement of financial position. These pertain mainly to franchisees and affiliated companies.

In the normal course of business, the Group entered into purchase agreements. Letters of Credit have been issued for some of the purchase agreements totalling € 24 million (2013/14: € 22 million) as per January 31, 2015.

The group companies have entered into long-term rental and lease contracts for business premises and other fixed assets. As at January 31, 2015 the future commitments were € 454 million (2013/14: € 470 million). Of this amount, € 89 million (2013/14: € 84 million) is payable within 1 year, € 252 million (2013/14: € 264 million) between 1 and 5 years and € 113 million (2013/14: € 122 million) after 5 years.

During the year, € 80 million (2013/14: € 80 million) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operational leases.

The company and its Dutch subsidiaries are part of a fiscal unity, headed by Maxeda DIY Group B.V., for Dutch corporate income tax. As a result thereof, the company and its Dutch subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

**Contingent liabilities**

Companies within the Group are involved in various legal proceedings and other claims considered typical to its businesses. In the judgment of management no losses, in excess of provisions made or covered by insurance programs, which would be material in relation to the company's financial position are likely to arise in respect of these matters, although their occurrence may have a significant effect on periodic results.

The Group has implemented a bonus scheme for approximately 90 of its key employees in 2009/10 which enables these employees in case of a sale of Maxeda DIY or their business unit to benefit from the increase in operating profit and the cash generation in excess of a specified target since the date that they became participant to the scheme. The payment of the bonus is dependent on the sale of Maxeda DIY or a business unit (or its indirect parent) and will only be paid out to employees that are employed by

## 24. Commitments not included in the consolidated statement of financial position (Continued)

the sold business unit or the Maxeda DIY holding at the date of the sale. Employees that are entitled to the bonus will only receive their full bonus if they remain employed for a certain period after the sale.

## 25. Related party transactions

Management Participation Plan (''MPP'')

A ''Management Participation Plan'' exists for certain members of management of the Group by which management can participate in an intermediate holding company (Victoria Acquisition Ia B.V.) by acquiring depository receipts issued by Stichting Management VDXK. Depositary receipts are sold to management at fair market value. Another intermediate holding company (Victoria Holding B.V.) holds certain of these depository receipts.

Under the MPP certain call options have been granted by the participants to Victoria Holding B.V. The call options entitle Victoria Holding B.V. to acquire the depository receipts of the participants at cost or fair market value, depending on the specific circumstances triggering the right of Victoria Holding B.V. to exercise the call option. Furthermore, put options were granted by Victoria Holding B.V. to participants, entitling the relevant participants to sell their depository receipts to Victoria Holding B.V. at fair market value, depending on the specific circumstances. Put options are recognised by Victoria Holding B.V. insofar as specific circumstances occur and a reliable estimate of the fair market value can be made. Examples of specific circumstances are the disposal of a Business Unit, death or permanent disability, resignation and dismissal of the participant.

As at January 31, 2015, the qualifying individuals hold 21,375 (2013/14: 21,375) depository receipts with a nominal of value € 0.01 per depository receipt. Of the total number of depository receipts 17,256 (2013/14: 17,256) are held by directors and other members of key management.

Maxeda Indirect Participation Scheme (''MIPS'')

Another management participation scheme has been developed in 2009/10 for certain members of management of the Group by which management can participate in an intermediate holding company (Victoria Participation I B.V.) by acquiring depository receipts issued by Stichting Management Maxeda. Participants economically entered the plan at the end of January 2010. Depositary receipts are sold to management at fair market value. Another intermediate holding company (Victoria Holding B.V.) holds certain of these depository receipts.

Under the MIPS certain call options have been granted by the participants to Victoria Holding B.V. The call options entitle Victoria Holding B.V. to acquire the depository receipts of the participants at cost or fair market value depending on the specific circumstances triggering the right of Victoria Holding B.V. to exercise the call option. Furthermore, put options were granted by Victoria Holding B.V. to participants, entitling the relevant participants to sell their depository receipts to Victoria Holding B.V. at fair market value, depending on the specific circumstances. Put options are recognised by Victoria Holding B.V. insofar as specific circumstances occur and a reliable estimate of the fair market value can be made. Examples of specific circumstances are the disposal of a Business Unit, death or permanent disability, resignation and dismissal of the participant.

As at January 31, 2015, the qualifying individuals hold 114,285 (2013/14 114,285) depository receipts with a nominal of value € 1.00 per depository receipt. Of the total number of depository receipts 0 (2013/14: 0) are held by directors and other members of key management.

Other related party transactions

The company has a related party relationship with its subsidiaries (see note 27), shareholders and key management. Transactions with key management are described in note 36. In addition, arrangement fees totalling to an amount of € 5 million have been accrued to be paid to our investors.

