Verisure Holding AB (publ)
€700.0 million 6.00% Senior Secured Notes due 2022

Verisure Holding AB (publ) (the "Issuer"), a public limited liability company existing under the laws of Sweden, is offering (the "Offering") €700.0 million of its 6.00% Senior Secured Notes due 2022 (the "Notes") as part of the financing for the acquisition (the "Acquisition") by entities beneficially owned by H&F (as defined herein) or one of its affiliates of all of the outstanding securities in Dream Luxco S.C.A. ("Dream Luxco"), the indirect parent company of the Issuer, and certain shares in Dream GP S.à r.l., in each case, owned by Bain Capital (as defined herein) or its affiliates.

The Issuer will pay interest on the Notes at a rate of 6.00% *per annum*, payable semi-annually in arrears on each of November 1 and May 1, commencing May 1, 2016. The Notes will mature on November 1, 2022. Prior to November 1, 2018, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. At any time on or after November 1, 2018, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this offering memorandum. In addition, prior to November 1, 2018, the Issuer may redeem at its option up to 40% of the original principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in the offering memorandum, *provided* that at least 60% of the original principal amount of the Notes remains outstanding. Prior to November 1, 2018, during each 12-month period commencing on the Issue Date, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes (including any Additional Notes (as defined herein)) at its option, from time to time, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any. In addition, the Issuer may redeem all, but not part, of the Notes at a price equal to 100% of the principal amount upon the occurrence of certain changes in applicable tax law. If a change of control occurs, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, in any.

The Notes will be the senior secured obligations of the Issuer, will be guaranteed by Verisure Midholding AB (publ) ("Holdco"), ESML SD Iberia Holding S.A.U. and Securitas Direct España S.A.U. (together with Holdco, the "Initial Guarantors"), and will be secured by first-priority security interests in the Initial Collateral (as defined herein). The Notes are expected to be guaranteed by the Post-Completion Guarantors (as defined herein) and secured by first-priority security interests in the Post-Completion Collateral (as defined herein) within the time periods specified in this offering memorandum. The Collateral (as defined herein) also secures the Senior Credit Facilities (as defined herein) on a *pari passu* basis, and certain of the Collateral secures the Private Senior Notes (as defined herein) on a lower-ranking basis. See "*Summary—The Offering—Security*." The validity and enforceability of the Guarantees and the security and the liability of each Guarantor (as defined herein) and security provider will be subject to the limitations described in "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*"

Application has been made to admit the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market.

See "*Risk Factors*" beginning on page 29 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

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

Offering price for the Notes: 100.0%, plus accrued interest, if any, from the Issue Date

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

The Notes will be represented on issue by one or more Global Notes, which we expect will be delivered through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about October 28, 2015.

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International **Morgan Stanley**

BofA Merrill Lynch **Nomura** **Nordea**

Joint Bookrunners

Barclays **Citigroup** **Credit Suisse** **Deutsche Bank** **HSBC**

The date of this offering memorandum is November 9, 2015.

IMPORTANT INFORMATION

This offering memorandum has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes. 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 the Notes. This offering memorandum may not be distributed to any person other than prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes, and any disclosure of the contents of this offering memorandum without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and you agree to not make copies of this offering memorandum or any documents referred to in this offering memorandum.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge, information and belief (having taken all reasonable care to ensure that such is the case), this offering memorandum contains all information that is material in the context of the issuance and offering of the Notes and the Guarantees, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this offering memorandum or any such information misleading in any material respect. The information contained in this offering memorandum is as of the date hereof.

None of Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, Nomura International plc, Nordea Bank AB (publ), Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch or HSBC Bank plc (each an “Initial Purchaser” and together, the “Initial Purchasers”) nor any employee of the Initial Purchasers has authorized the contents or circulation of this offering memorandum and does 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.

In making an investment decision, you should rely only on the information contained in this offering memorandum. None of the Issuer, the Guarantors or any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where 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.

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry and consultant publications. Although the Issuer and the Guarantors accept responsibility for the accurate extraction and summarization of such information and data, the Issuer and the Guarantors have not in any way independently verified the accuracy of such information and data and they accept no further responsibility in respect of such information and data. In addition, the information set out in relation to sections of this offering memorandum describing clearing arrangements, including the sections entitled “*Description of Notes*” and “*Book-Entry, Delivery and Form,*” is subject to any change in, or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, they accept no further responsibility in respect of such information.

This offering memorandum constitutes a Prospectus for the purpose of Luxembourg law dated July 10th, 2005 on Prospectus for Securities, as amended.

The Initial Purchasers, the Trustee and the Security Agent (as defined herein), the Transfer Agent (as defined herein), the Registrar (as defined herein) and the Paying Agent (as defined herein) (together, the “Agents”) 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 or the Trustee or the Agents as to the past or the future. The Issuer and the Guarantors have furnished the information contained in this offering memorandum.

The Initial Purchasers will provide you with a copy of this offering memorandum and any related amendments or supplements. By receiving this offering memorandum, you acknowledge that you have had an opportunity to ask questions of the Issuer and that you have received all answers you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

In making an investment decision, you must rely solely on the information contained in this offering memorandum and your own examination of the Issuer and the Guarantors and their respective subsidiaries and the terms of the Offering of the Notes, including the merits and risks involved. In addition, none of the Issuer, the Guarantors, their respective subsidiaries and affiliates, the Initial Purchasers, the Trustee or any Agent, and none of any of their respective affiliates or representatives, are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business, financial or tax advice. You should consult your own advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; none of the Issuer, the Guarantors, their respective subsidiaries and affiliates, the Initial Purchasers, the Trustee or any Agent shall have any responsibility for any of the foregoing legal requirements. The distribution of this offering memorandum and the Offering and sale of the Notes in certain jurisdictions may be restricted by law. You should refer to "*Plan of Distribution*" and "*Transfer Restrictions*."

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global notes. The global notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the global notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The Notes will not be issued in definitive registered form except under the circumstances described in the section "*Book-Entry, Delivery and Form*."

Application has been made to admit the Notes on the Official List of the Luxembourg Stock Exchange and to admit them for trading on its Euro MTF Market.

Notice to Investors in the United States

None of the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes or the Guarantees, and none of the foregoing authorities have passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary could be a criminal offence in certain jurisdictions.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and the applicable state securities laws, including pursuant to registration or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. The Notes 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 and are subject to certain restrictions on transfer. You are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Please refer to the sections in this offering memorandum entitled "*Plan of Distribution*" and "*Transfer Restrictions*" for a description of certain further restrictions on offers and sales of Notes and distribution of this offering memorandum.

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

Notice to New Hampshire Residents Only

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

Notice to Swedish Investors

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (Sw. *lag* (*1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Swedish Financial Instruments Trading Act.

Notice to Certain Spanish Investors

The Notes may not be sold, offered or distributed in Spain except in accordance with the requirements of the Spanish Securities Market Law 24/1988, of July 28, 1988 (Ley 24/1988, de 28 de julio, del Mercado de Valores), as amended and restated, and Royal Decree 1310/2005, of November 4, 2005 on the listing of securities, public offers and applicable prospectus (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripcióny del folleto exigible a tales efectos), as amended from time to time (the "Spanish Securities Market Law"). The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (oferta pública) of securities in Spain, within the meaning of the Spanish Securities Market Law. Neither the Notes, the Offering nor this offering memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of Notes in Spain.

Notice to Portuguese Investors

Neither the Offering, nor the Notes have been approved by the Portuguese Securities and Exchange Commission (Comissão do Mercado de Valores Mobiliários — the "CMVM") or by any other competent authority of another Member State of the European Union and notified to the CMVM. The Notes may not, directly or indirectly, be offered or sold in Portugal, and neither can the offering memorandum, any prospectus, form of application, advertisement or other document or information in Portugal relating to the Notes be distributed or published in Portugal and no action has been or will be taken that would permit a public offering of any of the Notes in Portugal or for this offering memorandum to be distributed or published in Portugal. Accordingly, no Notes may be offered, sold or distributed, except under circumstances that will not be considered as a public offering under article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*) approved by Decree Law 486/99 of 13 November 1999, as last amended by Decree Law no. 124/2015, of 7 July 2015 ("PSC").

Notice to U.K. Investors

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) 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"), (iii) high net worth bodies corporate and any other person falling within Article 49(2)(a) to (d) of the Order, or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended), or "FSMA"), and any other persons to whom it may otherwise lawfully be made in accordance with the Order or Section 21 of the FSMA (all such persons together being referred to as "relevant persons").

Notice to Swiss Investors

This offering memorandum, as well as any other material relating to the Notes which are the subject of the Offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange ("SIX" or "SIX Swiss Exchange"), and, therefore, the documents relating to the Notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The Notes are being offered in Switzerland by way of a private placement (i.e. to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This offering memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This offering memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This offering memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Norwegian Investors

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Norwegian Securities Trading Act of 2007 nor any other Norwegian enactment. Neither the Norwegian Financial Supervisory Authority (*Finanstilsynet*) nor any other Norwegian public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Norway other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Norwegian Securities Trading Act of 2007.

Notice to French Investors

This offering memorandum has not been prepared and is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Title 1 of Book II of the *Règlement Général de l'Autorité des Marchés Financiers*, and has not been approved by, registered or filed with the *Autorité des marchés financiers* (the "AMF"), nor any competent authority of another Member State of the EEA that would have notified its approval to the AMF under the Prospectus Directive as implemented in France and in any Relevant

Member State. Therefore, the Notes may not be, directly or indirectly, offered or caused to be offered or sold to the public in France (*offre au public de titres financiers*) and this offering memorandum and any other offering or marketing material or information relating to the Notes has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sales of the Notes to the public in France in any way that would constitute, directly or indirectly, an offer to the public in France. Offers, sales and distributions have only been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting solely for their own account (*agissant pour compte propre*) and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. Prospective investors are informed that (a) this offering memorandum has not been and will not be submitted for clearance to the AMF, (b) in compliance with Articles L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764.1 of the French Code *monétaire et financier*, any qualified investors subscribing for the Notes should be acting for their own account (*agissant pour compte propre*) and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L. 621-8-3 of the French *Code monétaire et financier*.

Stabilization

IN CONNECTION WITH THE OFFERING OF THE NOTES, GOLDMAN SACHS INTERNATIONAL (THE "STABILIZING MANAGER"), OR PERSONS ACTING ON BEHALF OF STABILIZING MANAGER, MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER OR PERSONS ACTING ON ITS BEHALF WILL UNDERTAKE ANY STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE NOTES, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements, including statements about market trends and our strategy, investments, future operations, industry forecasts, domestic, regional and global economic conditions and supply and demand levels, competition in our markets, regulatory framework and levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate," "believe," "continue," "ongoing," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "target," "seek" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled "Risk Factors" in this offering memorandum. In addition, even if our actual results are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to:

- our ability to compete effectively in our industry;
- rapid changes in technology and our ability to successfully manage and address customer expectations;
- adverse changes in general economic conditions;
- our ability to retain our existing customers and to acquire new subscribers on a cost effective basis;
- our exposure to the Spanish market;
- our ability to compete effectively with bundled products and services that may be offered by certain of our potential competitors;
- privacy concerns and potential security breaches;
- costs associated with potential competition with our former parent or disputes over our primary brand name;
- costs associated with our continued investment in building our brands;
- difficulties we may face in increasing our subscriber base or our subscription fees or up-selling new products to our current subscribers;
- inability to realize efficiencies and cost savings associated with implemention of our FOG program;
- increased labor costs in the jurisdictions in which we operate;
- prolonged disruption of our monitoring centers;
- product defects or shortfalls in our customer service;
- possible liability associated with our ability to respond adequately to alarm activations;
- costs of complying with current or future regulatory requirements;
- false alarm ordinances introduced by local governments;
- disruptions in our supply chain;
- shifts in telecommunications technology;
- costs arising from our warranty obligations;
- insufficient insurance coverage;

- costs arising from unauthorized use of, or disputes involving, our proprietary technology;
- our ability to effectively manage our growth into new markets;
- our exposure to risks associated with foreign currency fluctuations;
- increasing operating costs and inflation risks;
- impairment losses resulting from potential declines in the fair value of our assets;
- costs arising from legal and arbitration proceedings;
- our dependence on our experienced senior management team, who would be difficult to replace;
- market perceptions regarding the instability of the euro and the possible introduction of individual currencies within the eurozone;
- risks associated with our ultimate principal shareholder's interests being inconsistent with our own;
- our significant leverage, which may make it difficult for us to service our debt and operate our business; and
- risks associated with our structure and the terms of the Notes and other indebtedness.

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry or the regulatory regimes under which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward looking statements. Given these risks and uncertainties, you should not rely on forward looking statements as a prediction of actual results.

Any forward looking statements are only made as of the date of this offering memorandum, and we do not intend, and do not assume any obligation, to update forward looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on these forward looking statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements and Other Financial Information

This offering memorandum includes:

- the audited consolidated financial statements of the Issuer as of and for the years ended December 31, 2012, 2013 and 2014 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), which have been audited by PricewaterhouseCoopers AB; and
- the unaudited condensed consolidated interim financial statements of the Issuer as of and for the six months ended June 30, 2015 and 2014 prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34").

Following consummation of the Transactions, beginning with the fiscal year ended December 31, 2015, our results will be consolidated at Holdco.

Holdco is as a holding company and is the direct parent company of the Issuer. Holdco's only material assets and liabilities are currently (and are expected in the future to be) its interest in the issued and outstanding shares of its subsidiaries and its outstanding indebtedness and intercompany balances incurred in connection with the Transactions, including the Private Senior Notes. Historically we have only prepared consolidated financial statements at the Issuer. Beginning with the fiscal year ended December 31, 2015, our results will be consolidated at Holdco.

Unaudited *Pro Forma* As Adjusted Financial Information

We present in this offering memorandum certain financial information on an as adjusted basis to give *pro forma* effect to the (i) "*Funding our Growth Together*" ("*FOG*") cost savings program, (ii) the annualized impact of the acquisitions of Mediaveil and Leadex, (iii) sponsor fees and (iv) the Transactions. See "*Summary—Summary Consolidated Historical and Other Data*," "*Capitalization*," "*Risk Factors—Risks Related to Our Business and Industry—We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, FOG*," "*Business—Product Offerings and Product Strategy—Funding Our Growth Together—Cost Savings Initiative*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Use of Proceeds*." These *pro forma* and as adjusted numbers have not been and cannot be audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties and may not give an accurate or complete picture of our future results of operations the financial condition or results of operations of the acquired entities prior to their acquisition by us, may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. The historical results of the Issuer and its subsidiaries may not be indicative of our future results following consummation of the Transactions. The unaudited *pro forma* financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Constant Currency Information

We present certain of our financial and operating results on a constant currency basis to allow investors to compare our results of operations and certain operating metrics across periods on a like-for-like basis. Because changes in foreign currency exchange rates have a non-operating impact on financial and operating measures, we believe that evaluating these financial and operating measures on a constant currency basis provides an additional and meaningful assessment of revenue to management. We have removed the effects of FX changes in our discussion of certain operating and financial metrics by re-translating each period's non-euro denominated results using a constant rate of exchange for each of the applicable currencies. Constant currency growth rates are not indicative of changes in corresponding cash flow. These non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements.

Non-IFRS Financial and Operating Information

We have included in this offering memorandum the following financial measures:

As used in this offering memorandum,

- "EBITDA" refers to the operating result before depreciation expense, amortization expense and impairment expense;

- "Adjusted EBITDA" refers to EBITDA adjusted as further described under footnote 4 under "*Summary—Summary Consolidated Historical and Other Data*";
- "Adjusted EBITDA margin" refers to Adjusted EBITDA divided by revenue;
- "Adjusted EBITDA, last quarter annualized" refers to our Adjusted EBITDA from the last quarter, multiplied by four;
- "Adjusted EBITDA, last two quarters annualized" refers to our last two quarters of Adjusted EBITDA, multiplied by two;
- "Adjusted EBITDA from Portfolio Services" refers to EBITDA from our Portfolio Services segment, calculated as further described under footnote 17 under "*Summary—Summary Consolidated Historical and Other Data*";
- "Adjusted EBITDA from Portfolio Services, last quarter annualized" refers to our last quarter of Adjusted EBITDA from Portfolio Services, multiplied by four;
- "Adjusted EBITDA from Portfolio Services, last two quarters annualized" refers to our last two quarters of Adjusted EBITDA from Portfolio Services, multiplied by two;
- "Adjusted EBITDA from Customer Acquisition" refers to EBITDA from our Customer Acquisition segment, as further described under footnote 17 under "*Summary—Summary Consolidated Historical and Other Data*";
- "Adjusted *Pro Forma* EBITDA, last quarter annualized" refers to our Adjusted EBITDA, multiplied by four, as further adjusted by the *pro forma* calculations described under footnote 27 under "*Summary—Summary Consolidated Historical and Other Data*";
- "Adjusted *Pro Forma* EBITDA, last two quarters annualized" refers to our last two quarters of Adjusted EBITDA, multiplied by two, as further adjusted by the *pro forma* calculations described under footnote 27 under "*Summary—Summary Consolidated Historical and Other Data*";
- "Revenue, last quarter annualized" refers to our revenue for the last quarter multiplied by four;
- "Revenue from Portfolio Services, last quarter annualized" refers to our last quarter of revenue from Portfolio Services, multiplied by four; and
- "SSNOCF" refers to "Steady State Net Operating Cash Flow" which is calculated as Adjusted EBITDA from Portfolio Services less net investments to replace cancellations (CPA multiplied by number of cancellations), as further described under footnote 6 under "Summary—*Summary Consolidated Historical and Other Data.*"

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

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

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

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

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

Market and Industry Information

This offering memorandum includes market share and industry information that was obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback, including information published by Berg Insight AB (2014) ("Berg Insight"). In addition, we have used the results of surveys carried out on our behalf. We have also used data derived and extrapolated from national statistical resources in various countries. Because we do not have access to the facts and assumptions underlying the market data used by third-party sources, we are unable to verify such information and cannot guarantee its accuracy or completeness. We also do not have access to the facts and assumptions underlying the projections made in these reports and various economic and other factors may cause actual results to differ from these projections.

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

Presentation

Rounding adjustments have been made in calculating some of the financial information included in this offering memorandum. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

CERTAIN DEFINITIONS

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

"**Acquisition**"	the acquisition and redemption by H&F or one of its affiliates of all the shares and preferred equity certificates owned by Bain Capital or its affiliates in indirect parent companies of the Issuer;
"**Acquisition Agreement**"	the acquisition agreement between H&F Newco and Bain Capital dated October 2, 2015;
"**Agreed Security Principles**"	has the meaning ascribed to it in "*Description of Notes—Certain Definitions*";
"**Bain Capital**"	Bain Capital, Ltd. and, where applicable, the funds and limited partnerships owned or advised thereby;
"**Cayman 1**"	Verisure Cayman 1, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number WC-304199;
"**Cayman 2**"	Verisure Cayman 2, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 304201 and the borrower under the Senior Secured Bridge Facility;
"**Collateral**"	the Initial Collateral and the Post-Completion Collateral;
"**company**," "**us**," "**Group**," "**our**" and "**we**"	Holdco and its consolidated subsidiaries, or the Issuer and its consolidated subsidiaries, as the context requires;
"**Completion Date**"	the date on which the completion of the Acquisition occurred, which was October 21, 2015;
"**DKK**"	the Danish krone, the lawful currency of Denmark;
"**Dream Luxco**"	Dream Luxco SCA, a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg with registration number B 163056 and an indirect parent of the Issuer;
"**EU**"	the European Union;
"**euro**," "**EUR**" and "**€**"	the lawful currency of the European Monetary Union;
"**Existing Indenture**"	the indenture governing the Existing Notes, dated February 15, 2012, as amended from time to time, among, *inter alia*, the Issuer, certain of the Guarantors and the Trustee, which was satisfied and discharged in connection with the Transactions on the Completion Date;
"**Existing Notes**"	collectively, the Existing Series A Notes and the Existing Series B Notes;
"**Existing Revolving Credit Facility**"	the revolving credit facility under the Existing Revolving Credit Facility Agreement, which was repaid in full in connection with the Transactions on the Completion Date;
"**Existing Revolving Credit Facility Agreement**"	the senior revolving credit facility agreement entered into on August 14, 2011 (as amended and restated from time to time) by and among, *inter alios*, the Issuer, certain of the Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nordea Bank AB (publ) and Nomura International plc as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent

	and security agent, which was terminated on the Completion Date in connection with the Transactions;
"**Existing Securitas Indebtedness**"	collectively, the Existing Notes, the Existing Revolving Credit Facility, Series A Senior Loans and the Mezzanine Loan Agreement;
"**Existing Series A Notes**"	collectively, the €500.0 million aggregate principal amount of 8.75% Senior Secured Fixed Rate Notes, Series A, due 2018 and the €200.0 million aggregate principal amount of Senior Secured Floating Rate Notes, Series A, due 2018, which will be redeemed in full in connection with the Transactions;
"**Existing Series B Notes**"	the €271.5 million aggregate principal amount of 8.75% Senior Secured Notes, Series B, due 2018, which will be redeemed in full in connection with the Transactions;
"**Guarantees**"	has the meaning ascribed to it in "*Summary—The Offering—Guarantees*";
"**Guarantors**"	the Initial Guarantors and the Post-Completion Guarantors;
"**H&F**" and "**Sponsor**"	Hellman & Friedman LLC and, where applicable, the funds and limited partnerships owned or advised thereby;
"**H&F Equity Contribution**"	the €572.0 million equity contribution from H&F into H&F Newco in connection with the Acquisition;
"**H&F Newco**"	H&F Project Luxco 1 S.à r.l., a private limited company (*société à responsabilité limité*) organized under the laws of the Grand Duchy of Luxembourg under registered number B-185670, whose registered address is at 4, rue Charles VI, L-1327, the Grand Duchy of Luxembourg;
"**Holdco**" and "**Initial Guarantor**"	Verisure Midholding AB (publ) a public limited liability company existing under the laws of Sweden with registration number 556854-1402;
"**Indenture**"	the indenture to be dated on or about the Issue Date among, *inter alios*, the Issuer, the Initial Guarantors, the Trustee and the Security Agent;
"**Initial Collateral**"	the collateral securing the Notes on the Issue Date, as further described in "*Description of Notes—Security*";
"**Initial Purchasers**"	collectively, Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, Nomura International plc, Nordea Bank AB (publ), Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and HSBC Bank plc;
"**Intercreditor Agreement**"	the intercreditor agreement dated October 21, 2015, by and among, *inter alios*, the Issuer, the Initial Guarantors, the Security Agent, the agent under the Senior Facilities Agreement, the trustee for the Private Senior Notes and the Trustee, as amended from time to time;
"**Issue Date**"	October 28, 2015;
"**Issuer**" and **"We"**	Verisure Holding AB (publ), a public limited liability company existing under the laws of Sweden with registration number 556854-1410;
"**kronor,**" "**krona**" and "**SEK**"	the lawful currency of Sweden;
"**Local Facilities**"	the outstanding debt obligations at certain of our subsidiaries that remain outstanding following the Transactions;