Certain former key management members hold a 3.6% interest in an indirect parent company (Maxeda DIY Interco S.a.r.l.).

## 26. Subsequent events

On 27th of July 2015, the company's indirect parent company, Maxeda DIY Group B.V., signed a deed for a new capital structure of the company. During the process, the company was able to obtain consent on its covenant requirements under the previous senior financing arrangements in place. The new capital structure consists of: a) the amendment of the covenants ratios and the extension of the existing senior loan facilities until June 2019 (extension rate of 90%). The average interest rate will increase to 7% and two additional financial covenants are introduced; and b) a debt to equity conversion of the current subordinated loan facility holders. In exchange for approximately 82% of the outstanding shares all subordinated loan facility holders have converted their subordinated loan facility and became shareholder in the company's indirect parent Maxeda DIY Group B.V.

The Belgian customs authorities are currently conducting investigations into anti-dumping duties applicable on imports of certain products originating from the People's Republic of China. Maxeda is now one of the companies subject to such investigations. In Maxeda's case, the goal of the investigation is to review and determine whether anti-dumping duties should have been (but have not been) paid during the period 2009–2014. Based upon advice received by the company so far is that even if the investigations are determined adversely to it, the applicable retrospective duties and fines are not expected to be of a magnitude that will have a material impact on the group as a whole. Both the outcome and the estimated liability, if any, are uncertain at this stage.

## 27. List of subsidiaries

The following are significant subsidiaries of the Group as of January 31, 2015. Unless otherwise indicated, these are wholly or virtually wholly-owned subsidiaries. Subsidiaries not important to providing an insight into the Group as required under Dutch law are omitted from this list.

- Maxeda DIY B.V.
  - Praxis Groep B.V.
    - Praxis Doe-het-Zelf Center B.V.
    - Formido Bouwmarkten B.V.
  - Brico Belgium N.V.
    - Plan-it N.V.
    - Maxeda DIY Supply Chain N.V.
  - Procumulator B.V.
  - Shanghai Maxeda Procurement Consultancy Co., Ltd

With respect to the separate financial statements of the Dutch legal entities included in the Group's consolidation, the company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to said section 403, the company has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which the company has issued 403 declarations are open for inspection at the trade register as managed by the Dutch Chamber of Commerce.

## Company balance sheet as at January 31, 2015

| € in millions | Notes | January 31, 2015 | January 31, 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 29 | 107 | 107 |
| Tangible fixed assets | | — | — |
| Financial fixed assets | 30 | 1,004 | 1,353 |
| **Total non-current assets** | | **1,111** | **1,460** |
| **Current assets** | | | |
| Inventories | | 1 | 1 |
| Trade and other receivables | 31 | 180 | 199 |
| Cash and cash equivalents | 32 | 23 | 8 |
| **Total current assets** | | **204** | **208** |
| **Total assets** | | **1,315** | **1,668** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | | 57 | 57 |
| Share premium | | 188 | 188 |
| Retained earnings | | 184 | 589 |
| **Shareholders' equity** | 33 | **429** | **834** |
| **Non-current liabilities** | | | |
| Financial liabilities (loans) | 34 | 714 | 688 |
| **Total non-current liabilities** | | **714** | **688** |
| **Current liabilities** | | | |
| Trade and other payables | | 17 | 8 |
| Current income tax liabilities | | — | — |
| Other current financial liabilities | 35 | 155 | 138 |
| **Total current liabilities** | | **172** | **146** |
| **Total liabilities** | | **886** | **834** |
| **Total equity and liabilities** | | **1,315** | **1,668** |

## Company income statement for the year ended January 31, 2015

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Result of participating interests after tax | 16 | −7 |
| Other results after tax | −21 | 26 |
| **Result after taxation** | **−5** | **19** |

## Notes to the company financial statements

The company financial statements have been prepared in accordance with the principles referred to in Part 9 of Book 2 of the Dutch Civil Code. By using the option in Section 2:362 (8) of the Dutch Civil Code the same accounting principles may be applied in the company's financial statements and the consolidated financial statements. Participations in group companies are valued on the basis of net asset value. Net asset value is determined by valuing assets, provisions and liabilities and calculating the result using the accounting principles applied in the consolidated financial statements.

A list has been filed with the Amsterdam Trade Register setting out the data of the group companies as required under Sections 2:379 and 2:414 of the Dutch Civil Code.

### 28. Principles for the valuation of assets and liabilities and for the determination of results

The participating interests in group companies are stated at net asset value, calculated in accordance with the principles for valuation as set out in the notes to the consolidated financial statements. The other assets and liabilities are valued, and the result is determined, in accordance with the principles for valuation and determination of results as set out in the notes to the consolidated financial statements.