"**Mediaveil Acquisition**" . . . . our acquisition of 100% of the French holding company Securifin SAS in July 2015, which indirectly owns 83.8% of Mediaveil;

"**Mezzanine Loan**" . . . . the mezzanine loan entered into on August 15, 2011 under the Mezzanine Loan Agreement, which was repaid in full in connection with the Transactions on the Completion Date;

"**Mezzanine Loan Agreement**" . . the secured subordinated mezzanine facility agreement entered into on August 15, 2011 (as amended and restated from time to time) by and among, *inter alios*, the Issuer, certain of the Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Mezzvest Luxembourg II s.à r.l., Morgan Stanley Bank International Limited, Nomura International plc, Nordea Bank AB (publ) and Partners Group (Guernsey) Limited as mandated lead arrangers, the financial institutions named therein as original lenders, The Bank of New York Mellon as agent and Nordea Bank AB (publ) as security agent, which was terminated in connection with the Transactions on the Completion Date;

"**NOK**" . . . . Norwegian kroner, the lawful currency of Norway;

"**Notes**" . . . . €700.0 million 6.00% senior secured notes due 2022 issued by the Issuer in the Offering;

"**Offering**" . . . . the offering of the Notes pursuant to this offering memorandum;

"**Post-Completion Collateral**" . . . the Collateral that is expected to secure the Notes on the earlier of (x) the date on which such Collateral secures the Senior Credit Facilities and (y) 90 days following the Completion Date, as further described in "*Description of Notes—Security*";

"**Post-Completion Guarantors**" . . has the meaning ascribed to it in "*Summary—The Offering—Guarantees*";

"**Private Senior Notes**" . . . . €700.0 million (equivalent) private senior notes due 2023 issued by Cayman 1, which were assumed by Holdco on the Completion Date;

"**Private Senior Notes Indenture**" . . . . the indenture governing the Private Senior Notes, by and among, *inter alios*, Cayman 1 and the Trustee, in its capacity as trustee for the Private Senior Notes, which was assumed by Holdco on the Completion Date;

"**Revolving Credit Facility**" . . . . . the €300.0 million (equivalent) revolving credit facility under the Senior Facilities Agreement;

"**Securitas Direct**" . . . . Securitas Direct AB (publ), a public limited company existing under the laws of Sweden with registration number 556222-9012;

"**Security Agent**" . . . . Wilmington Trust (London) Limited;

"**Security Documents**" . . . . the security and other documents and agreements that provide for security interests in the Collateral for the benefit of the holders of the Notes, as further described under "*Description of Notes—Security*";

"**Senior Credit Facilities**" . . . . the Senior Term Loan and the Revolving Credit Facility;

"**Senior Facilities Agreement**" . . . €1,600.0 million (equivalent) senior facilities agreement dated October 10, 2015 between, *inter alios*, Cayman 2 as an original borrower and the lenders as defined therein, as the same may be amended from time to time, which was assumed by the Issuer on the Completion Date;

"**Senior Secured Bridge Facility**"	€700.0 million senior secured bridge facility under the Senior Secured Bridge Facility Agreement, which is expected to be repaid in full on the Issue Date with the proceeds of the Offering and cash on balance sheet;
"**Senior Secured Bridge Facility Agreement**"	the senior secured bridge facility agreement dated October 10, 2015 by and among Cayman 2, Bank of Merrill Lynch International Limited, as agent, the mandated lead arrangers and bookrunners named therein and the Security Agent, which was assumed by the Issuer on the Completion Date;
"**Senior Term Loan**"	the €1,300.0 million (equivalent) senior term loan under the Senior Facilities Agreement;
"**Series A Bridge Loan**"	the €50.0 million loan under the Series A Senior Bridge Agreement, which was repaid in full in connection with the Transactions on the Completion Date;
"**Series A Senior Bridge Agreement**"	the amended and restated senior secured bridge facility agreement entered into on August 14, 2011 by and among, *inter alios*, the Issuer, certain of the Guarantors, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley Bank International Limited, Nomura International plc and Nordea Bank AB (publ) as mandated lead arrangers, the financial institutions named therein as original lenders and Nordea Bank AB (publ) as agent and security agent, which was terminated in connection with the Transactions on the Completion Date;
"**Series A Senior Loans**"	the Series A Bridge Loan and the Series A Term Loan;
"**Series A Senior Term Loan Agreement**"	the senior secured term loan facility agreement entered into on November 7, 2014 by and among, *inter alios*, the Issuer, certain of the Guarantors and Nordea Bank AB (publ) as agent and security agent, which was terminated in connection with the Transactions on the Completion Date;
"**Series A Term Loan**"	the €80.0 million loan under the Series A Senior Term Loan Agreement, which was repaid in full in connection with the Transactions on the Completion Date;
"**Shareholder Funding Instruments**"	means the preferred equity certificates issued to Holdco by the Issuer, which were repaid in connection with the Transactions on the Completion Date;
"**Topholding**"	Verisure Topholding AB, a private limited liability company existing under the laws of Sweden with registration number 556856-0808 and an indirect parent of the Issuer;
"**Transactions**"	has the meaning ascribed to it in "*Summary—The Transactions*";
"**Trustee**"	Wilmington Trust, National Association;
"**U.S.**"and "**United States**"	the United States of America; and
"**U.S. dollars**" or "**$**"	the lawful currency of the United States.

EXCHANGE RATE INFORMATION

The following table sets out for the periods indicated below the high, low, average and period-end exchange rates as published by Bloomberg (London Composite Rate), expressed as U.S. dollars per €1.00. We make no representation that the euro or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could in the future be converted to U.S. dollars at any particular rate, if at all.

On October 22, 2015, the exchange rate published by Bloomberg for transfers between euros and U.S. dollars was $1.1137 to €1.00.

	U.S. dollar per €1.00			
Year	**Period end**	**Average**	**High**	**Low**
2010	1.3366	1.3266	1.4510	1.1952
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2053
2013	1.3789	1.3283	1.3804	1.2772
2014	1.2100	1.3285	1.3925	1.2100
2015 (through June 30, 2015)	1.1153	1.1166	1.2099	1.0992

	U.S. dollar per €1.00			
Month	**Period end**	**Average**	**High**	**Low**
April 2015	1.1214	1.0821	1.1214	1.0582
May 2015	1.0973	1.1160	1.1432	1.0882
June 2015	1.1153	1.1229	1.1374	1.0919
July 2015	1.0984	1.0998	1.1216	1.0809
August 2015	1.1211	1.1145	1.1714	1.0848
September 2015	1.1172	1.1234	1.1460	1.1087
October 2015 (through October 22, 2015)	1.1137	1.1309	1.1445	1.1137

SUMMARY

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

Overview

We are the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio of approximately 1.9 million customers (as of June 30, 2015) and design, sell and install alarms with network connectivity across 14 countries in Europe and Latin America. Our management estimates, based on third party data, that as of June 30, 2015, we were the leading provider of premium monitored alarm services in four out of five of our largest markets in Europe (representing 72.4% of Group revenue on a last quarter annualized basis). Since our company was founded in 1988, we have continually expanded our customer base, growing at a compound annual growth rate ("CAGR") of 17% from 2000 to June 2015. As of June 30, 2015, our residential households accounted for 76% of our customers, while small businesses accounted for 24%. Based on our historical trends, we currently estimate that our residential customers remain with us, on average by geography, 8-16 years and our small business customers remain with us, on average, 5-8 years. As a result, we believe that our Portfolio Services revenues, representing 85.6% of our revenue for the quarter ended June 30, 2015 annualized, provide us with a high-margin, stable source of recurring cash flow. For the quarter ended June 30, 2015, annualized, we generated revenue of €999.5 million and Adjusted *Pro Forma* EBITDA of €400.3 million.

We operate a subscription-based service business, which we conduct through two operating segments:

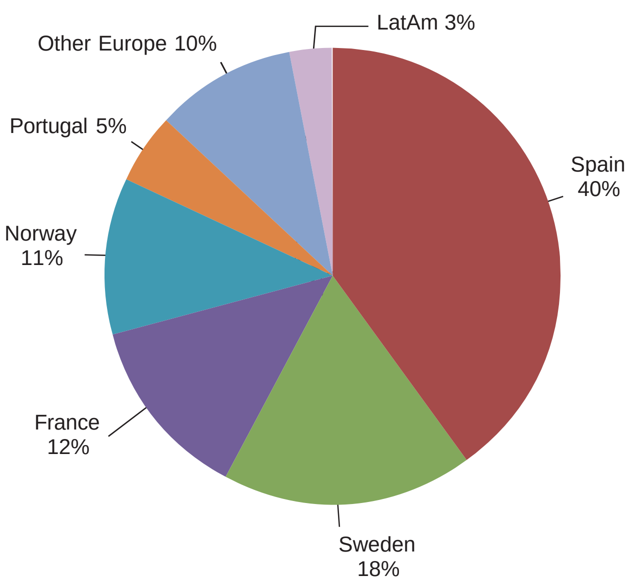
- **Portfolio Services.** Our Portfolio Services segment provides monitoring services to our 1.9 million customers for a monthly subscription fee. We typically enter into self-renewing monitoring agreements with our customers at the time of installation, and the majority of our customers pay via direct debit. We then monitor our installed base of alarms through 12 dedicated monitoring centers located throughout Europe and Latin America to verify triggered alarms and initiate an appropriate response. We also provide customer service and technical support for all our installed systems. We have had low customer cancellation rates (churn) of approximately 8% annually over the last five years, having recently declined to 6.8% as of June 30, 2015. This low cancellation rate contributes to the stable and recurring cash flow that the segment generates allowing us to fund investment to grow our customer base. For the quarter ended June 30, 2015 annualized, our Portfolio Services segment generated revenue of €855.2 million (representing 85.6% of our total revenue) and Adjusted EBITDA of €517.1 million (representing a 60.5% Adjusted EBITDA margin).
- **Customer Acquisition.** Our Customer Acquisition segment sells to, and installs our alarm systems for, new customers in return for an upfront sales and installation fee. This installation fee typically only covers a portion of the costs associated with marketing, selling, purchasing equipment and installing each alarm system. As a result, the segment represents an up front investment (including both costs reflected in our income statements and capital expenditures) in our business to acquire new customers. These new customers then become part of our Portfolio Services segment, driving revenue, Adjusted EBITDA and profitability growth. Due to the discretionary nature of our customer acquisition activities, we are able to increase our sales, marketing and installation investment activities to grow our customer base, or, alternatively, reduce our investment in such activities to maximize our cash on hand, over the short to medium term.

We offer a range of alarm systems with a variety of features, ranging from simple break-in detectors to more complex alarms with premium features, such as sophisticated cameras, home environment monitoring capabilities, such as smoke, and two-way audio communication. These alarm systems are directly connected to our monitoring centers, as well as to our customers through our web-based "MyPages" application and our mobile Verisure App, available on Apple iOS, Android and Microsoft-based smartphones. These applications allow our customers to set, monitor and control various alarm functions and settings. While we primarily market under the Securitas Direct brand, we have developed and launched an innovative line of products, which represent our newest technology and most advanced features (including our Verisure App), which we sell under the Verisure brand.

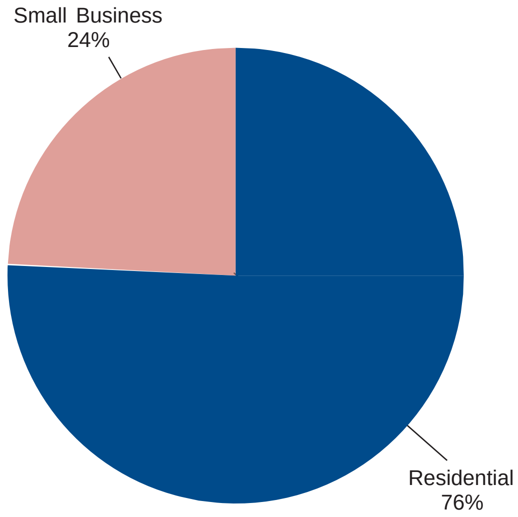
Our Operating Markets

We have operations in eleven European countries (Spain, Sweden, France, Norway, Portugal, Finland, Denmark, Belgium, the Netherlands, Italy and the United Kingdom (where we have a pilot project)) and three Latin American countries (Chile, Brazil and Peru). Our largest markets in terms of customers are Spain, Sweden, France, Norway and Portugal which, combined, accounted for 87% of our total customers as of June 30, 2015. Spain is our largest market and represented 40% of our customers as of June 30, 2015. Additionally, residential households accounted for 76% of our customers, while small businesses accounted for 24% as of June 30, 2015. The charts below show our customer base by geographic breakdown and by customer type as of June 30, 2015:

Customer Breakdown by Country



Customer Breakdown by Customer Type



We launched limited operations in Brazil in 2011 and acquired a 90% stake in TeleAtlantic in the third quarter of 2014 to further build-out our Brazilian operations. TeleAtlantic had approximately 21,000 customers as of July 31, 2014 and we have also acquired a small portfolio of customers in Chile in 2014. We further added approximately 10,000 customers through our acquisition of Leadex Investments AB in Sweden in May, 2015. Since we first began operations, we have pursued a primarily organic growth strategy when expanding into new markets, including Peru and Italy, complemented by selective add-on acquisitions to bolster our position in existing markets.

Our History

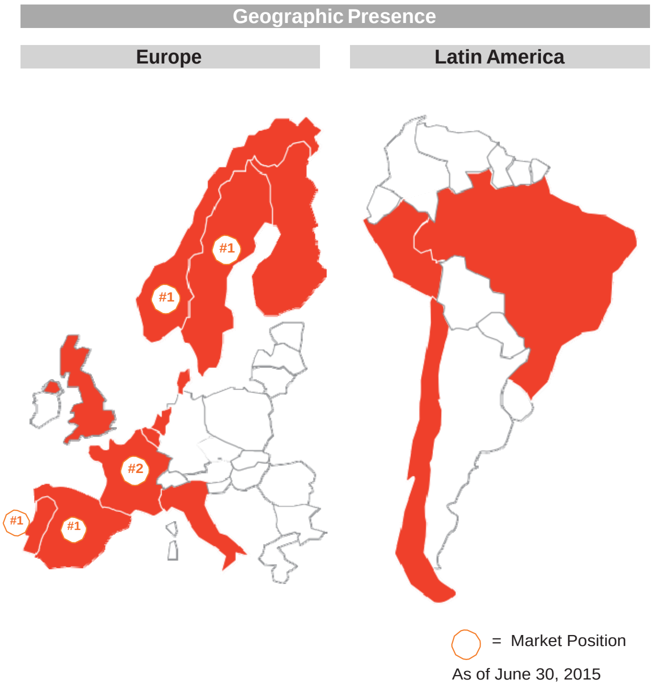
We were founded in Sweden in 1988 as a division of Securitas AB, initially focusing on the Swedish residential home security market. Within our first ten years of operations, we had expanded our platform internationally, entering the home security markets of Norway, Spain, France and Finland, with subsequent expansion into Portugal and the Netherlands in 2001 and 2005, respectively. In September 2006, we separated from Securitas AB and were listed on the OMX Stockholm Nordic Exchange, before being taken private in an acquisition by EQT Holdings AB in August 2008. In 2009, we entered the Latin American market by establishing operations in Chile. We were acquired by Bain and H&F on September 2, 2011.

Our Strengths

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

Clear industry leader with scale and a track record of resilient growth

We are the leading provider of residential and small business monitored alarm solutions in Europe. We are present in 14 countries across Europe and South America and are the leading provider of premium monitored alarm services in four of our five largest markets in Europe, which together represented 72.4% of our revenue on a last quarter annualized basis, as shown in the following table:



We estimate, based on available industry data, that we are approximately five times larger than our single nearest competitor across our five largest markets, on a combined basis, based on our average number of subscribers in 2014. We believe our leading market position in these markets and across Europe is due to our differentiated business model. We offer premium monitored alarm services that include high quality products tailored to the residential and small business markets. Our installation and subscription services are delivered by experienced face-to-face salespeople who serve as the customers' first point of contact.

Market leader with scale

In 2014, within the market of currently installed alarms, we were the largest player in four out of five of our largest operating countries, Spain, Sweden, Norway and Portugal, in which we held a relative market share of customers (compared to our nearest competitors) of 4.8 times, 2.8 times, 1.3 times, and 2.1 times respectively. We also believe our market position is further strengthened by high brand awareness in our largest markets.

As the largest pan-European monitored alarm service provider in our markets, we have the flexibility to dedicate necessary resources to marketing, advertising and selling activities to further sustain and grow brand awareness and our subscriber base. For example, management estimates that our sales force in Spain with over 1,500 employees is several times larger than our closest competitor, which we believe has allowed us to continue gaining market share and acquiring new customers faster than our competitors. We believe that the depth and scale of our activities provide us with a significant advantage in competing for talented employees, by allowing us to offer a leading, growing and international career platform. Furthermore, we can invest adequate resources in product development to drive the introduction of new technologies and features into our alarm systems which drives upselling, enhances subscribers' engagement and experience and, as a result, reduces churn. As a result of our efforts, we have been successful in introducing new products and technologies to enhance our value proposition to our customers such as anti-jamming services.

Track record of resilient growth

We have been able to grow our subscriber base every year since 2000, from approximately 194,000 to approximately 1.9 million as of June 30, 2015, which is a CAGR of approximately 17%. We believe that our scale coupled with the differentiation provided by our brand trust and awareness, service-focused sales force coverage and direct go-to-market ("GTM") model (wherein our large network of field sales representatives reach out to potential customers), our focus on innovation and our ability to attract talented employees have resulted in a track record of above-market growth in certain of our markets. For example, in Spain from 2010 to 2014, we grew the number of our customers at a CAGR of 3.3% compared to an estimated 1.4% for all other market participants (based on third-party data), while in France during that same period we grew our customer base at a CAGR of 19.3% compared to 7.4% for all other market participants (based on third party data).

Favorable market dynamics with low penetration rates

Low penetration rates

We believe that there is substantial potential for further penetration of residential monitored alarms in Europe, which we anticipate will continue to provide us with profitable growth opportunities. Residential monitored alarm penetration rates remain relatively low in the markets in which we operate. According to third-party data and our estimates, the average penetration by country in European residential monitored alarms in 2014 was estimated to be approximately 6%, compared to approximately 20% in the residential sector of the more-developed U.S. market. Within Europe, seven of the 11 markets in which we have operations have average penetration rates below the European average.

We believe that the primary driver of the different penetration rates between the United States and Europe is historically lower marketing spending in Europe and, as a result, lower consumer awareness of the benefits of security systems. As we have focused on increasing product awareness, through our GTM model, our European operations have shown strong growth. From 2011 to June 30, 2015, we grew our subscriber base in Europe from approximately 1,438,000 to 1,822,000.

Significant market know-how in an industry with scope for differentiation

We believe that there is significant scope for differentiation in the alarm monitoring business.

- First, market participants need to gain awareness and brand trust among customers in order to be given permission to monitor customers' families and assets. This not only requires an established presence in the market but a field sales organization of a certain size. The GTM model requires interplay of customized products, brand, recruitment, training, lead generation and allocation, which we believe is highly complex to build and operate. We also seek to tailor our approach to the markets in which we are operating in order to deliver differentiated service to our customers that indicates comprehensive understanding of cultural norms and communities.
- Second, we believe that scale, including on a regional basis, is a differentiating factor in the alarm monitoring market. Scale provides avenues for increased investment in innovative product and service features, greater customization of products to fit GTM efforts, enhanced monitoring and response service and the ability to drive lead generation through marketing spend.
- Third, the demands of customer safety and well-being drives significantly higher service level requirements than in many other subscription-based businesses which we are able to address through deep customer know-how, our twelve monitoring centers and our sizeable sales force.

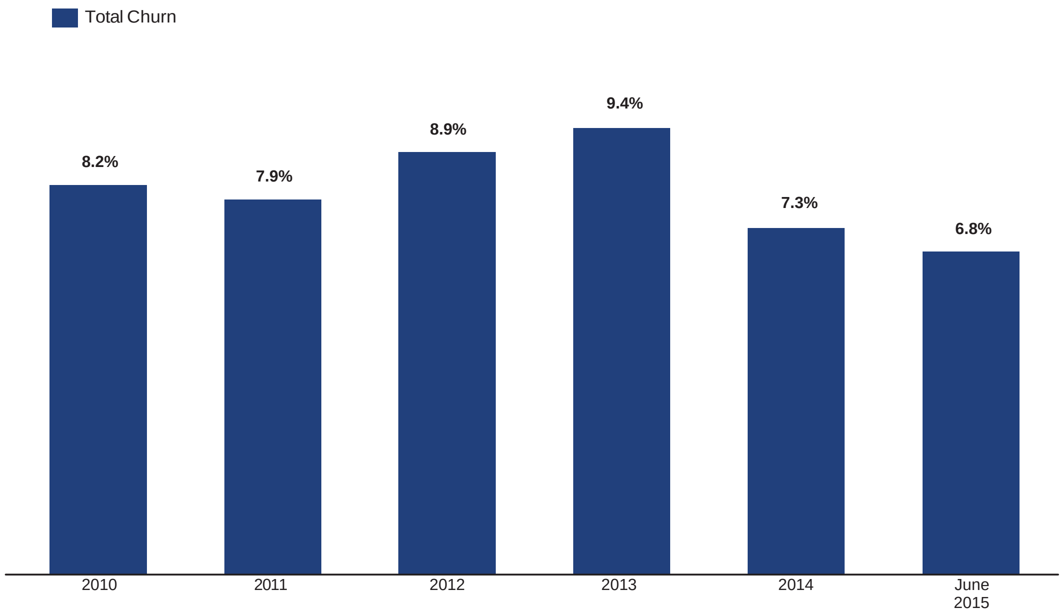
We believe that we are well-positioned to benefit from these market dynamics owing to our established competitive position, the strength of brand and reputation, our scale and density of operations, our differentiated GTM model with experienced face-to-face salespeople, our technology and diversified customer base.

Subscription business with diversified, high quality and resilient customer base with low churn

We have a geographically diversified portfolio of approximately 1.9 million customers as of June 30, 2015. Our focus on markets throughout Europe, including Scandinavia and Southern Europe, as well as certain markets in Latin America helps mitigate the risks of localized economic downturns. Our residential customers tend to be middle-to-higher income households with assets to protect and lower price sensitivity. In order to ensure subscriber loyalty, we charge upfront fees of several hundred euro or more, which helps screen for more-committed customers and, we believe, increases the likelihood of customers continuing to use our system over the long-term. The resilience of the demand for our security systems is underpinned by the strength and reputation of our brand and the nature of the services we offer, as we address the safety of our customers' families and property, and we believe customers view our solutions as less discretionary than other expenditures. As such, we believe that customers are less prone to cancel our services during economic downturns. Consequently, we currently estimate that our residential customers, which represented 76% of our total customers as of June 30, 2015, have an expected subscription life of between 8 and 16 years.

Track record of churn improvement

In addition to our diversified, high quality customer base, we have been able to drive down churn by focusing our sales incentive scheme on lower churn customers such as residential customers and professional services (e.g., doctors, lawyers) and reducing commissions for higher churn businesses. Management has also implemented other initiatives to reduce churn including data led predictive analytics which indicate when customers are at a higher risk of churning (e.g., long periods of inactivity), and specific initiatives for house moves. Our deep customer retention know-how and on-going customer service efforts have facilitated the recent decrease in our cancellation rates (as shown in the chart below), and consequently, allowed for better revenue growth and greater cash flow generation.



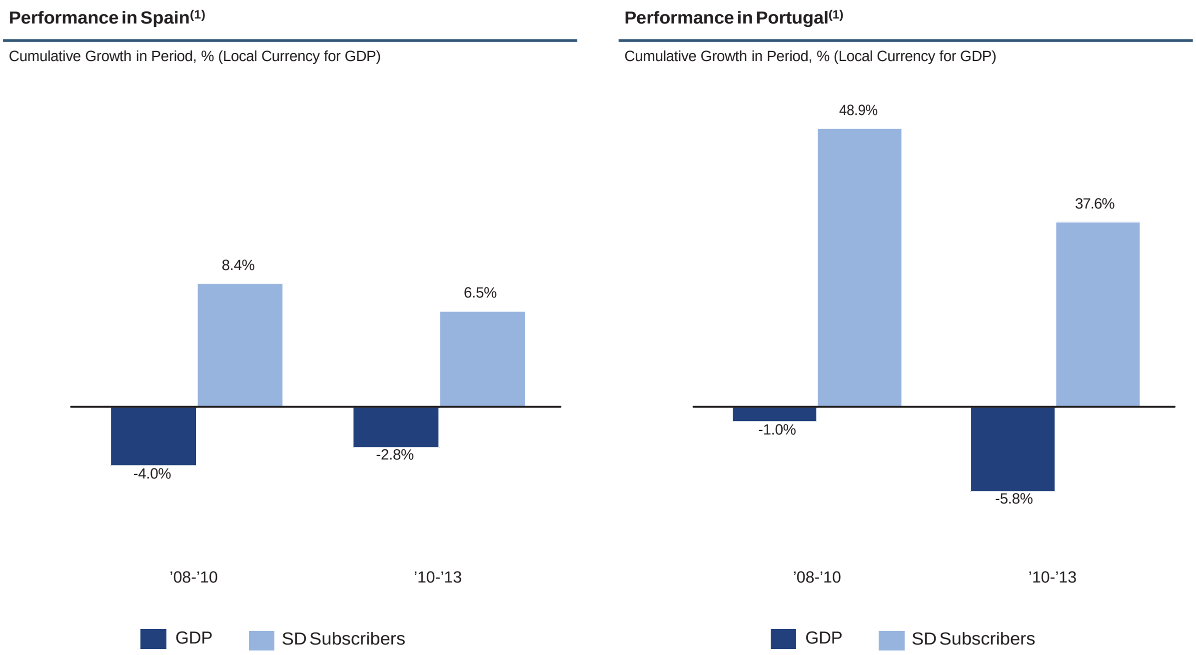
Strong and stable cash flow generation with ability to flexibly manage growth

Our Portfolio Services segment, which holds our portfolio of approximately 1.9 million customers as of June 30, 2015, generates substantial cash flow through our subscription-based revenues, with Adjusted EBITDA for Portfolio Services of €129.3 million for the three months ended June 30, 2015 (representing a 60.5% Adjusted EBITDA margin) and Adjusted EBITDA for Portfolio Services of €517.1 million on a last quarter annualized basis. The profitability of our Portfolio Services segment results from its relatively low operating cost and capital expenditure requirements (in the Portfolio Services segment, capital expenditures amounted to 5.5% of revenue for the three months ended June 30, 2015). While our subscriber growth is dependent on our Customer Acquisition segment, we have discretion when to invest in acquiring new customers to either replace cancelling customers or grow our existing subscriber base. Our historically low churn rate has meant that we do not need to divert significant resources towards customer replacement costs. As such, we have flexibility in how we invest the substantial cash flow generated by the Portfolio Services segment. In the three months ended June 30, 2015, we invested 67.1% of our Adjusted EBITDA from the Portfolio Services segment to acquire new customers and used the remaining 32.9% of our Adjusted EBITDA primarily to service our debt and for capital expenditures and other general corporate purposes. As a result of the discretionary nature of our Customer Acquisition spend, we are able to efficiently manage our growth, reducing our costs and capital expenditure requirements and allowing us to use additional cash flow for debt service requirements or other purposes. If, on the other hand, we invest our additional cash flow to acquire new customers, it allows us to potentially grow our Adjusted EBITDA in the long term.

Track record of profitable growth and deleveraging, including during economic downturns

We have a consistent track record of profitable growth despite ongoing economic uncertainty in some of our markets. For example, from 2012 to the quarter ended June 30, 2015, we were able to increase our Portfolio Services Adjusted EBITDA margin from 53.2% to 60.5%. Both in Spain and Portugal, where the effects of the economic downturn were among the most severe in Europe, we continued to expand our operations. Between 2008 and 2010 we were able to grow our customers in Spain and Portugal by 8.4% and 48.9%, respectively despite GDP contracting by 4.0% and 1.0% respectively. In Spain, from 2010 to 2013, during a period of continued economic uncertainty we were able to grow our customers by 6.5%, while GDP fell 2.8%. Likewise, in Portugal during the same period, we were able to grow our customers by 37.6%, while GDP fell by 5.8%.

Performance during economic downturns



Source: Company information and third party data

(1) Cumulative GDP growth at constant prices

We have a track record of operating under a highly leveraged capital structure while maintaining the ability to invest in new customers to expand our customer base and grow our Portfolio Services Adjusted EBITDA, which has allowed us to delever by more than one turn since 2012.

Experienced management and strong regional teams with a proven track record of successfully managing growth and cash flows

Our management team, supported by our strong regional teams, has a successful operating history with us, with our founders still serving in leadership or advisory roles. Under their leadership we have delivered growth in customers, revenue and Adjusted EBITDA despite the previous economic downturn.

Over time, we have implemented a decentralized model in which regional teams and local sales-installers are fully accountable for their portfolio of customers and incentivized to deliver sustainable growth and value creation. Our strong culture and strategic alignment across geographies, including sharing of best practices, is another source of competitive differentiation.

Our management team are a blend of new talent from the consumer and telecom industries as well as those who have significant history with the business. Our two founders, Dick Seger and Luis Gil, are still involved in critical roles that support our plans for further growth, expansion and innovation. Our Chief Executive Officer, Austin Lally, led the development of our strategic roadmap with our management team, founders and Sponsor, leveraging his experience of over 25 years in building and growing leading consumer businesses in Europe, the United States and Asia.

Our Strategies

We intend to continue driving our customer-centred model to deliver peace of mind and protection to our customers through a technology enabled human services approach encompassing professional grade installation, professional monitoring, response and call outs. We aim to adapt our services based on deep customer insight. We are focused on continuing to develop first-to-market solutions that later become industry standards and ensure that we have a leading portfolio of security solutions. We have also developed and will seek to continue to effectively implement strategic initiatives to increase customer retention, such as facilitating the transfer of our services in connection with home moves and offering customers remote access to their alarm systems via the internet and the Verisure App.

Continue to increase penetration of monitored alarms for residential and small business customers in Europe and Latin America market

We believe significant growth opportunities remain in our existing markets, as evidenced by the low penetration rates compared to other jurisdictions. We aim to further expand our subscriber base in these markets in a measured manner by continuing to target potential customers who meet our customer demographics and economics criteria by increasing the quantity and quality of our leads and investing in our portfolio of brands. Moreover we may consider selective acquisitions to increase our subscriber base in certain regions. We believe many of our potential customers are not yet familiar with the benefits of having a monitored alarm system. Thus, we plan to use our large face-to-face sales force, unique GTM model, strong brand and broad product offerings to continue to grow our subscriber base. Growing our subscriber base should enable us to increase our profit margins, because we will be able to benefit from the density and economies of scale of our Portfolio Services segment. Additionally, given that our average payback period (the time it takes to recover the cost of acquiring a new subscriber and installing an alarm system) is approximately 4 years and that we estimate that our residential customers will have subscription lives of between 8 and 16 years, we believe growing our subscriber base is a strategy worth pursuing.

Strive to provide the best security solution available and do our utmost to protect our customers

Our in-house development teams cooperate closely with our network of equipment manufacturers to design and deliver new products and services to our customers. Our disciplined focus on research and development allows us to efficiently manage our new product development costs and strategically invest where we expect the returns will be the highest. We believe that our scale provides us with a significant competitive advantage in investing in product development, and we have introduced a number of successful innovations over the years (e.g., our Verisure “MyPages” home automation platform, which enables the customer to remotely access their premises over the internet or through the Verisure App on their smartphone). We plan to continue to invest in research and development to introduce new technologies and features into our alarm systems, thereby increasing up-selling and enhancing our customers’ engagement and experience, which we believe will increase customer loyalty and reduce churn.

Focus on achieving the highest levels of customer satisfaction and loyalty in the industry

We recognize that customer satisfaction is directly proportional to customer loyalty and, therefore, we consistently strive to maintain the highest levels of customer satisfaction in the industry in order to reduce churn. As our first point-of-contact with our customers, our salespeople, some of whom are also responsible for installing our systems, provide ongoing customer assistance and are one of our greatest assets in achieving this goal. We have further implemented a sales incentive program that rewards our dedicated sales-force for identifying high quality customers while aligning the interests of our salespeople with our customers by measuring customer satisfaction at key points of interaction (including sales visits, service visits and customer service calls). In addition, we strategically focus on traditionally low-churn customers (e.g. residential and professional services business customers) and increase our customer engagement by providing innovative new services (such as anti-jamming technology and our Verisure App) while also implementing policies aimed at increasing the quality of our customer base (such as upfront installation fees that help to identify more-committed customers).

Deliver industry leading profitability through cost optimization and operational excellence

By increasing customer engagement and offering additional services, we believe we will continue to deliver industry-leading churn and increase average revenue per customer (ARPU). Additionally, we are striving to implement a number of measures for efficiency gains replicating best practices. For example, we are currently in the implementation phase of our FOG cost savings program, under which we expect to realize cash savings of approximately €27 million by June 2016, with the full program targeting over twice this amount. The FOG program includes selected cost categories of our business (portfolio operations, direct spend and indirect procurement and spend (excluding marketing spend)).

These initiatives are intended to improve our performance in customer care, reduce direct material costs and operating expenses, sustainably improve product quality and enhance our business stability. We have done substantial work to identify cost savings and develop these initiatives, including working with third-party consultants, and seek to leverage our managers' expertise, which includes successful implementation of similar programs. See "*Business—Product Offerings and Product Strategy—Funding Our Growth Together – Cost Savings Initiative*" and "*Risk Factors—Risks Related to Our Business and Industry—We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, "FOG*."

Recent Developments

Trading Update

Financial statements for the nine months ended September 30, 2015 are not yet finalized. The information below is subject to change as our financial statements are reviewed by us and our auditors. For comparability purposes, the following financial information is presented on a constant currency basis unless otherwise indicated. See "*Presentation of Financial and Other Information—Constant Currency Information.*"

For the eight months ended August 31, 2015, our revenue and Portfolio Services revenue were €667.4 million and €573.4 million, respectively, increasing 15.3% and 14.5%, respectively, compared to the same period in 2014. The increase was primarily due to an increase in our customer base, as well as an increase in average revenue per user ("ARPU"). Our customer base increased from approximately 1,734,000 as of August 31, 2014, to over 1,925,000 as of August 31, 2015, while our cancellation rate decreased from 8.1% to 6.8% as of August 31, 2015 as compared to August 31, 2014. Adjusted EBITDA and Adjusted EBITDA from Portfolio Services were €240.0 million and €345.5 million, respectively, for the eight months ended August 31, 2015, an increase of 16.6% and 19.0%, respectively, over the same period in 2014. Within our portfolio segment this translates to an increase in monthly Adjusted EBITDA per subscriber ("EPC") from €21.6 to €23.2, as a result of the increase in ARPU as well as operating efficiencies. In the same period, ARPU increased from €37.3 to €38.5 and cash acquisition cost per new customer ("CPA") increased slightly from €1,079 to €1,141.

On a reported basis, Adjusted EBITDA and Adjusted EBITDA from Portfolio Services were €236.1 million and €340.9 million, respectively, for the eight months ended August 31, 2015, an increase of 14.7% and 17.4%, respectively, compared to the same period in 2014.

Our preliminary results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement on our financial or operational results for the eight months ended August 31, 2015. As such, you should not place undue reliance on them. Our auditors have not audited, reviewed or performed any procedures with respect to this financial information nor do they express any opinion or opine thereto. We cannot assure you that, upon finalization of our financial statements for the nine months ended September 30, 2015 and the audit by our independent auditors of our results for the year ended December 31, 2015, we will not report materially different results from those indicated above. See "*Risk Factors*" and "*Forward-Looking Statements*."

Lars Nordmark, our current Chief Financial Officer, will be transitioning from the company by mutual agreement during the first quarter of 2016. We have launched a search process for a new Chief Financial Officer and anticipate a smooth transition.

Mediaveil Acquisition

In July 2015, we completed the acquisition of 100% of the French holding company, Securifin SAS, which indirectly owns 83.8% of Mediaveil, a French security company, for total consideration of €16.4 million. In connection with the Mediaveil Acquisition, we assumed €8.1 million in debt obligations.

Segur Control Acquisition

On July 27, 2015, we entered into an acquisition agreement pursuant to which we agreed to purchase all of the share capital of Segur Control, S.A., a Spanish company, for consideration of approximately €20 million, which we intend to finance through operational cash flow or drawings under the Existing Revolving Credit Facility or Revolving Credit Facility. We received clearance from the *Comisión Nacional de los Mercados y la Competencia* and the acquisition closed in October, 2015.

The Sponsor

Hellman & Friedman LLC is a leading private equity investment firm with offices in San Francisco, New York and London. Since its founding in 1984, H&F has raised and, through its affiliated funds, managed over $25.0 billion of committed capital. H&F focuses on investing in superior business franchises and serving as a value-added partner to management in select industries including internet & digital media, software, business & marketing services, financial services, insurance, media, healthcare and energy & industrials. The firm is currently investing its seventh fund, Hellman & Friedman Capital Partners VII, L.P., with $8.9 billion of committed capital. For more information on Hellman & Friedman LLC, visit www.hf.com. Following the completion of the Acquisition on October 21, 2015, H&F indirectly owns approximately 93% of the outstanding shares of the Issuer.

The Transactions

Overview

On October 2, 2015, a newly formed entity wholly owned by H&F, H&F Project Luxco S.à r.l. (“H&F Newco”), and Bain Capital entered into an acquisition agreement (the “Acquisition Agreement”) pursuant to which Bain Capital agreed to sell, or permit the redemption of, all of the outstanding securities in Dream Luxco S.C.A., the indirect parent of the Issuer, and certain shares in Dream GP S.à r.l., in each case held by Bain Capital Dream Cayman L.P., an affiliate of Bain Capital (the “Acquisition”). Following the completion of the Acquisition on October 21, 2015, H&F indirectly holds approximately 93% of the outstanding share capital of Dream Luxco, which indirectly holds all the outstanding equity interests in the Issuer. In connection with the Acquisition, a portion of management’s indirect equity interests in Securitas Direct was purchased or redeemed for cash, with the remainder being retained or rolled as or into direct or indirect equity ownership in Dream Luxco.

On October 10, 2015, Cayman 2 entered into the Senior Facilities Agreement and a Senior Secured Bridge Facility Agreement, as borrower. In addition, Cayman 1, which is a special purpose vehicle owned indirectly by H&F and formed in connection with the Transactions, entered into a purchase agreement with a number of investors, pursuant to which such investors purchased the Private Senior Notes on the Completion Date.

On the Completion Date, (a) Cayman 1 assigned the proceeds of the Private Senior Notes to Holdco and Holdco assumed all of Cayman 1’s obligations under the Private Senior Notes and the Private Senior Notes Indenture and (b) Cayman 2 assigned the drawings under the Senior Credit Facilities and the Senior Secured Bridge Facility to the Issuer, and the Issuer assumed all of Cayman 2’s obligations under the Senior Facilities Agreement and the Senior Secured Bridge Facility Agreement.

Financing

The financing for the Acquisition and the other Transactions described above comprised the following:

- H&F made an equity contribution of €572 million (the “H&F Equity Contribution”) into H&F Newco;

- Cayman 2 borrowed €1,300 million (equivalent) under the Senior Term Loan under the Senior Credit Facilities;
- Cayman 2 borrowed €700 million under the Senior Secured Bridge Facility, and the proceeds of the issuance of the Notes offered hereby and cash on balance sheet will be used to refinance all amounts outstanding under the Senior Secured Bridge Facility on or about the Issue Date; and
- Cayman 1 privately placed €700 million (equivalent) of Private Senior Notes.

The proceeds from the financing described above have or will be used to:

- repay the Existing Securitas Indebtedness, including related break fees, call premia and unpaid interest;
- fund the consideration payable for the Acquisition; and
- pay the fees and expenses in connection with the Transactions.

We refer to the Acquisition (including the capitalization and redemption of the existing preferred equity certificates, the partial purchase or redemption of equity held by management, the rollover of H&F's and management's existing equity interests into H&F Newco and the upstreaming of cash from the Group in connection therewith), the Offering, the H&F Equity Contribution, the drawings under the Senior Credit Facilities and the Senior Secured Bridge Facility, the issuance of Private Senior Notes, the assumptions, or otherwise transfers, of such indebtedness to the Group by way of novation or otherwise to, among other things, repay the Existing Securitas Indebtedness, including related break fees, call premia and unpaid interest, the refinancing of the Senior Secured Bridge Facility with the proceeds from the issuance of the Notes and cash on balance sheet and the entry into the Intercreditor Agreement and the Security Documents as the "Transactions." See "*Use of Proceeds*," "*Capitalization*" and "*Description of Notes*."

Sources and Uses

The following table presents the sources and uses for the Transactions, including the cash and non-cash resources necessary to consummate the Acquisition.

Sources	(€ millions)	Uses	(€ millions)
Senior Secured Bridge Facility(1)	700	Repayment of Existing Securitas Indebtedness(3)	1,664
Senior Term Loan(2)	1,300	Break fees on Existing Securitas Indebtedness(4)	51
Private Senior Notes(2)	700	Acquisition consideration and rollover equity(6)	2,964
H&F rollover equity(5)	1,345	Transaction costs and expenses	100
Management rollover equity(5)	162		
H&F Equity Contribution	572		
Total sources	**4,779**	**Total uses**	**4,779**

(1) The Acquisition and the other Transactions that were consummated on the Completion Date were initially financed in part using drawings under the Senior Secured Bridge Facility on the Completion Date. On or about the Issue Date, the Senior Secured Bridge Facility will be repaid in full using the proceeds of the Offering and cash on balance sheet.

(2) Represents the euro equivalent of the principal amount of the Senior Term Loan and Private Senior Notes. While a portion of such indebtedness is denominated in SEK as described under "*Description of Certain Indebtedness*," our financing arrangements that were refinanced on the Completion Date required that the euro equivalent amount be funded on the Completion Date, based on a pre-agreed euro-SEK exchange rate.

(3) Represents the principal amount of the Existing Securitas Indebtedness being repaid in connection with the Transactions, including accrued and unpaid interest until the Completion Date and net of cash on balance sheet in excess of the estimated as adjusted cash balance of €5.0 million. Some of the proceeds used to repay the Existing Securitas Indebtedness were initially on-lent to certain subsidiaries to repay certain intercompany balances.