### 29. Intangible fixed assets

| € in millions | Goodwill | Software and licenses | Total |
|---|---|---|---|
| Balance as at January 31, 2013: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2014: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |
| Changes in book value: | | | |
| Acquisitions | — | — | — |
| Investments | — | — | — |
| Disposals | — | — | — |
| Net investments | — | — | — |
| Amortisation | — | — | — |
| Impairment | — | — | — |
| Total changes in book value | — | — | — |
| Balance as at January 31, 2015: | | | |
| Historical cost | 126 | 13 | 139 |
| Accumulated amortisation | −19 | −13 | −32 |
| Book value | 107 | — | 107 |

Reference is made to note 10 of the consolidated financial statements.

### 30. Financial fixed assets

| € in millions | Participating interests in group companies | Amounts receivable from shareholder | Other amounts receivable | Total |
|---|---|---|---|---|
| Balance as at January 31, 2013 | 165 | 797 | 336 | 1,298 |
| Acquisitions | — | — | — | — |
| Investments/additions | — | — | — | — |
| Disposals/repayments | — | — | — | — |
| Share in net results | −7 | — | — | −7 |
| Other movements | — | — | 62 | 62 |
| Balance as at January 31, 2014 | 158 | 797 | 398 | 1,353 |
| Acquisitions | — | — | — | — |
| Investments/additions | — | — | — | — |
| Disposals/repayments | — | — | −397 | −397 |
| Share in net results | 16 | — | — | 16 |
| Other movements | — | — | 32 | 32 |
| Balance as at January 31, 2015 | 174 | 797 | 33 | 1,004 |

On June 29, 2007, a loan was granted to the direct shareholder, Maxeda DIY Holding B.V., to an amount of € 785 million. On August 15, 2007, the loan was increased by € 12 million. The loan bears 4.00% interest per annum (2013/14: 8.00%). The loan shall be repaid upon request.

Under the other amounts receivable an amount of accrued interest affiliated companies is stated. In May 2014, the total accrued interest amounting to € 397 million has been settled via a non-cash dividend distribution to the parent company.

### 31. Trade and other receivables

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Trade receivables | 9 | 11 |
| Group corporation tax receivable | 56 | 62 |
| Amounts receivable affiliated companies | — | — |
| Amounts receivable group companies | 114 | 127 |
| Other receivables | 2 | — |
| | 181 | 200 |
| Allowance for doubtful debts | −1 | −1 |
| Total | 180 | 199 |

The group corporation tax receivable decrease the net asset value of the investments as result of the current tax structure within Maxeda DIY.

### 32. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

### 32. Cash and cash equivalents (Continued)

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Cash at banks | 23 | 8 |
| Total | 23 | 8 |

### 33. Shareholders' equity

| | | | Retained earnings | | | |
|---|---|---|---|---|---|---|
| | Share capital | Share premium | Cash flow hedge reserve | Other reserves* | Result for the year | Total Group equity |
| **Balance as at January 31, 2013** | **57** | **148** | **–5** | **515** | **55** | **770** |
| Appropriation of the result previous year | — | — | — | 55 | –55 | — |
| Additional paid-in capital | — | 40 | — | — | — | 40 |
| Profit or loss for the year | — | — | — | — | 19 | 19 |
| Dividend distribution | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | 4 | 1 | — | 5 |
| **Balance as at January 31, 2014** | **57** | **188** | **–1** | **571** | **19** | **834** |
| Appropriation of the result previous year | — | — | — | 19 | –19 | — |
| Additional paid-in capital | — | | — | — | — | — |
| Profit or loss for the year | — | — | — | — | –5 | –5 |
| Dividend distribution | — | — | — | –397 | — | –397 |
| Other comprehensive income for the year | — | — | 1 | –4 | — | –3 |
| **Balance as at January 31, 2015** | **57** | **188** | **—** | **189** | **–5** | **429** |

* Other reserves include the remeasurements of defined benefit plans.

As at January 31, 2015 the share capital consists of 1,500,000 ordinary shares of € 100 per share. 567,226 shares were issued and paid in.

In previous year the company's direct shareholder contributed a total amount of € 40 million in cash as additional paid-in capital.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (interest rate swaps) related to hedged transactions that have not yet occurred.

In May 2014, the company made a non-cash dividend distribution to the parent company amounting to € 397 in relationship to the accrued interest on the outstanding intercompany loan. Reference is made to note 12 of the consolidated financial statements.