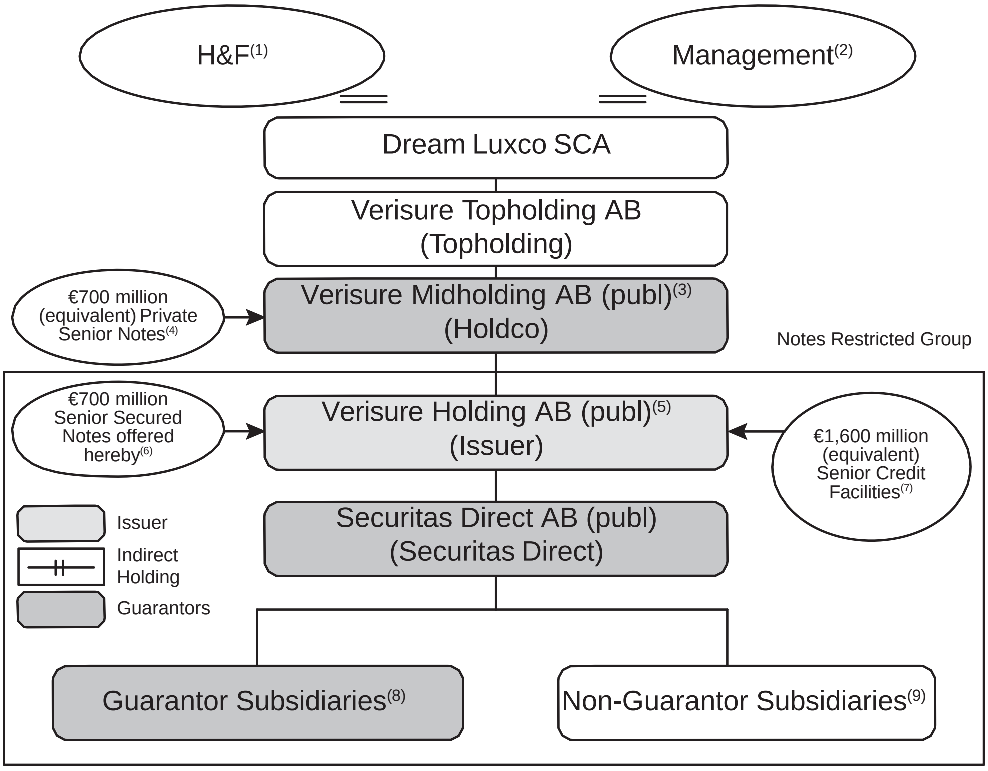
(4) Break fees on Existing Securitas Indebtedness includes the fees payable on the Series A Senior Loans, the Mezzanine Loan, the call premia on the Existing Notes and the interest payable between the Completion Date and the respective redemption dates of the Existing Notes.

(5) Represents the value of H&F and management's equity interests in Dream Luxco prior to the Transactions as implied by the Acquisition valuation.

(6) Represents amounts paid to an affiliate of Bain Capital, the portion of management's equity interests that have been purchased or redeemed in connection with the Acquisition and the value of the entire equity held by H&F and management in the indirect parent companies of Holdco following the Acquisition as implied by the Acquisition valuation.

Summary Corporate and Financing Structure

The following diagram shows a summary of our corporate and principal financing structure after giving effect to the Transactions. For a summary of debt obligations identified in this diagram, see the sections entitled "*Description of Notes*," "*Description of Certain Indebtedness*" and "*Capitalization.*" See also "*Principal Shareholders*" and "*Related Party Transactions.*"



(1) As of the Completion Date, H&F directly owned 93% of the equity interests in Dream Luxco, with the remaining indirect equity interests held by certain members of management. See "*Principal Shareholders.*"

(2) Certain members of our management participate in an equity incentive plan whereby they receive common equity interests in Dream Luxco. See "*Management—Executive Compensation—Equity Ownership Plans and Incentive Awards.*"

(3) Holdco is a wholly-owned subsidiary of Topholding. The restrictive covenants under the Indenture will apply to the Issuer and its restricted subsidiaries and not to Holdco. On the Issue Date, the Initial Guarantors are expected to guarantee the Notes and Holdco is expected to grant security over the Initial Collateral owned by it. See "*Description of Notes—Security.*"

(4) In connection with the Transactions, on the Completion Date, Cayman 1 issued €700 million (equivalent) in the form of Swedish krona and euro denominated senior notes. On the Completion Date, Cayman 1 assigned the proceeds of the Private Senior Notes to Holdco and Holdco assumed all of Cayman 1's obligations under the Private Senior Notes and the Private Senior Notes Indenture. The Private Senior Notes are guaranteed on a senior subordinated basis by the Issuer and the Guarantors (other than Holdco). The proceeds of the Private Senior Notes have been on-lent to the Issuer by way of a proceeds loan (the "Private Senior Notes Proceeds Loan"). The rights of Holdco in the Private Senior Notes Proceeds Loan have been or will be pledged on a first-ranking basis in favor of the holders of the Notes and the lenders under the Senior Credit Facilities, and on a lower-ranking basis in favor of the holders of the Private Senior Notes. In addition, the pledge over the share capital of the Issuer that will secure the Notes has been pledged in favor of the holders of the Private Senior Notes on a lower-ranking basis.

(5) Verisure Holding AB (publ), the Issuer, is a wholly-owned subsidiary of Holdco. The Issuer is a holding company, with no operations of its own. The Issuer's ability to make payments on the Notes will depend entirely on the ability of its subsidiaries to generate cash and make distributions to the Issuer.

(6) The Notes will be senior obligations of the Issuer and, on the Issue Date will be guaranteed by the Initial Guarantors. On or about the earlier of (x) the date on which such subsidiaries provide a guarantee of the Senior Credit Facilities and (y) 90 days following the Completion Date, subject to Agreed Security Principles, the Issuer will use its commercially reasonable efforts to procure that the Post-Completion Guarantors provide a Guarantee of the Notes. On the Issue Date, the Notes will be secured by first-ranking liens over (i) all of the share capital of the Issuer, (ii) Holdco's receivables owing from the Issuer under the Private Senior Notes Proceeds Loan, (iii) all of the share capital of Securitas Direct and (iv) the Issuer's receivables owing from convertible preferred equity certificates issued by, and certain intercompany loans made to, Securitas Direct. On or about the earlier of (x) the date on which such Collateral is pledged in favor of the Senior Credit Facilities and (y) 90 days following the Completion Date, subject to the Agreed Security Principles, the Issuer will use its

commercially reasonable efforts to procure that the Notes are secured by the Post-Completion Collateral on a first-ranking basis. See "*Description of Notes—Security.*"

The laws of certain jurisdictions in which the Guarantors are organized limits the amount of obligations that may be guaranteed, or in respect of which security interests may be provided as well as the enforceability of Guarantees and the rights to the security securing the Notes and the Guarantees. For more information on limitations to the validity and enforceability of the Guarantees and the security interests and the liability of each Guarantor and security provider, see "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*"

(7) The Senior Credit Facilities provide for aggregate borrowings of up to approximately €1,600 million (equivalent) in the form of a Senior Term Loan of €1,300 million (equivalent) and a Revolving Credit Facility in an amount of €300 million. The Guarantors will guarantee the Senior Credit Facilities, and the Senior Credit Facilities will be secured by substantially the same assets which secure the Notes, in each case on a *pari passu* basis. See "*Description of Certain Indebtedness—Senior Facilities Agreement*" and *"Description of Certain Indebtedness—Intercreditor Agreement.*" We do not intend for there to be any cash drawings under the Revolving Credit Facility outstanding on the Issue Date.

(8) The Guarantors (other than Holdco) accounted for 85.5% of our total revenue and 97.2% of our EBITDA for the six months ended June 30, 2015 and held 86.2% of our total assets as of June 30, 2015.

(9) The subsidiaries of the Issuer that will not guarantee the Notes accounted for 14.5% of our total revenue and 2.8% of our EBITDA for the six months ended June 30, 2015 and held 13.8% of our total assets as of June 30, 2015.

THE OFFERING

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

Issuer . . . . Verisure Holding AB (publ).

Issue Date: . . . . October 28, 2015.

Issue Price . . . . 100.0%, plus accrued and unpaid interest from the Issue Date.

Maturity Date . . . . November 1, 2022.

Interest Rate . . . . 6.00% per annum. Interest on the Notes will accrue from the Issue Date.

Interest Payment Dates . . . . Interest is payable on Notes semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2016.

Form and Denomination . . . . Global notes in denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. Notes in denominations less than €100,000 will not be available.

Ranking of the Notes . . . . The Notes will:

- be general senior obligations of the Issuer;
- rank *pari passu* with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under the Senior Credit Facilities and certain hedging obligations, if any);
- rank senior in right of payment to any existing or future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under the Private Senior Notes Proceeds Loan and its guarantee of the Private Senior Notes);
- be secured as set forth below under "*—Security*";
- be guaranteed by the Guarantors as described under "–*Guarantees*";
- be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) 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; and
- be structurally subordinated to any existing or future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes.

Guarantees . . . . The Notes will be guaranteed (the "Guarantees") (i) on the Issue Date, by Holdco, ESML SD Iberia Holding S.A.U. and Securitas Direct España S.A.U. (the "Initial Guarantors") and (ii) subject to Agreed Security Principles, the Issuer will use commercially reasonable efforts to procure that each of Securitas Direct, Securitas Direct Sverige AB, Verisure Sverige AB, Securitas Direct Portugal Unip. LDA, Verisure Holding AS, Verisure AS and Securitas Direct SAS (the "Post-Completion Guarantors" and, together with the Initial Guarantors, the "Guarantors") will

	guarantee the Notes on or about the earlier of (x) the date on which the relevant Post-Completion Guarantor guarantees the Senior Credit Facilities and (y) 90 days following the Completion Date. The Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*" and "*Description of Notes—Releases of the Guarantees.*"
Ranking of the Guarantees	The Guarantees of each Guarantor will, at the time a Guarantor grants such Guarantee: • be a general senior obligation of the relevant Guarantor; • rank *pari passu* in right of payment with any existing or future indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee (including, in the case of (i) Holdco, its obligations under the Private Senior Notes, and (ii) in the case of all Guarantors the senior guarantee given in favor of the Senior Credit Facilities and certain hedging obligations, if any); • rank senior in right of payment to any existing or future indebtedness of that Guarantor that is expressly subordinated in right of payment to the Notes (including the guarantee of the Private Senior Notes by that Guarantor (other than Holdco)); • be secured as set forth below under "—*Security*"; • be effectively subordinated to any existing or future indebtedness of such Guarantor that is secured by property or assets that do not secure such Guarantor's Guarantee, to the extent of the value of the property or assets securing such indebtedness; and • be structurally subordinated to any existing or future Indebtedness of the subsidiaries of such Guarantor that are not Guarantors.
Security	On or about the Issue Date, the Notes will be secured by a first-ranking security interests in: • the share capital of the Issuer; • Holdco's receivables under the Private Senior Notes Proceeds Loan made available to the Issuer by Holdco; • the share capital of Securitas Direct and certain intercompany loans made available by the Issuer to Securitas Direct; and • convertible preferred equity certificates issued by Securitas Direct to the Issuer (collectively, the "Initial Collateral"). The Issuer will use commercially reasonable efforts to procure that, subject to Agreed Security Principles, on the earlier of (x) 90 days following the Completion Date and (y) the date on which such Collateral is pledged in favor of the Senior Facilities Agreement, the Notes will be secured by first-ranking security interests in (i) 100% of all issued and outstanding shares of

	capital stock of the Guarantors (other than Holdco); (ii) bank accounts of certain Guarantors; (iii) fixed and current assets of certain Guarantors; (iv) receivables of certain Guarantors (including, in certain cases, intercompany loans and assignments of rights under certain contracts and insurance policies); and (v) material intellectual property of certain Guarantors (collectively, the "Post-Completion Collateral"). The security interests in the Collateral may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. See "*Description of Notes—Security*" and "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*" and "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes.*" The pledges and assignments securing the Notes may be released under certain circumstances. See "*Risk Factors—Risks Related to our Financing Arrangements and the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released and under which the Guarantees will be released, without your consent or the consent of the Trustee," "Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of Notes—Security—Release of Liens.*"
Intercreditor Agreement	The relative priority with regard to the security interests in the Collateral as between (i) the lenders under the Senior Facilities Agreement, (ii) the holders of the Notes under the Indenture, (iii) the holders of the Private Senior Notes and (iv) the creditors of certain other Indebtedness permitted to be secured by the Collateral, will be established by the Intercreditor Agreement, which provides that the obligations under the Senior Credit Facilities and the Notes will be secured equally and ratably by security interests granted on a first-priority basis in the Collateral, and the holders of Private Senior Notes will receive the benefit of security interests over certain of the assets constituting Collateral as described under "*—Summary—Summary and Corporate Financing Structure*" on a lower-ranking basis. Pursuant to the Intercreditor Agreement, subject to certain limited exceptions, the Security Agent will act with respect to Collateral only at the direction of a simple majority of the senior secured creditors (including, for this purpose, both drawn and undrawn uncanceled commitments under the Senior Facilities Agreement, any hedging obligations and Indebtedness under the Indenture). As a result, the lenders under the Senior Facilities Agreement will initially have effective control of whether to enforce the Collateral. See "*Risk Factors—Risks Relating to Our Financing Arrangements and the Notes—Holders of the Notes may not control certain decisions regarding the Collateral*."
Optional Redemption:	Prior to November 1, 2018, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this offering memorandum and accrued and unpaid interest to the redemption date. In addition, prior to November 1, 2018 at any time during the twelve-month period commencing on the Issue Date, the Issuer

	may redeem up to 10% of the original principal amount of the Notes issued (including any additional Notes) at a redemption price of 103% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the applicable redemption date. In addition, prior to November 1, 2018, the Issuer will be entitled at its option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the original principal amount of the Notes (including the principal amount of any Additional Notes) with the net cash proceeds from certain equity offerings at a redemption price equal to 106.00% of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the original principal amount of the Notes (including the original principal amount of any additional Notes) remains outstanding immediately after each such redemption. On or after November 1, 2018, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the redemption prices set forth under the heading "*Description of Notes—Optional Redemption*," plus accrued and unpaid interest to the redemption date.
Use of Proceeds	The proceeds from the Offering of the Notes will be used to repay the Senior Secured Bridge Facility, drawings under which, together with proceeds from the Private Senior Notes and the Senior Term Loan, as well as the H&F Equity Contribution were used on the Completion Date to (a) repay the Existing Securitas Indebtedness, including related break fees, call premia and unpaid interest, (b) fund the consideration payable for the Acquisition and (c) pay the fees and expenses in connection with the Transactions.
Redemption for Tax Reasons . . .	If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem all but not some of the Notes at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of redemption. See "*Description of Notes—Redemption for Taxation Reasons.*"
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount of the relevant Notes on the date of purchase plus accrued and unpaid interest to the date of purchase. See "*Description of Notes—Change of Control.*"
Certain Covenants	The Indenture, among other things, restricts the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or incur certain liens; • make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries; • prepay or redeem subordinated debt or equity; • make certain investments;

- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including capital stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses;
- 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 Notes—Certain Covenants.*"

U.S. Federal Income Tax Considerations	For a discussion of certain U.S. federal income tax considerations of an investment in the Notes, see "*Tax Considerations—U.S. Federal Income Taxation.*" You should consult your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Notes.
Listing	Application has been made to admit the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF market thereof. There can be no assurance that such application will be accepted.
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Transfer Restrictions.*" We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
No Prior Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement and the Senior Facilities Agreement will be governed by English law. The security documents will be governed by the applicable law of the jurisdiction under which the security interests in the Collateral are granted.
Trustee	Wilmington Trust, National Association.
Principal Paying Agent and Transfer Agent	Citibank N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Luxembourg Listing Agent	Wilmington Trust SP Services (Luxembourg) S.A.
Security Agent	Wilmington Trust (London) Limited.

Risk Factors	Investing in the Notes involves substantial risks. See "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED HISTORICAL FINANCIAL AND OTHER DATA

We present below the summary consolidated financial and other data of the Issuer as of and for the years ended December 31, 2012, 2013, and 2014, as of and for the six months ended June 30, 2014 and 2015 and as of and for the three months ended June 30, 2015. The historical financial information of the Issuer as of and for the years ended December 31, 2012, 2013 and 2014 presented below have been extracted from the Issuer's audited consolidated financial statements, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The historical financial information of the Issuer as of and for the six months ended June 30, 2014 and 2015 and as of and for the three months ended June 30, 2015 have been extracted from the unaudited condensed consolidated interim financial statements of the Issuer, prepared in accordance with IAS 34 (*Interim Financial Reporting*). The historical financial information of the Issuer as of and for the six months ended June 30, 2014 and June 30, 2015 are included elsewhere in this offering memorandum. The results of operations for interim periods or prior years are not necessarily indicative of the results to be expected for the full year or any future period.

We also present below certain consolidated financial information of the Issuer for the last quarter annualized and for the last two quarters annualized, which we calculate, in the case of the last quarter annualized, by multiplying the applicable metric for the period from April 1, 2015 to June 30, 2015 by four, and in the case of the last two quarters annualized, by multiplying the applicable metric for the period from January 1, 2015 to June 30, 2015 by two. The financial information for the last quarter annualized or last two quarters annualized presented herein has not been audited, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles, has been prepared for illustrative purposes only and is not representative of our results for such historical period or for any future period.

We also present below certain key operating metrics used by our management to evaluate, monitor and manage our business. None of these terms are measures of financial performance under IFRS, and so they should not be considered to be alternatives to our results of operations presented in accordance with IFRS. These terms may not be comparable to similar terms used by competitors or other companies. See "*Presentation of Financial and Other Information*."

We present certain *pro forma* adjusted EBITDA figures, adjusted to give effect to the impact of our cost savings initiative. Our cost savings initiative is forward-looking in nature and subject to certain assumptions, as described further in this section and under the heading "*Business—Product Offerings and Product Strategy—Funding Our Growth Together – Cost Savings Initiative.*" We have also presented below unaudited *pro forma* adjusted data which give effect to the Transactions, including the issuance of the Notes and the application of the proceeds therefrom, as set forth under the heading "*Use of Proceeds.*" The as adjusted data have been provided for illustrative purposes only and do not purport to represent what our actual data would have been if the Transactions had occurred on (i) July 1, 2014 for purposes of the calculation of income statement items and (ii) June 30, 2015 for the purposes of the calculation of balance sheet items and should not be taken as indicative of the Issuer's future consolidated results of operations or financial position. The adjusted *pro forma* EBITDA figures, and the as adjusted data has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the adjustments in the adjusted *pro forma* EBITDA figures or the as adjusted data or the resulting as adjusted *pro forma* or as adjusted data has been audited or reviewed in accordance with any generally accepted auditing standards. In addition, the *pro forma* financial information presented may not be indicative of our future results of operations after implementation of the cost savings initiative or completion of the Transactions.

Prospective investors should read the summary data presented below in conjunction with "*Summary—The Transactions—Sources and Uses,*" "*Use of Proceeds,*" "*Capitalization,*" "*Selected Consolidated Historical Financial Data,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Forward Looking Statements*" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum.

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	Last quarter annualized[(1)]
	2012	2013	2014	2014	2015	2015	
	(€ millions)						
Consolidated Income Statement Data							
Revenue	758.2	812.2	884.1	432.0	493.1	249.9	999.5
Cost of sales	(412.5)	(475.2)	(516.1)	(250.4)	(279.5)	(138.7)	(554.8)
Gross profit	345.7	337.0	368.0	181.7	213.6	111.2	444.7
Selling and administrative expenses	(338.8)	(308.1)	(342.0)	(163.6)	(190.4)	(95.6)	(382.5)
Operating profit	6.9	28.9	26.0	18.1	23.2	15.6	62.2
Finance income	6.3	0.4	0.5	0.2	0.4	0.3	1.0
Finance costs	(236.9)	(246.7)	(247.6)	(109.6)	(110.1)	(64.0)	(256.0)
Result before tax	(223.7)	(217.5)	(221.0)	(91.4)	(86.5)	(48.2)	(192.8)
Income tax expense/benefit	51.7	30.2	2.8	(22.4)	2.8	(0.8)	(3.0)
Result for the period	(172.0)	(187.3)	(218.2)	(113.8)	(83.7)	(49.0)	(195.8)

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(€ millions)			
Consolidated Balance Sheet Data				
Cash and cash equivalents	2.8	4.1	6.7	5.2
Inventories[(2)]	63.9	58.3	53.5	70.0
Trade receivables[(3)]	57.8	59.9	67.7	78.4
Property, plant and equipment	298.9	316.8	354.3	381.6
Total assets	2,768.1	2,766.1	2,829.2	2,869.0
Trade payables	44.6	55.5	59.1	69.6
Liabilities to credit institutions	1,386.8	1,449.8	1,520.8	1,568.8
Total liabilities	2,488.3	2,579.7	2,777.5	2,905.0
Total equity	279.8	186.5	51.6	(36.0)

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,
	2012	2013	2014	2014	2015	2015
	(€ millions)					
Consolidated Cash Flow Statement Data						
Cash flow from operating activities	211.4	267.9	287.3	150.7	163.0	76.2
Cash flow from investing activities	(160.6)	(183.8)	(236.0)	(99.1)	(131.6)	(73.3)
Cash flow from financing activities	(60.2)	(82.7)	(48.7)	(48.9)	(32.9)	(3.5)

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the three months ended June 30,	Last quarter annualized[1]
	2012	2013	2014	2014	2015	2015	
	(€ millions, unless otherwise stated)						
Other Financial and Operating Data							
Adjusted EBITDA (€ millions)[4]	246.2	281.0	303.8	153.9	174.2	91.3	365.4
Adjusted EBITDA margin (%)[5]	32.5%	34.6%	34.4%	35.6%	35.3%	36.6%	36.6%
Steady-state net operating cash flow ("SSNOCF") (€ millions)[6]	203.4	237.4	302.7	145.1	181.9	94.9	379.6
SSNOCF efficiency (%)[7]	60.1%	60.8%	68.6%	67.6%	72.1%	73.4%	73.4%
Capital expenditures (€ millions)[8]	160.6	178.4	211.9	98.3	116.6	60.7	242.9
Change in net working capital (€ millions)[9]	(9.1)	14.3	29.3	10.3	9.1	(4.9)	—
Segment data							
Portfolio Services							
Total subscribers (end of period)	1,524,621	1,625,993	1,788,439	1,688,414	1,886,578	1,886,578	—
Net subscriber growth (number of subscribers)[10]	86,756	101,372	162,446	62,421	98,139	56,448	—
Subscriber growth rate, net (%)[11]	6.0%	6.6%	10.0%	7.7%	11.7%	11.7%	—
Cancellations (number of subscribers)[10][12][13]	131,481	147,125	125,296	65,775	63,052	31,099	—
Cancellation rate (%)[14]	8.9%	9.4%	7.3%	8.5%	6.8%	6.8%	—
Monthly ARPU (€)[15]	35.8	36.9	37.3	37.4	38.1	38.3	—
Monthly Adjusted EBITDA per subscriber ("EPC")(€)[16]	19.1	20.6	21.6	21.6	22.8	23.1	—
Revenue from Portfolio Services (€ millions)	637.2	698.0	763.8	371.9	421.1	213.8	855.2
Adjusted EBITDA from Portfolio Services (€ millions)[17]	338.7	390.4	441.0	214.8	252.2	129.3	517.1
Adjusted EBITDA margin from Portfolio Service (%)[18]	53.2%	55.9%	57.7%	57.8%	59.9%	60.5%	60.5%
Customer Acquisition							
New subscribers added (gross)[10][19]	217,063	237,353	264,801	128,373	152,302	78,524	—
Cash acquisition cost per new subscriber ("CPA") (€)[20]	1,029	1,040	1,103[21]	1,060	1,116	1,105	—
Payback period (in number of years)[22]	4.5	4.2	4.3	4.1	4.1	4.0	—
Revenue from Customer Acquisition (€ millions)	121.0	114.3	120.2	60.1	72.0	36.1	144.3
Adjusted EBITDA from Customer Acquisition (€ millions)[17]	(92.5)	(109.4)	(137.2)	(60.9)	(78.0)	(37.9)	(151.7)
Capital expenditures from Customer Acquisition (€ millions)[8]	131.0	137.5	155.0	75.1	91.9	48.9	195.5

Pro Forma and as Adjusted Financial Data

	As of and for the twelve months ended June 30, 2015
	(€ millions)
As adjusted secured indebtedness[23]	2,033.8
As adjusted total funded indebtedness[24]	2,733.8
As adjusted interest expense[25]	169.3

	Last two[26] quarters annualized	Last quarter annualized[1]
	(€ millions, except ratios)	
Adjusted *Pro Forma* EBITDA[27]	383.3	400.3
Adjusted EBITDA from Portfolio Services[17]	504.4	517.1
Ratio of as adjusted secured indebtedness/Adjusted *Pro Forma* EBITDA[23][27]	5.3x	5.1x
Ratio of as adjusted secured indebtedness/Adjusted EBITDA from Portfolio Services[17][23]	4.0x	3.9x
Ratio of as adjusted total funded indebtedness/Adjusted *Pro Forma* EBITDA[24][27]	7.1x	6.8x
Ratio of as adjusted total funded indebtedness/Adjusted EBITDA from Portfolio Services[17][24]	5.4x	5.3x
Ratio of Adjusted *Pro Forma* EBITDA/as adjusted interest expense[25][27]	2.3x	2.3x

(1) Last quarter annualized data represents our results of operations for the quarter ended June 30, 2015, multiplied by four.

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

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

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

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

	For the year ended December 31,			For the six months ended June 30,		For the three months June 30,	Last quarter annualized
	2012	2013	2014	2014	2015	2015	
				(€ millions)			
Result for the period	(172.0)	(187.3)	(218.2)	(113.8)	(83.7)	(49.0)	(195.8)
Net finance costs[(a)]	230.6	246.4	247.1	109.4	109.7	63.7	255.0
Income tax expense/(benefit)	(51.7)	(30.2)	(2.8)	22.4	(2.8)	0.8	3.2
Depreciation and amortization	192.5	215.8	232.6	114.0	124.1	62.9	251.6
Retirement of assets	26.6	29.2	30.1	16.6	15.4	7.4	29.6
Integration costs[(b)]	20.2	7.1	15.1	5.2	11.5	5.4	21.6
Adjusted EBITDA	**246.2**	**281.0**	**303.8**	**153.9**	**174.2**	**91.3**	**365.4**

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

(b) Integration costs represent primarily consultancy costs incurred on one-off projects, such as M&A transactions, strategic initiatives, restructuring activities and taxation advice on specific projects.

(5) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue.

(6) We define SSNOCF as Adjusted EBITDA from Portfolio Services, less discretionary net investment required to replace cancellations on a per subscriber basis ("CPA") multiplied by the number of cancellations during the relevant periods. SSNOCF is a supplemental measure of financial performance that is not required by, or presented in accordance with, IFRS. SSNOCF is not a measurement of performance or liquidity under IFRS and you should not consider SSNOCF as an alternative to (a) gross profit or operating profit (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flow for the period as a measure of our ability to meet our cash needs or (c) any other measure of performance or liquidity under IFRS. We present SSNOCF because we believe it highlights the underlying operating cash flow generation for our business in a steady state environment (i.e. replacing cancellations) and the discretionary nature of the net investments we make. SSNOCF, as presented in this offering memorandum, however, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. See "*Presentation of Financial and Other Information*."

The following table provides a reconciliation of SSNOCF to Adjusted EBITDA from Portfolio Services for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	Last quarter annualised
	2012	2013	2014	2014	2015	2015	
				(€ millions)			
Adjusted EBITDA from Portfolio Services[(a)]	338.7	390.4	441.0	214.8	252.2	129.3	517.1
Net investments to replace cancellations[(b)]	(135.3)	(153.0)	(138.2)	(69.7)	(70.4)	(34.4)	(137.6)
SSNOCF	**203.4**	**237.4**	**302.7**	**145.1**	**181.9**	**94.9**	**379.6**

(a) See footnote (17) for a reconciliation of Adjusted EBITDA from Portfolio Services to revenue from Portfolio Services for the periods indicated.

(b) Represents the net investment per customer acquisition multiplied by number of cancellations during the relevant periods.

(7) We define SSNOCF efficiency as SSNOCF divided by Adjusted EBITDA from Portfolio Services for the period.

(8) Our capital expenditures primarily consist of (i) capital expenditures from Customer Acquisition, which include purchases of equipment for new subscribers and direct costs related to sales research and development of new products and (ii) capital expenditures from Portfolio Services, which relate primarily to the maintenance of installed equipment for existing subscribers and the purchase of information technology infrastructure in our monitoring centers. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*" for further details. "Capital expenditures" is not a defined term under IFRS and may therefore not be comparable with other similarly titled measures reported by other companies.

(9) We define changes in net working capital as the sum of movements in inventories, trade receivables, other receivables, trade payables and other payables for a period. The following table sets forth changes in our net working capital for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,
	2012	2013	2014	2014	2015	2015
	(€ millions)					
(Increase)/decrease in inventories	(6.4)	4.9	4.0	(2.1)	(15.8)	(11.3)
(Increase)/decrease in trade receivables	(4.6)	(4.3)	(7.4)	(7.3)	(9.9)	(5.4)
(Increase)/decrease in other receivables	(2.0)	(1.6)	0.1	(7.6)	(9.1)	(2.3)
Increase/(decrease) in trade payables	(14.9)	11.9	4.3	3.7	9.6	6.3
Increase/(decrease) in other payables	18.8	3.4	28.1	23.6	34.3	7.8
Changes in net working capital	**(9.1)**	**14.3**	**29.3**	**10.3**	**9.1**	**(4.9)**

(10) Differences in reconciliation with gross new subscribers added and cancellations are due to geographical and other variations in subscriber databases and acquisitions.

(11) Subscriber growth rate, net, represents the net subscriber growth during the relevant period divided by the number of subscribers at the beginning of that period.

(12) Cancellations (number of subscribers), represent the total number of cancelled subscriptions during the period, including cancellations on acquired portfolios.

(13) During 2014, we modified our reporting methodology related to cancellations and new subscribers added when customers moved and kept their subscription to harmonize the approach across jurisdictions. The impact of this modification was a change of 5,701 for full year 2014, resulting in both a lower cancellation number and a lower number of new subscribers as compared to what would have been the case under the prior methodological approach. Net subscriber growth was not affected by the modification in the reporting methodology.

(14) Cancellation rate (or churn) represents the number of terminated subscriptions (excluding cancellations from acquired portfolios) to our monitoring service during a twelve month period as a percentage of the average number of subscribers (excluding acquired portfolios) during that twelve month period.

(15) Monthly average revenue per user ("ARPU") is our Portfolio Services segment revenue consisting of monthly average subscription fees and sales of additional products and services divided by the average number of subscribers during the relevant period.

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

(17) We evaluate the performance of our operating segments and allocate resources to those segments based on our analysis of Adjusted EBITDA for each of our segments. Adjusted EBITDA for our segments is defined as revenue minus operating expenses before interest, taxes, depreciation and amortization, write offs and integration costs. Adjusted EBITDA for our segments is not a measure of financial condition or performance determined in accordance with IFRS. Adjusted EBITDA from Portfolio Services reflects the cash generative segment of our business. Adjusted EBITDA from Customer Acquisition is negative in each period and reflects investment in our business.

The following tables set forth reconciliations of Adjusted EBITDA from Portfolio Services and Adjusted EBITDA from Customer Acquisition to revenue for the respective segments for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,
	2012	2013	2014	2014	2015	2015
	(€ millions)					
Revenue from Portfolio Services	637.2	698.0	763.8	371.9	421.1	213.8
Operating expenses[(a)] from Portfolio Services	(298.5)	(307.6)	(322.9)	(157.1)	(169.0)	(84.5)
Adjusted EBITDA from Portfolio Services	**338.7**	**390.4**	**441.0**	**214.8**	**252.2**	**129.3**

(a) Operating expenses before interest, taxes, depreciation and amortization, write offs and integration costs.

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,
	2012	2013	2014	2014	2015	2015
	(€ millions)					
Revenue from Customer Acquisition	121.0	114.3	120.2	60.1	72.0	36.1
Operating expenses from Customer Acquisition	(213.5)	(223.6)	(257.4)	(121.1)	(150.0)	(74.0)
Adjusted EBITDA from Customer Acquisition	**(92.5)**	**(109.4)**	**(137.2)**	**(60.9)**	**(78.0)**	**(37.9)**

(18) Adjusted EBITDA Margin from Portfolio Services represents Adjusted EBITDA from Portfolio Services as a percentage of revenue from Portfolio Services.

(19) Represents total number of new subscribers added in a period.

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

(21) CPA was impacted by a €8.0 non-cash adjustment relating to financing of installation fees for certain customer segments for the year ended December 31, 2014. CPA excluding this non-cash adjustment would have been €1,095 for the year ended December 31, 2014.

(22) Payback period represents the time in years required to recapture the initial capital investment made to acquire a new subscriber and is calculated as CPA divided by Adjusted EBITDA per customer.

(23) As adjusted secured indebtedness represents our secured indebtedness as of June 30, 2015, as adjusted to give effect to the Transactions, including the Offering and the repayment of the Existing Notes and other secured indebtedness, as if they had occurred on June 30, 2015. The presentation assumes that no drawings have been made under the Revolving Credit Facility. *Pro forma* secured indebtedness has also been adjusted to include the additional €8.1 million of local facilities that we assumed in connection with the Mediaveil Acquisition. As adjusted secured indebtedness has been presented for illustrative purposes only and does not purport to reflect what our secured leverage would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our secured indebtedness for any future period. In addition, the definition of "senior secured indebtedness" for the purposes of calculation of the covenants under the Indenture differs from "secured indebtedness" as presented herein.

(24) As adjusted total funded indebtedness represents our total funded indebtedness (including our obligations under the Private Senior Notes) as of June 30, 2015, as adjusted to give effect to the Transactions, including the Offering and the repayment of our Existing Notes and other indebtedness, as if they had occurred on June 30, 2015. The presentation assumes that no drawings have been made under the Revolving Credit Facility. As adjusted total funded indebtedness has also been adjusted to include the additional €8.1 million of local facilities that we assumed in connection with the Mediaveil Acquisition. As adjusted total funded indebtedness has been presented for illustrative purposes only and does not purport to reflect what our indebtedness would have actually been had the Transactions and the Mediaveil Acquisition occurred on the date assumed, nor does it purport to project our indebtedness for any future period.

(25) As adjusted interest expense for the twelve months ended June 30, 2015 represents our finance costs (including the interest on the Private Senior Notes Proceeds Loan (assuming paid in cash) which has been calculated assuming a fixed interest rate for all Private Senior Notes for the twelve months ended June 30, 2015), as adjusted to give effect to the Transactions, including the Offering and the repayment of our Existing Notes and other indebtedness, as if they occurred on July 1, 2014. The presentation assumes that no drawings have been made under the Revolving Credit Facility. As adjusted interest expense excludes charges related to amortized debt issuance costs. As adjusted interest expense has been presented for illustrative purposes only and does not purport to reflect what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period. In addition, the definition of "consolidated interest expense" for the purposes of calculation of the covenants under the Indenture may differ from "interest expense" as presented herein.

(26) Last two quarters annualized represents the applicable metric for the period from January 1, 2015 to June 30, 2015, multiplied by two.

(27) Adjusted *Pro Forma* EBITDA, last quarter annualized, represents our last quarter of Adjusted EBITDA, multiplied by four, and adjusted to (a) include anticipated cost savings from July 1, 2015 to June 30, 2016 pursuant to our FOG cost savings program and our estimate of the full-year EBITDA contribution of two businesses we acquired in May and July 2015, respectively, (b) exclude the effects of the payment of sponsor fees.

The calculation of annualized Adjusted EBITDA by multiplying last quarter Adjusted EBITDA by four does not represent the method used to calculate our "Consolidated EBITDA" under the Indenture for purposes of our covenants, including debt incurrence and restricted payments. In the Indenture, "Consolidated EBITDA" is required to be calculated on the basis of Consolidated EBITDA for the last two quarters, multiplied by two. Therefore, we also present our Adjusted *Pro Forma* EBITDA, last two quarters annualized, which represents our last two quarters of Adjusted EBITDA, multiplied by two, and adjusted to (a) include anticipated cost savings from July 1, 2015 to June 30, 2016 pursuant to the FOG program and our estimate of the full-year EBITDA contribution of two business we acquired in May and July 2015, respectively, and (b) exclude the effects of the payment of sponsor fees.

The Adjusted *Pro Forma* EBITDA, last quarter annualized, and Adjusted *Pro Forma* EBITDA, last two quarters annualized, information presented in this offering memorandum are inherently subject to risks and uncertainties. They do not present our reported results of operations for the twelve months ended June 30, 2015, and are not comparable to our consolidated financial statements or other financial information included elsewhere in this offering memorandum. In addition, neither Adjusted *Pro Forma* EBITDA, last quarter annualized, nor Adjusted *Pro Forma* EBITDA, last two quarters annualized, purports to indicate our future consolidated results of operations. Our actual results may differ significantly from those reflected in our Adjusted *Pro Forma* EBITDA, last quarter annualized, and Adjusted *Pro Forma* EBITDA, last two quarters annualized. Further, the definition of "Consolidated EBITDA" for the purposes of calculation of the covenants under the Indenture may differ from Adjusted *Pro Forma* EBITDA, last quarter annualized, and Adjusted *Pro Forma* EBITDA, last two quarters annualized as presented herein. See "*Presentation of Financial and Other Information—Non-IFRS Financial and Operating Information*" and the definition of "Consolidated EBITDA" in "*Description of Notes.*"

The *pro forma* and adjusted information presented below is for illustrative purposes only. This information does not represent the results we would have achieved had the acquisition of Leadex and the Mediaveil Acquisition been completed on July 1, 2014, or had we begun implementing the FOG program on July 1, 2014. The calculations of Adjusted *Pro Forma* EBITDA are based on various assumptions, management estimates and the partial reflection of such acquisitions in our last quarter and last two quarters annualized. The historical EBITDA for Mediaveil and partial EBITDA for Leadex used to calculate Adjusted *Pro Forma* EBITDA may not be representative of what such business's EBITDA would have been for the twelve-month period ended June 30, 2015 or will be for the full year 2015. These numbers have not been and cannot be audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties and may not, in the case of Mediaveil, give an accurate or complete picture of the financial condition or results of operations of the acquired entities prior to their acquisition by us or may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision.

Adjusted *Pro Forma* EBITDA is included in this offering memorandum because we believe that it provides a useful measure of our results of operations; however, this measure does not constitute a measure of financial performance under IFRS and you should not consider Adjusted *Pro Forma* EBITDA as an alternative to operating profit or any other performance measure derived in accordance with IFRS or as measure of our results of operations or liquidity. Other companies, including those in our industry, may calculate similarly titled financial measures differently from us. Because all companies do not calculate these financial measures in the same manner the presentation of such financial measures may not be comparable to other similarly titled measures of other companies.

We encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemental analysis. Our presentation of Adjusted *Pro Forma* EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. The following table sets forth the components of Adjusted *Pro Forma* EBITDA, last two quarters annualized, and Adjusted *Pro Forma* EBITDA, last quarter annualized.

	Last two quarters annualized	**Last quarter annualized**
	(€ millions)	
Adjusted EBITDA annualized[(a)]	348.4	365.4
Anticipated cost savings under FOG program[(b)]	27.0	27.0
Leadex EBITDA[(c)]	0.9	0.9
Mediaveil EBITDA[(c)]	2.8	2.8
Sponsor fees[(d)]	4.0	4.0
Adjusted *Pro Forma* EBITDA	**383.3[(e)]**	**400.3**

(a) Represents Adjusted EBITDA for the two quarters ended June 30, 2015 multiplied by two, and Adjusted EBITDA for the quarter ended June 30, 2015, multiplied by four, respectively.

(b) We are currently in the initial implementation phase of the FOG cost savings program, which includes the implementation of efficiency initiatives in selected cost categories of our business (portfolio operations, direct spend and indirect spend (excluding marketing spend)). See "*Business—Product Offerings and Product Strategy—Funding Our Growth Together—Cost Savings Initiative*."

Between July 1, 2015 and June 30, 2016, we estimate that we will realize approximately €27 million in cost savings. We believe that the cost savings through June 30, 2016 would be attributable to (a) savings from daily operations in the areas of maintenance, service monitoring, call outs and customer care (approximately 67% of potential savings for the relevant period), (b) renegotiation of costs on purchased materials, supply chain optimization and technical improvements (approximately 14% of potential savings for the relevant period) and (c) savings from leveraging our purchasing volumes (approximately 19% of potential savings for the relevant period). In connection with implementation of the cost savings initiative, we will incur one-time costs of approximately €6 million, comprising both capital expenditure and operating expenses. Our ability to realize these savings on the timetable anticipated is based upon internal as well as external factors and assumptions, including, without limitation, local and macroeconomic conditions, engagement with third parties (including contract counterparties), timely launch of various requests for proposals, foreign exchange rates, successful training with respect to customer care efficiency initiatives, effective rollout of automation of various systems, the implementation of initiatives in daily operations, follow-ups by management and effective leverage of successful strategies across jurisdictions, among other key factors. The assumptions used in estimating our cost savings are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in our cost savings estimates. We can provide no assurances that we will realize our cost savings target in the timeframe specified, if at all. See "*Risk Factors—Risk Related to Our Business and Industry—We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, FOG*.

(c) In May 2015, we completed the acquisition of a majority stake in Leadex, a Swedish provider of security services to residential customers. We estimate that, had the acquisition occurred on July 1, 2014, Leadex would have generated EBITDA of €0.9 million. The estimate is based on the annualization of new installations, portfolio EBITDA and CPA reduction following the acquisition over the period from June 1, 2015 to August 31, 2015, as well as a CPA capitalization rate of 50% (as per our accounting policies).

In July 2015, we completed the acquisition of Securifin SAS, which indirectly owns an 83.8% stake in Mediaveil, a French security company. During the year ended December 31, 2014, Securifin group's revenue was €9.6 million. We estimate that, had the acquisition occurred on January 1, 2015, Mediaveil would generate EBITDA of €2.8 million for the fiscal year 2015. The estimate is based on actual Mediaveil EBITDA for the year ended December 31, 2014, adjusted for expected synergies, new installations, portfolio EBITDA and CPA, as well as a CPA capitalization rate of 50% (as per our accounting policies). We estimate that had the Mediaveil Acquisition occurred on July 1, 2014, Mediaveil would have generated EBITDA of €2.2 million.

The presentation of full-year EBITDA attributable to Leadex and Mediaveil is based on a number of significant assumption and estimates. There can be no assurance, however, that we will successfully integrate Leadex and Mediaveil in our Group, that the expected synergies that have been taken into account for purposes of the *pro forma* adjustments will materialize or that our other estimates and assumptions (which are forward-looking in nature) are or will prove accurate in all material respects.

(d) Represents annual fees paid to the current shareholders in return for certain monitoring and other services. We have excluded these fees on the basis that (a) they are not related to our ongoing operations and (b) the sponsor does not expect to charge similar fees following the date of the Transactions.

(e) While calculating Adjusted EBITDA, last two quarters annualized, by multiplying Adjusted EBITDA for the last two quarters by two is the method used to calculate our "Consolidated EBITDA" under the Indenture for purposes of our covenants, including debt incurrence and restricted payments, the definition of "Consolidated EBITDA" for the purposes of calculation of the covenants under the Indenture differs from "Adjusted *Pro Forma* EBITDA, last two quarters annualized" as presented herein.

RISK FACTORS

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

Risks Related to Our Business and Industry

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

We face significant competition from both established and new competitors. In some instances, we compete against companies with greater scale, easier access to financing, greater personnel resources, greater brand name recognition and experience or longer-established relationships with customers.