## 34. Financial liabilities

| in millions | Average effective interest % | Total nominal value January 31, 2015 | Financing costs to be amortised | Total January 31, 2015 | Total nominal value January 31, 2014 | Financing costs to be amortised | Total January 31, 2014 |
|---|---|---|---|---|---|---|---|
| Senior loan facility Maxeda DIY B.V. | 4.4% | 482 | −3 | 479 | 482 | −4 | 478 |
| Subordinated facility Maxeda DIY B.V. | 14.2% | 256 | −4 | 252 | 216 | −6 | 210 |
| Ancillary credit facility Maxeda DIY B.V. | 5.3% | 42 | — | 42 | — | — | — |
| Total | | 780 | −7 | 773 | 698 | −10 | 688 |
| Of which due in current period | | 59 | — | 59 | — | — | — |
| Loans longer than 1 year | | 721 | −7 | 714 | 698 | −10 | 688 |

For the Senior loan facility, the subordinated facility and the Revolving credit facility reference is made to note 16 of the consolidated financial statements.

## 35. Other current financial liabilities

| € in millions | January 31, 2015 | January 31, 2014 |
|---|---|---|
| Total lending institutions | — | 40 |
| Short-term financial liabilities | 59 | — |
| Derivative financial instruments | — | 1 |
| Amounts payable group companies | 88 | 83 |
| Accrued interest third parties | 8 | 14 |
| Total | 155 | 138 |

For the short-term financial liabilities amounting to € 59 million (2013/14: 0) reference is made to note 16 of the consolidated financial statements.

The amounts payable to group companies bears 6.50% interest per annum (2013/14: 6.50%).

## 36. Remuneration of key management

The remuneration of key management (being the former and current statutory directors) during the year was as follows:

| € in millions | February 1, 2014 to January 31, 2015 | February 1, 2013 to January 31, 2014 |
|---|---|---|
| Short-term benefits (salary/ short term bonus) | 3 | 3 |
| Post-employment benefits | — | 1 |
| Termination benefits | 1 | 1 |
| Share based payments | — | — |
| Other | — | — |
| Total | 4 | 5 |

The remuneration committee having regard to the performance of individuals and market trends determines the remuneration of directors.

The Board of Management participates in the participation plans as described in note 25.

## 37. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2014 to January 31, 2015 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Tax advisory services | — | — | — |
| Other non-audit services | — | 1 | 1 |
| Total principal auditor's remuneration | 1 | 1 | 2 |

| | Deloitte Accountants B.V. | Other Deloitte Network | February 1, 2013 to January 31, 2014 |
|---|---|---|---|
| Audit of statutory accounts | 1 | — | 1 |
| Tax advisory services | — | — | — |
| Other non-audit services | — | — | — |
| Total principal auditor's remuneration | 1 | — | 1 |

## 38. Commitments not included in the company balance sheet

The company and most of its Dutch subsidiaries are part of a fiscal unity headed by the company's indirect shareholder Maxeda DIY Group B.V. As a result thereof, the company and its subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal unity as a whole.

Signature page to the Financial Statements of Maxeda DIY B.V.

Amsterdam, October 5, 2015

**The Board of Management**

R.F. van Neerbos

## Other information

### Appropriation of result for the financial year 2013/14

The annual report 2013/14 was adopted in the General Meeting held on August 29, 2014. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

### Proposal of profit appropriation

Section 15 of the Articles of Association stipulates that the profit is at the disposition of the annual General Meeting. The Board of Management will be putting a resolution before the annual General Meeting to the effect that the net result will be deducted from the other reserves.

### Subsequent events

For information regarding subsequent events, see Note 26 to the consolidated financial statements.

### Independent auditor's report

Reference is made to the independent auditor's report as included hereinafter.

Deloitte.

**Deloitte Accountants B.V.**
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## Independent auditor's report

To the Executive Board and Shareholders of Maxeda DIY B.V.

### Report on the financial statements

We have audited the accompanying financial statements for the year ended January 31, 2015 of Maxeda DIY B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as per January 31, 2015 the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Maxeda DIY B.V. as per January 31, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

**Opinion with respect to the company financial statements**

In our opinion, the company financial statements give a true and fair view of the financial position of Maxeda DIY B.V. as per January 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, October 5, 2015

Deloitte Accountants B.V.

Signed on the original: G.M. Dekker

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## TABLE OF CONTENTS



maxeda DIY Group

# €475,000,000 Senior Secured Notes

**(in a combination of fixed and floating rate notes)**

**€ % Fixed Rate Senior Secured Notes due 2022**

**€ Floating Rate Senior Secured Notes due 2022**

**issued by**

# Maxeda DIY Holding B.V.

*Global Coordinators and Physical Bookrunner*

## Goldman Sachs International

*Global Coordinator and Joint Bookrunner*

## ING

*Joint Bookrunner*

## ABN AMRO

**OFFERING MEMORANDUM**

**, 2017**