The residential home and small business security market (the "RHSB market") in Europe and Latin America is highly fragmented and subject to significant competition and pricing pressures. As a result, within our industry, we must compete against a variety of players who use various different strategies. For example, our largest competitor in Sweden and Norway, Sector Alarm, focuses on a particular region (the Nordic area), while our largest competitor in France, EPS, offers different monthly fees depending on the type of residence (apartments and houses). Likewise, any of our existing competitors may expand their current product and service offerings more rapidly, adapt to new or emerging technologies more quickly, take advantage of acquisitions or devote greater resources to the marketing and sale of their products and services, than we do. For example, ADT, which has a larger customer portfolio than ours, though lower customer growth, could decide to divert more of its resources to the marketing of its services. Our competitors may also price their products and services more aggressively than we price ours in an effort to increase their customer base and win market share. For example, we often charge a higher installation fee than our competitors and our largest competitor in Spain, Prosegur, has also begun to focus on Latin America where they are offering lower prices. Consumers may find the lower installation fees of our competitors attractive, which could have a significant effect on our ability to maintain or grow our customer base. Likewise, if our competitors charge lower ongoing monitoring fees than we do, we may have to reduce our monitoring fees or risk losing our existing customers. These competitive actions could impact our ability to attract new customers, subject us to pricing pressure or erode our existing customer portfolio, each of which could have a material adverse effect on our business, financial condition and results of operations.

We also face potential competition from improvements in established do-it-yourself ("DIY") self-monitoring systems, which, through the internet, text messages, emails or similar communications, enable consumers to monitor and control their home environment through devices that they install without third-party involvement. Continued pricing pressure or improvements in technology, as well as increased smart phone penetration, and shifts in consumer preferences towards DIY and self-monitoring could adversely impact our customer base or pricing structure and have a material adverse effect on our business, financial condition, results of operations and cash flows.

With respect to competition from potential new entrants, we believe that players operating in the connected home market and telecommunications market are best situated to move into the security and safety industry. While within the connected home market, security and safety is the largest growing segment, the connected home market itself is growing quickly and covers many different products and services in segments such as utility management, entertainment, wellness management and smart appliances. If competitors in these alternative segments move into the security and safety segment of the connected home market, such action could have a material adverse effect on our business, financial condition and results of operations. Additionally, large players in other industries, such as Samsung, Apple and Microsoft have recently launched smart home platforms. Such players could leverage their well-known brand names to enter the security and safety segment of the connected home market. For example, in June of 2014, Google's Nest, which produces thermostats and smoke detectors, acquired Dropcam (a security camera company). Such actions could impact our ability to attract new customers, subject us to pricing pressure or erode our existing customer portfolio, each of which could have a material adverse effect on our business, financial condition and results of operations. Telecommunications players have already shown interest in entering the security and safety market in Europe and Comcast has already done so in the United States. Given the extensive customer base of larger telecommunications players, if they are able to successfully develop security monitoring capabilities, they may be able to leverage their existing customer contacts to rapidly grow this segment of their business.

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

Our success and competitive position depend, in large part, on our ability to develop and supply innovative products and keep pace with technological developments in the security alarm industry. Whether developed by us or otherwise, our offering of new product features can have a significant impact on a customer's initial decision to choose our products. Likewise, the quality of our monitoring services, which heavily depend on the technology used in our security alarm systems, also plays a large role in our ability to attract new customers and retain existing customers. Accordingly, the success of our business depends, in part, on our ability to continue to enhance our existing products and services and anticipate changing customer requirements and industry standards.

We may not be able to develop or partner with third-party suppliers to gain access to technical advances before our competitors, match technological innovations made by our competitors or design systems that meet customers' requirements. Alternatively, we may not have the financial resources required to successfully develop or implement such new technologies. For example, one of the current limitations of DIY systems is that they are not yet intelligent enough to distinguish between false alarms and actual intrusions. However, the technology used in such systems could improve and increase the level of competition. Alternatively, technological improvements in distinct but related industries could also increase levels of competition. For example, Microsoft recently announced the launch of a start-up accelerator focused on the next wave of home automation projects, which could, among other things, improve technology related to DIY systems' abilities to distinguish between false alarms and actual intrusions. If we are unable, for technological, legal, financial or other reasons, to adapt to changing market conditions or customer requirements in a timely manner, we could lose existing customers, encounter trouble recruiting new customers, or become subject to increased pricing pressures. Should we experience any of these technology related challenges, our business, financial condition and results of operations could be materially adversely affected.

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

Our financial performance depends primarily on residential consumers in single-family dwellings and, to a lesser extent, on small businesses. Periods of economic downturn, particularly those impacting the housing market or consumer discretionary spending, can increase our cancellation rates among existing customers. For example, customer cancellation rates increased across our business in 2009 compared to 2008, which coincided with the global economic crisis. In the residential segment, a proportion of customers discontinued our service in order to reduce their recurring costs, while others moved from their homes and did not re-subscribe to our service. In the small business segment, customers were particularly impacted by the economic downturn and sought to reduce their costs or were forced to close their businesses, and thus we had a more significant increase in cancellation rates in our small business portfolio compared to our residential customers. Cancellations as a percentage of overall customers increased in both 2012 and 2013, which was primarily driven by enduring effects of the recession in the Spanish market, where we have a larger proportion of small business customers compared to other markets. Small business subscriptions are more directly correlated to economic conditions. A renewed or future recession or period of economic uncertainty could lead to resumed increases in our cancellation rate and could reduce the inflow of new customers purchasing our products. Periods of economic downturn, particularly those that affect Europe, can also negatively impact our ability to sell new alarm systems. The outlook for the world economy remains uncertain. General market volatility has resulted from uncertainty about sovereign debt and fear of further downgrading of or defaults on sovereign debt, in particular in Greece, Ireland, Italy, Portugal and Spain. Any change in economic conditions in our markets that negatively impacts our customers could have a material adverse effect on our business, financial condition and results of operations.

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

We do not require our customers to enter into long-term contracts with punitive cancellation clauses. Thus, after any contractual notice period (typically one to three months), a customer may cancel a subscription without penalty. For residential customers, the main reasons for cancelling a subscription include factors such as moving to a new home, financial distress or dissatisfaction with our customer service or prices. For small businesses, cancellations are usually related to financial distress, the failure, closure or relocation of the business or dissatisfaction with our customer service or prices. Our cancellation rates on a twelve-month trailing basis were 6.8%, 7.3%, 9.4%, and 8.9% in the period ended June 30, 2015, and the years ended December 31, 2014, 2013 and 2012, respectively. As we continue to expand, including into new markets, our new customers may have different economic and other characteristics from our current customers, which may lead to increased cancellation rates. For example, in Brazil and other countries in which we have recently commenced operations, the cancellation rates were higher than we typically experience on average in the geographies where we are more established.

Customer cancellations reduce our revenues from monthly subscription fees and, to the extent we decide to invest in replacing such customer cancellations with new customer contracts, such customer cancellations also increase our capital investment costs. Consequently, customer cancellations, particularly prior to the end of the payback period (the time it takes to recapture our upfront costs) have a negative effect on our business. If upfront capital investment costs increase, or if the installation fees or monthly subscription fees we charge decrease, the payback period will lengthen, only serving to increase the negative effects that any cancellations may have on our business, financial condition and results of operations.

Our ability to retain existing customers and acquire new customers in a cost effective manner may also be effected by our customers' selection of telecommunications services. Certain elements of our operating model rely on our customers' selection of telecommunications services (both wireless and wired), which we use to communicate with our monitoring operations. In order to continue to service our customers, our systems need to be able to interface with the technology existing in our customers' residences or businesses. Advances in technology may require customers to upgrade to alternative, and often more expensive, technologies to transmit alarm signals. Such higher costs may reduce the market for new customers, or cause existing customers to cancel their services with us. While we generally seek to upgrade customers on a rolling basis, if a substantial number of customers were to simultaneously seek to upgrade their services, we may not be able to efficiently or effectively accommodate such requests. Additionally, in the future we may not be able to successfully implement new technologies or adapt existing technologies to changing market demands, and in any event we may be required to incur significant additional costs to upgrade to improved technology. Continued shifts in technology or customers' preferences regarding telecommunications services could have a material adverse effect on our business, financial condition and results of operations. Our ability to offer our services to our customers depends on the performance of these telecommunications services. In particular, we rely on them to provide our customers' with constant connectivity to our monitoring operations so that we can be made aware of all actual intrusions. Such telecommunications services are, however, vulnerable to damage from a variety of sources, including power loss, malicious human acts and natural disasters. Moreover, these telecommunications services have the right to terminate their services under their agreements in certain circumstances and under certain conditions, some of which are outside our customers' control. The termination of such services could impact our ability to provide our customers' with the services they require, which would adversely affect the value of our business.

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

A significant portion of our operations occur in the Spanish market. At December 31, 2014, approximately 41% of our customers lived in Spain, and the Spanish market accounted for 40% of our revenue for the year ended December 31, 2014. In light of this concentration, our business is particularly sensitive to developments that materially impact the Spanish economy or otherwise affect our operations in Spain. Negative developments in, or the general weakness of, the Spanish economy may have a direct negative impact on the spending patterns of potential new customers, our current customers and the willingness of small businesses to make investments. In particular, growth in our customer base has been affected by higher cancellations among our small business customers, which may persist due to disruptive economic events in Spain. We have a higher percentage of small business customers in Spain than in our other markets and such small business customers tend to be more sensitive to economic conditions. A recession, or public perception that economic conditions are deteriorating, could substantially decrease the demand for our products and adversely affect our business. While the impact of a continued economic slowdown or recession on our business in Spain is uncertain, it could result in a decline in our revenues which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

As part of our operations, we collect a large amount of private information from our customers, including credit card information, images, voice recordings and other personal data. If we were to experience a breach of our data security, we might find ourselves in a position where private information about our customers was at risk of exposure. To the extent that any such exposure leads to credit card fraud or identity theft, or the misuse or distribution of other personal data, including imagery taken by our surveillance equipment, we may experience a general decline in consumer confidence in our business, which may lead to an increase in our cancellation rate or make it more difficult to attract new customers. In the past, when concerns were raised regarding data integrity, we proactively requested that customers change their passwords. However, if we are unable to identify such potential threats prior to a breach of our systems, customers may lose confidence in our ability to protect their personal information. If consumers become reluctant to use our services because of concerns over data privacy or credit card fraud, our ability to generate revenues would be impaired. In addition, if technology upgrades or other expenditures are required to prevent security breaches of our network, boost general consumer confidence in our business, or prevent credit card fraud and identity theft, we may be required to make unplanned capital expenditures or expend other resources. Further, as we expand the automation of our services and offer increasingly centralized access for consumers through features like “Connected Home,” the potential risk associated with any form of cyberattack or data breach also increases, threatening to expose consumer data. Any such breach and associated loss of confidence in our business or additional capital expenditure requirement could have a material adverse effect on our business, financial condition and results of operations.

Moreover, in certain of our markets, the processing of personal data is subject to governmental regulation and legislation. Any failure to comply with such regulations or legislation could lead to governmental sanctions, including fines or the initiation of criminal or civil proceedings. For example, the Spanish Data Protection Authority has commenced an investigation into our handling of customer data, which could result in fines. Additionally, in Portugal and Spain, our customers and employees have the right to access, rectify, cancel or oppose the processing of their personal data. If we fail to comply with any regulations or legislation applicable to our collection and processing of personal data, we may be exposed to judicial proceedings or fines, any of which could have a material adverse effect on our business, financial condition and results of operations.

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

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

Our current license for the use of the "SECURITAS" brand name and trademark expires in December 2029. After that date, we may not be able to continue to license the "SECURITAS" brand on commercially reasonable terms, if at all. Additionally, in accordance with the agreements granting our license, Securitas AB may terminate the agreement under certain circumstances, including if we are acquired by or enter into a joint venture with a competitor of Securitas AB. Our license does not provide exclusive use of the "SECURITAS" brand name or trademark even in the countries where we have operations. As a result, there could be significant brand confusion in markets where Securitas AB or its sub-licensees use the same trademark to sell alarm systems or provide other security services. Any resulting brand confusion among our customers could harm our reputation or reduce the value of our brand. For example, Securitas AB currently competes with us in Spain, Sweden, Belgium, the Netherlands, Finland, Norway and France, under the name "SECURITAS ALERT SERVICES." The license does not extend beyond our current countries of operation in Europe, and we operate under the name "Verisure" in Latin America. We would have to obtain the consent of Securitas AB to use the "SECURITAS" brand name in any other country in which we choose to commence operations if we would like to operate under that brand. Additionally, the license stipulates that the "SECURITAS" brand name may not be used alongside or in combination with other trademarks or business names without consent from Securitas AB. Securitas AB is under no obligation to grant consent of such use. Breaches under this license would allow Securitas AB to bring legal action against us for unauthorized use of its intellectual property, which could have a material adverse effect on our business, financial condition and results of operations. We currently use the "SECURITAS" brand name alongside and in combination with "VERISURE" and other trademarks in certain countries.

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

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

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

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

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

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

We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, FOG.

We are subject to increasing operating costs. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs. While we aim to increase our subscription rates to offset increases in operating costs, we may not be successful in doing so. Price increases are also associated with expenses, in particular, service costs. As a result, our operating costs may increase faster than our associated revenues, resulting in a material adverse effect on our business, financial condition and results of operations.

We recently launched our FOG program with a goal of reducing our costs and improving productivity. Although we expect to benefit from substantial cost savings and efficiencies in the years ahead, there can be no guarantee that such benefits will be realized or that additional costs will not be incurred. The success of the program is contingent on many factors, including the implementation of initiatives in daily operations, follow-ups by management, effective leverage of successful strategies across jurisdictions, assumptions regarding local and macroeconomic conditions, engagement with third parties (including contract counter parties), timely launch of various requests for proposals, foreign exchange rates, successful training with respect to customer care efficiency initiatives and effective rollout of automation of various systems some of which may not materialize in accordance with our expectations.

If the planned measures to increase efficiency and achieve cost savings fail in whole or in part or are not sustainable, we may not operate profitably or may experience less profitably than we expect to. All of the risks described above could materially adversely affect our business, results of operations and financial condition.

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

Our business is labor intensive, with labor costs representing 34% of our total operating costs for the year ended December 31, 2014. Any increase in labor costs, particularly in Spain where 42% of our employees are located, could adversely affect our business and profitability. Most of our employees work under collective bargaining agreements. These existing collective bargaining agreements may not be able to be extended or renewed on their current terms, and we may be unable to negotiate collective bargaining agreements in a favorable and timely manner. We may also become subject to additional collective bargaining agreements in the future or our non-unionized workers may unionize, any of which may could have a material adverse effect on our costs, operations and business. Additionally, in certain circumstances we may have to pay severance or other payments to those who we work with in our partner model. In the event that we experience a significant or material increase in labor costs and are not able to pass some or all of those costs on to our customers, it could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

We may face liability or damage to our reputation or brand for our failure to respond adequately to alarm activations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may be unable to effectively manage our growth into new markets or realize the intended benefits from our acquisitions.

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

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

When we enter into acquisitions, such as the purchase of TeleAtlantic in the third quarter of 2014, we expect such acquisitions will result in various benefits. However, achieving the anticipated benefits is subject to a number of uncertainties, including whether the business we acquire can be operated in the manner in which we intend. Failure to achieve these anticipated benefits and synergies could result in increased costs, decreases in the amount of revenues generated by the combined business and diversion of management's time and energy. In addition, in connection with any acquisitions, we cannot exclude that, in spite of the due diligence we perform, we will not inadvertently or unknowingly acquire actual or potential liabilities or defects, including legal claims, claims for breach of contract, employment-related claims, environmental liabilities, conditions or damage, hazardous materials or liability for hazardous materials or tax liabilities. We may also become subject to national or international antitrust investigations in connection with any acquisitions or otherwise.

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

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

We present our consolidated financial statements in euro. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of certain other currencies (the Swedish Krona (SEK) and Norwegian krone (NOK) in particular) against the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. Our primary exposure is to the SEK and NOK. For the year ended December 31, 2014, 63% of our revenue was denominated in euro, 20% of revenue was denominated in SEK, 11% of revenue was denominated in NOK and 6% of revenue was denominated in other currencies. Historically, the euro/SEK exchange rate fluctuated significantly, as it averaged SEK 8.6785 = EUR 1.0 in 2013 and SEK 9.1375 = EUR 1.0 in 2014, and for the six months ended June 30, 2015, the exchange rate averaged SEK 9.3007 = EUR 1.0. Foreign exchange rate fluctuations can significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. In addition, certain of our supply contracts in non-euro denominated countries contain clauses that reset the prices at which we buy our goods based on fluctuations in exchange rates, which can increase our costs if rates move in a manner that is unfavorable to us.

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

We may suffer future impairment losses, as a result of potential declines in the fair value of our assets.

We have a significant amount of goodwill. We evaluate goodwill for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is evaluated for impairment by computing the fair value of a cash-generating unit and comparing it with its carrying value. If the carrying value of the cash-generating unit exceeds its fair value, a goodwill impairment is recorded. Significant judgment is involved in estimating cash flows and fair value. Management's fair value estimates are based on historical and projected operating performance, recent market transactions and current industry trading multiples. We cannot assure you that significant impairment charges will not be required in the future, and such charges may have a material adverse effect on our business, results of operations and financial condition.

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

From time to time we are involved in legal and arbitration proceedings, the outcomes of which are difficult to predict. We could become involved in legal and arbitration disputes in the future which may involve substantial claims for damages or other payments. In the event of a negative outcome of any material legal or arbitration proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments, which could have a material adverse effect on our business, financial condition and results of operations. For example, in 2014, we made a provision of €31.2 million in respect of a tax audit in Spain for the periods from 2008 to 2013, and it is possible that the Spanish tax authorities will commence an audit of additional periods as well. In addition, the costs related to litigation and arbitration proceedings may be significant. Even in case of a positive outcome in such proceedings, we may still have to bear part or all of our advisory and other costs to the extent they are not reimbursed by the opponent, which could have a material adverse effect on our business, financial condition and results of operations.

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

Our success and our growth strategy depend in large part on our ability to attract and retain key management, marketing, finance and operating personnel. In particular, we are dependent on a small group of experienced senior executives. There can be no assurance that we will continue to attract or retain the qualified personnel needed for our business. Competition for qualified senior managers, as well as research and development personnel, in our industry is intense and there is limited availability of persons with the requisite knowledge of our industry and the relevant experience. To the extent that the demand for qualified personnel exceeds supply, we could experience a delay or higher labor costs in order to attract and retain qualified managers and personnel from time to time. In addition, as new personnel join our management, as they did in 2014, particularly at the senior management level, we may face a number of challenges typically associated with the integration and assimilation of new managers and key personnel, such as changes in organizational and reporting structures, the need to recruit additional new personnel or the departure of existing personnel. For example, in 2014, we increased the size and responsibility of our management team. We also depend upon our "sales-installer" model as a key sales strategy, which necessarily requires trained personnel. To the extent we are not able to retain individuals in these roles, we will incur additional costs to train new personnel to replace those who leave our business. In addition, Lars Nordmark, our current Chief Financial Officer, will be transitioning from the company by mutual agreement during the first quarter of 2016. We have launched a search process for a new Chief Financial Officer and anticipate a smooth transition. Our failure to recruit and retain key personnel or qualified employees, or effectively integrate new managers and other key personnel, could have a material adverse effect on our business, financial condition and results of operations.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely, could have adverse consequences for us with respect to our outstanding euro-denominated debt obligations.

Recent developments in the eurozone have exacerbated the ongoing global economic crisis. Financial markets and the supply of credit may continue to be negatively impacted by ongoing fears surrounding the sovereign debts and/or fiscal deficits of several countries in Europe (primarily Greece, Ireland, Italy, Portugal and Spain), the possibility of further downgrading of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. Governments and regulators have implemented austerity programs and other remedial measures to respond to the eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures are difficult to predict.

If the eurozone debt crisis is not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation, which may have a material adverse effect on our business, results of operations and financial condition, especially as our operations are primarily in Europe. In addition, the departure of one or more countries from the eurozone may lead to the imposition of, *inter alia*, exchange rate control laws.

For example, an anti-austerity party won the parliamentary elections in Greece on January 25, 2015 and subsequently formed a government with another anti-austerity party. The recent break down of negotiations between the new Greek government and its creditors has led to the closure of Greek banks and the imposition of capital controls in Greece. These events have led to Greece's default under its national debt and could result in its exit from the eurozone, which could, in turn, undermine confidence in the overall stability of the euro. The political unrest surrounding the crisis in Ukraine, specifically, existing or expanded economic sanctions imposed on Russia, and potential Russian response to those sanctions, could also have a negative impact on the European economy. As a result, we cannot predict how long these challenging conditions will exist or the extent to which the markets in which it operates may further deteriorate. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in extraordinary circumstances, the possible dissolution of the euro entirely. These unfavorable economic conditions may impact a significant number of customers and, as a result, it may, among others, be more (i) difficult for us to attract new customers, (ii) likely that customers will downgrade or disconnect their services and (iii) difficult for us to maintain Average Revenue per User ("ARPU") at existing levels. Accordingly, our ability to increase, or, in certain cases, maintain, the revenue, ARPUs, operating cash flow, operating cash flow margins and liquidity of our operating segments could be adversely affected if the macroeconomic environment remains uncertain or declines further. We are currently unable to predict the extent of any of these potential adverse effects.

Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations and for parties subject to other contractual provisions referencing the euro such as supply contracts would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect our trading environment and the value of the Notes, and could have adverse consequences for us with respect to our outstanding euro-denominated debt obligations, which could adversely affect our financial condition.

Furthermore, the Senior Facilities Agreement, the Private Senior Notes Indenture and the Indenture contain or will contain covenants restricting our and our subsidiaries' corporate activities. See "*—Risks Related to Our Financing Arrangements and the Notes—We are subject to restrictive debt covenants under our financing agreements that may limit our operations and financial flexibility*". Certain of such covenants impose limitations based on euro amounts (*e.g.*, the amount of additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by these covenants would become tighter, further restricting our ability to finance our operations and conduct our day-to-day business.

The interests of our ultimate principal shareholder may be inconsistent with your interests.

Following the completion of the Acquisition, our ultimate principal shareholder, H&F, indirectly owns almost all of our issued and outstanding shares through funds it advises. The interests of our principal shareholder could conflict with the interests of investors in the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholder could cause us to pursue acquisitions or divestitures and other transactions or to make large dividend payments (subject to limitations in the Indenture) or other distributions or payments to it as the shareholder, even though such transactions may involve increased risk for the holders of the Notes. Furthermore, no assurance can be given that our principal shareholder will not sell all or any part of its shareholding at any time nor that it will not look to reduce its holding by means of a sale to a strategic investor, an equity offering or otherwise. Such divestitures may not trigger a "Change of Control" under the Indenture.

Risks Related to Our Financing Arrangements and the Notes

The Issuer and certain of the Guarantors are holding companies with no operations of their own.

The Issuer and certain of the Guarantors are holding companies with no independent business operations and no significant assets, other than the equity interests each of the companies holds in its subsidiaries. Each of these holding companies will be dependent upon the cash flow from its subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes and the Guarantees, respectively. The amounts of dividends and distributions available to each holding company will depend on the profitability and cash flows of its subsidiaries and the ability of its subsidiaries to issue dividends to it under applicable law. The subsidiaries of the Issuer and these Guarantors, however, may not be permitted to make distributions, move cash or advance upstream loans to the Issuer or other Guarantors to make payments in respect of their respective indebtedness, including the Notes and the Guarantees. Various regulations and agreements governing certain of our subsidiaries may restrict, and in some cases, actually prohibit the ability of these subsidiaries to move cash to the Issuer or the Guarantors. Applicable laws and regulations including tax laws may also limit the amounts that the subsidiaries of the Issuer or such Guarantors are permitted to pay as dividends or distributions. Any restrictions on distributions by such subsidiaries could adversely affect the ability of the Issuer or such Guarantor to make payment on the Notes or the Guarantees, as applicable. In addition, financial assistance or corporate benefit restrictions may prevent upstream loans being made to the Issuer or such Guarantors by their respective subsidiaries to enable the Issuer or such Guarantors to service their respective obligations under the Notes or the Guarantees. Although the Indenture limits the ability of the Issuer's subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Issuer, there are significant qualifications and exceptions to these limitations. Goodwill impairment and other non-cash charges in our combined special purpose profit or loss account, as well as charges recognized directly in equity, if incurred, could potentially reduce the Issuer's subsidiaries' reserves available for distribution and thus reduce or prevent upstream dividend payments directly or indirectly to the Issuer.

Our substantial debt could limit our flexibility to conduct our business, adversely affect our financial health and prevent us from fulfilling our obligations under the Notes.

We have a substantial amount of debt and significant debt service obligations. As of June 30, 2015, *as adjusted* to give effect to the Transactions and bolt on and other acquisitions, our total indebtedness would have been €2,733.8 million. In addition, we would have had €300.0 million of availability under the Revolving Credit Facility. Our ability to fund capital expenditures and other expenses and to service our indebtedness will depend on our future operating performance and ability to generate sufficient cash. Additionally, the Private Senior Notes will be payable in kind for a limited number of periods and therefore the principal amount of debt payable on maturity increase accordingly. For a detailed description of our debt, please see "*Description of Notes*" and "*Description of Certain Indebtedness*."

Our substantial debt could have important negative consequences for us and you as holder of the Notes. For example, our substantial debt could:

- make it difficult for us to satisfy our obligations with respect to the Notes and our other debt, including servicing the interest on the Private Senior Notes;
- require us to dedicate a substantial portion of our cash flow from operations to making payments on our debt, thereby limiting the availability of funds for business opportunities and other general corporate purposes;
- increase our vulnerability to a downturn in our business or adverse general economic or industry conditions;
- limit our flexibility in reacting adequately to changes in our business or the industry in which we operate;
- place us at a competitive disadvantage compared to those of our competitors that have less debt than we do; or
- limit our ability to borrow additional funds in the future and increase the costs of any such additional capital.

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.

Despite our high level of indebtedness, we may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional debt in the future. Although the Indenture, the Private Senior Notes Indenture and the Senior Facilities Agreement contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions. Debt incurred in compliance with these restrictions, including debt that shares in the Collateral securing the Notes on a *pari passu* basis, could be substantial. Incurring such additional debt could further increase the related risks we now face. In addition, the Indenture, the Private Senior Notes Indenture and the Senior Facilities Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We are subject to restrictive covenants under our financing agreements that limit our operating and financial flexibility.

The Indenture, the Private Senior Notes Indenture and the Senior Facilities Agreement contain covenants that impose significant operating and financial restrictions on us. These agreements limit our ability to, among other things:

- incur or guarantee additional indebtedness;
- make certain restricted payments and investments;
- transfer or sell assets;

- enter into transactions with affiliates;
- create or incur certain liens;
- make certain loans, investments or acquisitions;
- issue or sell share capital of certain of our subsidiaries;
- issue or sell redeemable preferred shares;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- do anything that would impair the security interests in the Collateral granted for the benefit of the holders of the Notes; and
- merge, consolidate or transfer all or substantially all of our assets.

All of these limitations are or will be subject to significant exceptions and qualifications. See "*Description of 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 Senior Facilities Agreement requires us to comply with certain affirmative and negative covenants and a financial ratio (as set out in the Senior Facilities Agreement) while certain amounts under the Senior Credit Facilities remain outstanding. See "*Description of Certain Indebtedness—Senior Facilities Agreement*." Our ability to meet that financial ratio may be affected by events beyond our control, and we cannot assure you that we will meet such financial ratio. A breach of any of those covenants, ratio or restrictions could result in an event of default under the Senior Facilities Agreement. Upon the occurrence of any event of default that is continuing under the Senior Facilities Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Senior Credit Facilities and elect to declare all amounts outstanding under the Senior Credit Facilities, together with accrued interest, immediately due and payable. In addition, a default under the Senior Facilities 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 and the Private Senior Notes Indenture. If our creditors, including the creditors under the Senior Facilities Agreement, 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 that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts.

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 Senior Credit Facilities, the Notes and the Private Senior Notes Proceeds Loan, and to fund our ongoing operations or expansion plans, 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 growth, cost savings or synergies will be realized or that future debt 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 Senior Credit Facilities. At the maturity of the Senior Credit Facilities (including the Revolving Credit Facility, which matures one year before the Notes), the Notes or any other debt that we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- 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 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, the Private Senior Notes Indenture and the Senior Facilities Agreement, limit or will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurances 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.

The Private Senior Notes, drawings under the Senior Credit Facilities and any other variable interest rate debt we incur in the future will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

The Senior Credit Facilities and Private Senior Notes bear interest at floating rates of interest per annum equal to EURIBOR or STIBOR, as applicable, as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. 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, a different measure of inter-bank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR may have been manipulating or attempting to manipulate EURIBOR. Actions by EURIBOR-EBF (the association setting the regulatory framework for the calculation of EURIBOR), other regulators or law enforcement agencies could result in changes to the manner in which EURIBOR is determined. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

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, Private Senior Notes Indenture or the Senior Facilities Agreement 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, abandoning or otherwise disposing of Collateral (other than with respect to the pledge over the shares of the Issuer other than in connection with an enforcement sale) and making ordinary course cash payments, including repayments of indebtedness. To the extent these activities are allowed with regard to security interests under Swedish law such security interests could be considered to be not validly perfected. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral—Sweden—Creation of valid security interests*."

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

The Notes will be secured by the same Collateral securing our obligations under our Senior Credit Facilities, the Private Senior Notes and any future Senior Unsecured Notes (as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Ranking and Priority—Priority of Debts*") may also share in part of such Collateral on a lower priority basis. In addition, under the terms of the Indenture, the Private Senior Notes Indenture and the Senior Credit Facilities, we are or will be permitted to incur significant additional indebtedness and other obligations that may be secured by liens over the same Collateral.

Prior to the Senior Term Lender Discharge Date

Prior to the Senior Term Lender Discharge Date, and subject to certain limited exceptions, the Security Agent will act with respect to the Collateral only at the direction of a simple majority (50%) of our senior secured creditors (including, for this purpose, both drawn and undrawn uncanceled commitments under our Senior Credit Facilities, debt in respect of certain hedging obligations and debt under the Notes). It is anticipated that, upon issuance of the Notes, the holders of the Notes will, together, hold a lower percentage of the total senior secured credit participations than the lenders under the Senior Credit Facilities, other obligations (including hedging obligations) that may be secured by the same Collateral and, accordingly, the holders of the Notes will not initially have effective control of whether to enforce the Collateral.

The holders of the Notes will not have separate rights to enforce the Collateral. As a result, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, if amounts under any other senior secured debt (including, for this purpose, both drawn and undrawn uncanceled commitments under our Senior Credit Facilities and debt in respect of certain hedging) remain outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total senior secured credit participations.

Disputes may occur between the holders of the Notes and creditors under our Senior Credit Facilities (and/or other secured creditors) as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the Notes will be bound by any decision of the Instructing Group (as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Restrictions on Enforcement: Senior Lenders and Senior Secured Noteholders*") which may result in enforcement action in respect of the Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under our Senior Credit Facilities (and any of our other secured creditors) may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of any of Holdco's subsidiaries 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 securing the Notes and the Guarantees may be released. See "*Description of Certain Indebtedness—Intercreditor Agreement," "Description of Notes—Security—Release of Liens*." In such a situation, your ability to recover on the Notes may be materially impaired.

On and After the Senior Term Lender Discharge Date

On and after the Senior Term Lender Discharge Date, in general, the creditor representatives representing the Senior Creditors (as defined in "*Description of Certain Indebtedness—Intercreditor Agreement*") whose senior credit participations (representing, on and after the Senior Term Lender Discharge Date, liabilities with super priority status) aggregate more than 66.67% of the total senior credit participations (being the Majority Senior Creditors as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Restriction on Enforcement: Senior Lenders and Note Holders*") and the creditor representatives representing the Senior Secured Noteholders and Pari Passu Hedge Counterparties (each as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Restriction on Enforcement: Senior Lenders and Note Holders*") whose *pari passu* credit participations aggregate more than 50% of the total Pari Passu Credit Participations at that time (being the "Majority Pari Passu Creditors" as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Restriction on Enforcement: Senior Lenders and Note Holders*")), may provide enforcement instructions to the Security Agent to enforce the Collateral.

The Intercreditor Agreement provides that, in general, the instructions of the Majority Pari Passu Creditors will prevail. However, if (i) within three months of such Initial Enforcement Notice, the Majority

Pari Passu Creditors have not either: (A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue, or (B) appointed a Financial Adviser to assist them in making such a determination; or (ii) the Majority Pari Passu Creditors have not either: (A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue; or (B) appointed a Financial Adviser to assist them in making such a determination, and in either case the Majority Senior Creditors determine in good faith that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a distressed disposal or on the expected realized proceeds of enforcement and deliver enforcement instructions to the Security Agent which they reasonably believe are necessary or advisable in enhancing the prospects of achieving a prompt and expeditious realization of the value of the Collateral; or (iii) an Insolvency Event (other than an Insolvency Event directly caused by any Enforcement Action taken by or at the request or direction of a Senior Lender) is continuing with respect to a Debtor; or (iv) if the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice (each as defined in "*Description of Certain Indebtedness—Intercreditor Agreement—Restriction on Enforcement: Senior Lenders and Note Holders*"), then the Security Agent will act in accordance with enforcement instructions received from the Majority Senior Creditors until the discharge date in respect of the Senior Lender Liabilities has occurred.

During the period on and after the Senior Term Lender Discharge Date, the Senior Creditors (as defined in "*Description of Certain Indebtedness—Intercreditor Agreement*") shall receive proceeds from the enforcement of Collateral and certain distressed disposals of assets in priority to holders of the Notes and may otherwise have interests that are different from the interests of holders of the Notes. As a result, the Senior Creditors may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time or in a manner that would be disadvantageous for the holders of the Notes.

In addition, as the Intercreditor Agreement provides that following the Senior Term Lender Discharge Date the Security Agent may be instructed by the Majority Pari Passu Creditors (which encompasses holders of over 50% of the aggregate credit participation of the Notes and other *pari passu* debt as well as certain hedging liabilities), holders of incremental *pari passu* debt may have a significant influence on the outcome of such instructions under the Intercreditor Agreement and such creditors may have interests that are different from the interests of the holders of the Notes. See "*Description of Certain Indebtedness—Intercreditor Agreement*."

Upon the Senior Term Lender Discharge Date, creditors under the Revolving Credit Facility and certain hedging obligations will be entitled to be repaid with recoveries from the enforcement of the Collateral and certain distressed disposals of assets in priority to the Notes and the Guarantees.

The Notes and the Guarantees will rank *pari passu* with our other senior debt, including the Senior Term Loan and the Revolving Credit Facility. The Intercreditor Agreement includes provisions governing the sharing of recoveries from proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events, including the enforcement of the Collateral. After the Senior Term Lender Discharge Date, the Security Agent is required to pay turned over amounts and other recoveries by the Security Agent from enforcement actions on the Collateral and certain distressed disposals of assets to discharge the Senior Lender Liabilities and Super Senior Hedging Liabilities, as defined in "*Description of Certain Indebtedness—Intercreditor Agreement*" and being the liabilities owed to the lenders under the Revolving Credit Facility and the hedging liabilities that are permitted to be secured on the Collateral (the "Senior Liabilities"), prior to paying any such amounts to discharge the Notes and the Guarantees. As such, in the event of a foreclosure of the Collateral, you may not benefit from such recoveries if the then outstanding Senior Liabilities are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral and certain distressed disposals, as defined in "*Description of Certain Indebtedness—Intercreditor Agreement*," will, after all obligations under the Senior Liabilities have been discharged, be applied pro rata in repayment of the Notes and any hedging obligations or other indebtedness secured by the Collateral on a *pari passu* basis with the Notes.

The Notes will not be initially secured by all of the Collateral and not all of the Guarantors will initially guarantee the Notes.

On or about the Issue Date, the Notes will not be secured by all of the Collateral, as further described under "*Description of Notes—Security*." We will agree in the Indenture, subject to the Agreed Security Principles, to use commercially reasonable efforts to take such necessary actions so that the Notes are secured by the security interests in the Post-Completion Collateral described in this offering memorandum on the earlier of (x) the date that is 90 days after the Completion Date and (y) the date on which such lien is granted in favor of the Senior Credit Facilities. There can be no assurance, however, that we will be successful in procuring such liens within the time period specified, the failure of which would result in an "event of default" under the Indenture. The Security Interests will be limited to the same extent as those under the Senior Credit Facilities and otherwise as set forth under "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral,*" which limitations could be significant. It should be noted that if a guarantee or a security interest granted by a Guarantor incorporated in Sweden is granted or perfected after the secured obligation arose such guarantee or security interest may be subject to clawback provisions under Swedish insolvency law, see "*Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Collateral—Sweden—Challengeable transactions*."

On the Issue Date, the Notes will only be guaranteed by the Initial Guarantors. We will agree in the Indenture, subject to the Agreed Security Principles, to use our commercially reasonable efforts take such necessary actions so that the Post-Completion Guarantors become guarantors of the Notes by executing and delivering to the Trustee a supplemental indenture (or supplemental indentures) in the form attached to the Indenture on the earlier of (x) the date on which such Guarantor provides a guarantee of the Senior Credit Facilities and (y) 90 days following the Completion Date. In the six months ended June 30, 2015, the Guarantors (other than Holdco) generated 97.2% of our EBITDA and 85.5% of our revenues and as of June 30, 2015, held 86.2% of our total assets. There can be no assurance that we will be successful in procuring such additional Guarantees within the time period specified. Failure to make commercially reasonable best efforts to procure such additional Guarantees would constitute an "event of default" under the Indenture. The additional Guarantees will be limited to the same extent as those under the Senior Credit Facilities and otherwise as set forth under "*Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*."

The Notes and the Guarantees will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.

If there is an event of default on the Notes, the holders of the Notes and the Guarantees will be secured only by the Collateral. To the extent that the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and other obligations, these claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes and the Guarantees. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under 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.

No appraisals have been prepared by or on behalf of the Issuer or the Guarantors in connection with the issue of the Notes. 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 availability of buyers, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of 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.

To the extent that security interests and other rights granted to other parties encumber assets constituting Collateral owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their 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 Agreement could reduce the proceeds realized upon enforcement of the Collateral.

Not all of our subsidiaries will guarantee the Notes, and the Guarantees will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes.

Not all of our subsidiaries will be Guarantors of the Notes. The Indenture does not limit the transfer of assets to, or the making of investments in, any of our restricted subsidiaries, including our restricted subsidiaries that do not guarantee the Notes.

As payments on the Notes are only required to be made by the Issuer and the Guarantors, no payments are required to be made from assets of subsidiaries that do not guarantee the Notes unless those assets are transferred by dividend or otherwise to the Issuer or one of the Guarantors. As of June 30, 2015, after giving effect to the Transactions, the subsidiaries of the Issuer that are not Guarantors will have outstanding financial indebtedness in the amount of approximately €9.8 million. See "*Description of Certain Indebtedness—Local Facilities*." Our non-guarantor subsidiaries represented 2.9% of our EBITDA and 14.5% of our revenue for the six months ended June 30, 2015 and 13.8% of our total assets as of June 30, 2015.

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

Upon a change of control, as defined in the Indenture, we are required to make an offer to repurchase the Notes at 101% of their principal amount. Our ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our financial resources at that time. Sufficient funds may not be available when necessary to make any required repurchases. We expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Senior Credit Facilities. Please see "*Description of Notes—Change of Control*." In addition, a change of control could constitute a default under our other indebtedness. In addition, the occurrence of certain of the events that constitute a change of control would also require the Issuer to make a similar offer to the creditors of any indebtedness outstanding under the Senior Credit Facilities. Future indebtedness of the Issuer or its subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such Indebtedness to be repurchased or repaid upon a 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 reorganizations, restructurings, mergers or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture.

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

The Guarantees and the Collateral securing the Notes will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Notes will be guaranteed by Holdco, which is incorporated in Sweden, and certain of our subsidiaries which are incorporated under the laws of Sweden, Norway, Spain, Portugal and France and secured by security interests over the Collateral, which will be governed by the laws of these jurisdictions. The Indenture will provide that the Guarantees, and the Indenture and the relevant Security Documents will provide that the security interests, will be limited to the maximum amount that can be guaranteed or in respect of which security interests may be granted by the relevant Guarantor or grantor, as applicable, without rendering the relevant Guarantee or security interest, as it relates to that Guarantor or grantor, voidable or otherwise ineffective or limited under applicable law. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*."

In addition, enforcement of any of the Guarantees against any Guarantor or security interests against any security provider will be subject to certain defenses available to Guarantors or security providers 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, preservation of share capital, thin capitalization, capital maintenance, set-off counter-claim and prescription (time bar) 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 or grantor of security interests may have no liability or decreased liability under its Guarantee or security interest, as applicable, depending on the amount of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) subordinate or void any Guarantee or any security interest (ii) direct that the holders of the Notes return any amounts paid under a Guarantee or security interest to the relevant Guarantor or security provider, 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 Guarantee or security interest was granted with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or the security provider or, in certain jurisdictions, even when the recipient was merely aware that the Guarantor or the security provider was insolvent when it granted the relevant Guarantee or security;
- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value for the granting of the Guarantee and/or security interest and the Guarantor or security provider: (i) was insolvent or was rendered insolvent as a result of having granted the relevant Guarantee or security interest; (ii) was under-capitalized or became under-capitalized because of the relevant Guarantee or security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the granting of the relevant Guarantee and/or security interest was held not to be in the best interests or not to be for the corporate benefit of the Guarantor or security provider or was held to exceed the corporate objects of the Guarantor or security provider; or
- the aggregate amounts paid or payable under the relevant Guarantee or enforcement proceeds under the relevant security were 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.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all its assets;
- the present fair value of its assets was less than the amount required to pay its existing debts and liabilities, including contingent liabilities, as they became due; or
- it could not pay its debts as they became due.

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

If a court were to find that the issuance of the Notes or a Guarantee, or the granting of the security, was a fraudulent preference or conveyance or unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee or Security Document are ineffective, could void the security over the collateral, or could require the holders of the relevant Notes to repay any amounts received with respect to the Notes or such Guarantee or any enforcement proceeds received from enforcement of the security. In the event of a finding that a fraudulent preference or conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor or security provider and would be a creditor solely of the Issuer, any other Guarantor or security provider, if applicable, under any Guarantees or Security Documents that have not been declared void.

Additionally, any future pledge or charge of Collateral in favor of the Security Agent, including pursuant to Security Documents delivered after the date of the Indenture, might be avoidable by the security provider (as debtor-in-possession) or by its trustee in bankruptcy (or similar officer) if certain events or circumstances exist or occur, including, among others, if the security provider is insolvent at the time of the pledge or charge, the pledge or charge permits the holders of the Notes to receive a greater recovery than if the pledge or charge had not been given and a bankruptcy proceeding in respect of the security provider is commenced within a certain time period following the pledge or charge.

The security over the Collateral will not be granted directly to the holders of the Notes and the concept of "trust" is not a recognized concept in certain jurisdictions.

The security interests in the Collateral that will secure the obligations of the Issuer and the Guarantors under the Notes and the Guarantees, respectively, will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent for the Notes. The Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture. The Indenture and the Intercreditor Agreement will provide that only the Security Agent has the right to enforce the Security Documents. As a consequence, the holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee for the Notes, who will provide instructions to the Security Agent in accordance with the Intercreditor Agreement. Holders of the Notes will also bear some risks associated with a possible insolvency or bankruptcy of the Security Agent as the beneficiary of the parallel debt.

There can be no assurances that such a "parallel debt" structure will be recognized and effective in all cases in all relevant jurisdictions. See "*Limitations on the Validity and Enforceability of the Guarantees and the Collateral*."

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as parallel debt creditor under the parallel debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral.

See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*"

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

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

- in connection with any sale or other disposition of Collateral (other than the security interests in respect of shares of capital stock of the Issuer) to (a) a Person that is not the Issuer or a restricted subsidiary (but excluding any transaction subject to the merger and consolidation covenant, if such sale or other disposition does not violate the asset sales covenant or is otherwise permitted by the Indenture; or (b) any restricted subsidiary; *provided* that this clause shall not be relied upon in the case of a transfer of capital stock or accounts receivable to a restricted subsidiary (other than in connection with a qualified receivables financing) unless the relevant property and assets remain subject to, or otherwise become subject to, a lien in favor of the Notes, *provided* that the release of security interests over the share of capital stock of the Issuer shall be permitted to the extent substantially concurrently with such release, liens having equivalent ranking as prior to such release are granted for the benefit of the holders of the Notes;

- 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;
- as described under "*Description of Notes—Amendments and Waivers*";
- upon payment in full of principal, interest and all other obligations under the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Description of Notes—Defeasance" and "Description of Notes—Satisfaction and Discharge*";
- upon the designation of any restricted subsidiary as 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;
- as permitted by "*Description of Notes—Certain Covenants—Impairment of Security Interest*" or "*—Merger and Consolidation*";
- in the case of the security interest in respect of shares of capital stock of the Issuer, in connection with a public offering of the Issuer; or
- as otherwise permitted in accordance with the Indenture.

In addition, the security interests may be released in connection with the Intercreditor Agreement.

Even though the holders of the Notes share in the Collateral securing the Notes ratably with the lenders under the Senior Credit Facilities, under certain circumstances, the creditors under the Senior Credit Facilities and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See "*Description of Certain Indebtedness—Intercreditor Agreement*."

As set out under the section "*Insolvency Considerations and Limitations on validity and enforceability of the guarantees and the Collateral—Sweden—Creation of valid security interest*" below, if, in relation to any security interest governed by Swedish law, there are any automatic release provisions or other arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances, such security interest could be considered not to be validly perfected under Swedish law.

In addition, under various circumstances, the Guarantees will be terminated, including:

- other than in respect of the Guarantee granted by Holdco, upon a sale or other disposition (including by way of consolidation or merger) of the capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a restricted subsidiary) otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an unrestricted subsidiary;
- upon payment in full of principal, interest and all other obligations under the Indenture, the Notes, the Security Documents and the Intercreditor Agreement or upon defeasance or discharge of the Notes and the Indenture, as provided in "*Description of Notes—Defeasance*" and "*Description of Notes—Satisfaction and Discharge*";
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any additional intercreditor agreement;
- as described under "*Description of Notes—Amendments and Waivers*";

- so long as no default or event of default has occurred and is continuing, to the extent that such Guarantor is not a significant subsidiary and (i) is unconditionally released and discharged from its liability with respect to the Senior Credit Facilities provided that indebtedness will remain outstanding under the Senior Credit Facilities after such release and discharge and (ii) such Guarantor would not otherwise be required at the time of such release to provide a Guarantee pursuant to the covenant described under "*Description of Notes—Certain Covenants—Additional Guarantees*";
- upon release of the guarantee of Indebtedness that resulted in the creation of the Guarantee under the covenant described under the caption "*Description of Notes—Certain Covenants—Additional Guarantees*"; or
- as a result of any transaction permitted by the merger covenant.

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 such 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 taker over the claims the security taker (as creditor) has against the debtor. Finally, a security interest may not in all circumstances have priority over a security interest granted over the same Collateral on a later date. None of the Trustee or the Security Agent has any obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of, or to take steps to perfect, any security interest in the Notes against third parties. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*"

Additionally and as set out under the section "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral—Sweden—Creation of valid security Interests*" below, under Swedish law, a security interest over an asset can only be validly perfected if the grantor is deprived of its right to control and deal with the asset being subject to security.

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 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 security. 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, recharacterization under applicable law or regulatory approvals.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest and be under a fiduciary duty to protect the interest of the pledgor. We cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*."

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuer and the other Guarantors own or lease serving as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the Security Documents may contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Guarantors will not be required to improve the Collateral.

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, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws applicable in certain jurisdictions.

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, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws of Sweden, Norway, Spain, Portugal and France.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in each of the above-mentioned 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 permits 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 or perfected. At each time, if the security interest granted 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. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*."

We are relying on the Intercreditor Agreement to achieve a first-ranking security interest in respect of the Collateral that secures both the Notes and the Private Senior Notes.

The Notes will be and the Private Senior Notes are secured by security interests in all the shares of capital stock in the Issuer and in the rights of Holdco in the Private Senior Notes Proceeds Loan. Under Swedish law, these security interests will rank equally, and there are no lien subordination provisions in the relevant Security Documents. Pursuant to the terms of the Intercreditor Agreement, the liens securing such Collateral will secure obligations under the Notes and the Senior Credit Facilities on a first-ranking basis, and the Private Senior Notes on a second-ranking basis. Therefore, the ranking of the security interests granted in such Collateral in favor of holders of the Notes will depend on the validity and enforceability of the Intercreditor Agreement. As a result, if the Intercreditor Agreement or the relevant provisions thereof were found to be invalid or held to be unenforceable for any reason, the holders of Notes would not benefit from such first-priority treatment and the security interests granted in favor of holders of the Notes and the Private Senior Notes would rank *pari passu* under Swedish law, which could reduce the potential recoveries available for the holders of the Notes in the case of an enforcement of such Collateral.

Enforcement of civil liabilities and judgments against the Issuer or the Guarantors or any of our directors or officers may be difficult.

The Issuer and the Guarantors are incorporated under the laws of Sweden, Norway, Spain, Portugal and France, and some of our assets and substantially all of our operations are located, and substantially all of our revenue is derived, outside the United States. In addition, all of the directors and officers of the Issuer are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce judgments against them obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. Federal and state securities laws. In addition, we cannot assure you that civil liabilities predicated upon the Federal securities laws of the United States will be enforceable in Sweden, Norway, Spain, Portugal and France. See "*Enforceability of Judgments*."

Your rights as a creditor may not be as favorable under the insolvency laws of Sweden, Norway, Spain, Portugal and France as compared to the insolvency laws of the U.S. or other jurisdictions and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral.

The Issuer and certain Guarantors, are organized under the laws of Sweden, Norway, Spain, Portugal and France. Insolvency proceedings with respect to companies in each of these countries would likely be governed by local law. However, they could be required to proceed under the laws of the jurisdiction in which the company has its "centre of main interests," as defined in Council Regulation (EC) No. 1346/2000 of May 29, 2000 on Insolvency Proceedings as last amended by Council Regulation (EC) No. 663/2014 of June 5, 2014 (the "EU Insolvency Regulation"), at the time insolvency proceedings are commenced. Although there is a rebuttable presumption that the "centre of main interests" will be in the jurisdiction where its registered office is situated, this presumption is not conclusive. Accordingly, insolvency proceedings with respect to these companies may proceed under, and be governed by Swedish, Norwegian, Spanish, Portuguese or French laws or potentially by the insolvency laws of another jurisdiction if the centre of main interests of those companies is determined to be in such other jurisdiction at the relevant time. The insolvency laws of such jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. Please see "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*" for a brief description of certain aspects of insolvency laws in Sweden, Norway, Spain, Portugal and France.

In the event that the Issuer, the Guarantors, any future Guarantors or any of their subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Guarantees and Collateral which may be provided by entities organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Guarantees or Collateral after a bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfers, priority of governmental and other creditors, 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 jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees and limit any amounts that you may receive.

Proceedings could also be initiated in jurisdictions where Collateral or the grantor of security interests in the Collateral are located, to enforce your rights against such Collateral or grantor. 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. There can also be no assurances that you will be able to enforce your rights effectively in such complex, multiple bankruptcy, insolvency or similar 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 Collateral in those jurisdictions or limit any amounts that you may receive.

For more information regarding insolvency laws and enforceability issues as they relate to the Issuer, the Guarantees and security interests in the Collateral, see "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*."

You may be required to pay a cash amount ("soulte") in the event you decide to enforce a pledge over securities granted under French law by judicial or contractual foreclosure of the Collateral consisting of securities rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests *(parts sociales)*) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure *(pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court in the context of a judicial foreclosure or by a pre-contractually agreed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

An enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities, since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral—France – Limitations on enforcement of security interests and cash amount ("soulte")*."

The approval of the French regulatory authorities may be required in order to allow the Security Agent to enforce the pledges over the shares of a French entity.

In addition, in view of the area of activity of the Group or certain members of the Group, it should be noted that foreign investments in companies or businesses which operate in certain sectors (notably where their activities relate to equipment, products or services which are critical to the interests of France in terms of public order, public safety or national security, in particular in the areas of the provision of private security services, energy and water supply, public health, public transport and electronic communication) may require the prior authorization of the French authorities. This requirement may interfere with the enforcement of the Collateral consisting of shares or a business.

Where any of the above sectors are involved, the following shall constitute foreign investments which are subject to the prior authorization procedure:

- A transaction as a result of which a non-EU investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code), (ii) acquires all or part of a business (*branche d'activité*) or (iii) crosses the threshold of 33.33 percent of the share capital, in each case of a company whose registered office is located in France.
- A transaction as a result of which an EU investor (i) acquires the control (within the meaning of Article L. 233-3 of the French Commercial Code) or (ii) acquires all or part of a business, in either case of a company whose registered office is located in France.
- A transaction as a result of which a French investor under non-French control acquires all or part of a business of a company whose registered office is located in France.

When a foreign investment is subject to the authorization of the French authorities as above, the transaction cannot be completed prior to authorization. The foreign investor must submit a formal application for prior authorization to the French authorities which must render a decision within two months of receipt of a filing which is deemed complete by the French authorities (failing which authorization shall be deemed to have been granted).

We can provide no assurance that the approval of the French authorities would not be required in order to allow the Security Agent to enforce the pledge over the shares of a French entity or that such approval, if required, would be granted.

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

We cannot assure you as to the liquidity of any market in the Notes, your ability to sell your Notes or the prices at which you would be able to sell your Notes.

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

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

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 assurances can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

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

The Notes will be denominated and payable in euros. If investors measure their investment returns by reference to a currency other than euros, 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. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. holders (as defined in "*Tax Considerations—U.S. Federal Income Taxation*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax Considerations—U.S. Federal Income Taxation*."

Additionally, *pro forma* for the Transactions, certain of our indebtedness will be denominated in SEK. While we will initially draw these funds in the euro equivalent, set to a pre-agreed exchange rate, the principal amount of the indebtedness will remain outstanding in SEK. To the extent the SEK/euro exchange rate varies, the euro equivalent amount due upon repayment of principal could increase. We do not presently intend to hedge our SEK exposure as a portion of our revenues are denominated in SEK.

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 U.S. 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 U.S. 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). Please 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.

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

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the sole registered holder of any Global Notes. After payment to the common depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture.

Unlike holders of the Notes themselves, 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. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or 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 on a timely basis.

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

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

Enforcement of the obligations under a Guarantee against a Guarantor will be subject to certain laws applicable, and defenses available, to the Issuer or the relevant Guarantor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defenses affecting the rights of creditors generally. See "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral*."

USE OF PROCEEDS

The gross proceeds of the Offering of the Notes will be €700.0 million. The proceeds of the Offering will be used to repay the Senior Secured Bridge Facility on the Issue Date. The Senior Secured Bridge Facility, the Private Senior Notes and the Senior Term Loan, as well as the H&F Equity Contribution, were used, on the Completion Date, to (a) repay the Existing Securitas Indebtedness, including related break fees, call premia and unpaid interest, (b) fund the consideration payable for the Acquisition and (c) pay the fees and expenses in connection with the Transactions. The following table sets forth the sources and intended uses of funds in connection with the Offering.

Sources		Uses	
	(€ millions)		
Notes offered hereby[1]	700	Repayment of Senior Secured Bridge Facility[1]	700
Total sources	**700**	**Total uses**	**700**

(1) Does not reflect accrued interest from the Completion Date to the Issue Date, which will be paid with cash on balance sheet.

CAPITALIZATION

The following table describes the cash and cash equivalents and capitalization as of June 30, 2015 of the Issuer on a historical basis derived from the Issuer's unaudited condensed interim financial statements of June 30, 2015, which were prepared in accordance with IFRS and are included elsewhere in this offering memorandum, and as adjusted to give effect to the Transactions.

You should read this table in conjunction with "*Summary—The Transactions—Sources and Uses*," "*Use of Proceeds,*" "*Unaudited Pro Forma Condensed Consolidated Financial Information*," "*Selected Consolidated Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements and accompanying notes appearing elsewhere in this offering memorandum. Except as set forth below, there have been no other material changes to our capitalization since June 30, 2015.

	As of June 30, 2015		
	Historical	**Adjustments**	**As Adjusted for the Transactions**
		(€ millions)	
Cash and cash equivalents[1]	5.2	(0.2)	5.0
Long-term debt[2]:			
Existing Revolving Credit Facility[3]	102.9	(102.9)	—
Finance leases	2.6	—	2.6
Series A Fixed Rate Notes[4]	500.0	(500.0)	—
Series A Floating Rate Notes[4]	200.0	(200.0)	—
Series B Notes[4]	271.5	(271.5)	—
Series A Senior Loans	130.0	(130.0)	—
Mezzanine Loan[5]	406.9	(406.9)	—
Other (Local Facilities)	23.1	—	23.1[6]
Notes[7]	—	700.0	700.0
Senior Term Loan	—	1,300.0	1,300.0[8]
Private Senior Notes[9]	—	700.0	700.0
Revolving Credit Facility[10]	—	—	0.0
Shareholder Loan	12.3	(12.3)[11]	—
Total long-term debt (including current portion but excluding Shareholder Funding Instruments)	1,649.3	1,076.4	2,725.7
Shareholder Funding Instruments	699.0[12]	(699.0)	—
Total long-term debt (including current portion)	2,348.3	377.4	2,725.7
Total equity	(36.0)	(270.9)[13]	(306.9)
Total capitalization	**2,312.3**	**106.5**	**2,418.8**

(1) Historical cash and cash equivalents reflects our cash and cash equivalents as of June 30, 2015. As adjusted cash and cash equivalents reflects the cash on balance sheet after giving effect to the Transactions and payment of break costs, accrued interest and the applicable redemption premia to the redemption dates of the Existing Notes, as if the Transactions occurred on the Issue Date. Adjusting for the Transactions only, as at June 30, 2015, cash on balance sheet would be €58.3 million. We also expect to use cash on balance sheet to pay for the interest that accrues on the Senior Secured Bridge Facility between the Completion Date and the Issue Date.

(2) Long-term debt is reflected at its aggregate principal amounts plus capitalized interest as of June 30, 2015, if applicable, and does not reflect capitalized debt issuance costs or accrued interest expense.

(3) The Existing Revolving Credit Facility provided for aggregate borrowings of up to approximately €299.3 million. As of June 30, 2015, we had €102.9 million outstanding under the Existing Revolving Credit Facility and had non-cash utilizations and bank guarantees in an amount of €1.1 million. Since June 30, 2015, we had made additional cash drawings under the Existing Revolving Credit Facility and, as of the Completion Date, there was a total of €140.0 million outstanding under the Existing Revolving Credit Facility. The Existing Revolving Credit Facility was repaid in full as part of the Transactions on the Completion Date.

(4) In connection with the Transactions, the indenture under which the Existing Notes were issued has been satisfied and discharged on the Completion Date via irrevocable deposit of the applicable redemption premia and accrued and unpaid interest to the expected redemption dates.

(5) Reflects the aggregate principal amount outstanding under the Mezzanine Loan and includes €13.4 million in capitalized interest as of June 30, 2015. The Mezzanine Loan was repaid in full as part of the Transactions on the Completion Date.

(6) In connection with the Mediaveil Acquisition, which occurred subsequent to June 30, 2015, we assumed an additional €8.1 million in Local Facilities, which will remain outstanding upon completion of the Transactions. Since June 30, 2015, we have also made additional drawings under other facilities such that, as of September 30, 2015, total obligations under our Local Facilities were €36.8 million (equivalent), including facilities related to Mediaveil.

(7) The proceeds of the Offering of the Notes, together with cash on balance sheet, will be used to repay the Senior Secured Bridge Facility in full on the Issue Date.

(8) The Senior Term Loan is denominated in both euro and SEK and was drawn in full on completion of the Acquisition in an amount of €1,300 million (equivalent).

(9) The proceeds of the Private Senior Notes issued by Cayman 1 and subsequently assumed by Holdco were on-lent to the Issuer via the Private Senior Notes Proceeds Loan, which is a subordinated debt obligation of the Issuer. The Private Senior Notes Proceeds Loan is denominated in SEK and euro in an amount equivalent to €700.0 million (equivalent).

(10) The Revolving Credit Facility provides for aggregate borrowings of up to €300 million (equivalent). No cash drawings under the Revolving Credit Facility were made on the Completion Date and no drawings are intended to be outstanding on the Issue Date.

(11) Represents amounts loaned from Holdco to the Issuer. The Shareholder Loan was capitalized as part of the Transactions.

(12) Reflects the outstanding Shareholder Funding Instruments of the Issuer as of June 30, 2015. The Shareholding Funding Instruments of the Issuer were repaid in full as part of the Transactions on the Completion Date.

(13) Adjustments to total equity reflect the impact of non-capitalized costs incurred in relation to the Transactions, including unamortized fees on the Existing Securitas Indebtedness and a payment to Holdco, offset by the capitalization of the Shareholder Loan. No tax effects or deferred tax effects with respect to applicable items related to changes in equity in connection with the Transactions have been included in these adjustments.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The following tables and the accompanying footnote present the selected historical combined financial information of the Issuer for the periods ended and as of the dates indicated below.

The selected historical consolidated financial information of the Issuer as of and for the years ended December 31, 2012, 2013 and 2014 has been extracted from the audited consolidated financial statements of the Issuer, prepared in accordance with IFRS and included elsewhere in this offering memorandum. The selected historical consolidated financial information of the Issuer as of and for the six months ended June 30, 2014 and 2015 have been extracted from the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2015 and 2014 prepared in accordance with IAS 34 (Interim Financial Reporting), included elsewhere in this offering memorandum.

Prospective investors should read the summary data presented below in conjunction with "Presentation of Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum.

	For the year ended December 31,			For the six months ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
			(€ millions)		
Consolidated Income Statement Data:					
Revenue	758.2	812.2	884.1	432.0	493.1
Cost of sales	(412.5)	(475.2)	(516.1)	(250.4)	(279.5)
Gross profit	345.7	337.0	368.0	181.7	213.6
Selling and administrative expenses	(338.8)	(308.1)	(342.0)	(163.6)	(190.4)
Operating profit	6.9	28.9	26.0	18.1	23.2
Finance income	6.3	0.4	0.5	0.2	0.4
Finance costs	(236.9)	(246.7)	(247.6)	(109.6)	(110.1)
Result before tax	(223.7)	(217.5)	(221.0)	(91.4)	(86.5)
Income tax expense/benefit	51.7	30.2	2.8	(22.4)	2.8
Result for the period	**(172.0)**	**(187.3)**	**(218.2)**	**(113.8)**	**(83.7)**

	As of December 31,			As of June 30,	
	2012	2013	2014	2014	2015
			(€ millions)		
Consolidated Financial Position Data:					
Cash and cash equivalents	2.8	4.1	6.7	6.8	5.2
Inventories	63.9	58.3	53.5	60.0	70.0
Trade receivables	57.8	59.9	67.7	66.9	78.4
Property, plant and equipment	298.9	316.8	354.3	331.7	381.6
Total assets	2,768.1	2,766.1	2,829.2	2,753.4	2,869.0
Trade payables	44.6	55.5	59.1	58.7	69.6
Liabilities to credit institutions	1,386.8	1,449.8	1,520.8	1,466.1	1,568.8
Total liabilities	2,488.3	2,579.7	2,777.5	2,646.8	2,905.0
Total equity	279.8	186.5	51.6	70.2	(36.0)

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
			(€ millions)		
Consolidated Cash Flow Data:					
Cash flow from operating activities	211.4	267.9	287.3	150.7	163.0
Cash flow from investing activities	(160.6)	(183.8)	(236.0)	(99.1)	(131.6)
Cash flow from financing activities	(60.2)	(82.7)	(48.7)	(48.9)	(32.9)

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

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

Overview

We are the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio of approximately 1.9 million customers (as of June 30, 2015) and design, sell and install alarms with network connectivity across 14 countries in Europe and Latin America. Our management estimates, based on third party data, that as of June 30, 2015, we were the leading provider of premium monitored alarm services in four out of five of our largest markets in Europe (representing 72.4% of Group revenue on a last quarter annualized basis). Since our company was founded in 1988, we have continually expanded our customer base, growing at a compound annual growth rate ("CAGR") of 17% from 2000 to June 2015. As of June 30, 2015, our residential households accounted for 76% of our customers, while small businesses accounted for 24%. Based on our historical trends, we currently estimate that our residential customers remain with us, on average by geography, 8-16 years and our small business customers remain with us, on average, 5-8 years. As a result, we believe that our Portfolio Services revenues, representing 85.6% of our revenue for the quarter ended June 30, 2015 annualized, provide us with a high-margin, stable source of recurring cash flow. For the quarter ended June 30, 2015, annualized, we generated revenue of €999.5 million and Adjusted *Pro Forma* EBITDA of €400.3 million.

Portfolio Services

Our Portfolio Services segment provides monitoring services to our existing customers for a monthly subscription fee. We enter into self-renewing monitoring services agreements with our customers at the time of alarm installation and the majority of customers pay the subscription fee between one and three months in advance. We monitor our installed base of alarms through dedicated monitoring centers to verify triggered alarms and initiate an appropriate response. We also provide customer service and professional technical support for all our installed systems. Our relatively low cancellation rates on a twelve-month rolling basis (8.9%, 9.4%, 7.3% and 6.8%, in the years ended December 31, 2012, 2013 and 2014 and the period ended June 30, 2015, respectively) have historically allowed the segment to generate stable and recurring cash flow. The substantial cash flow from the Portfolio Services segment allows us to fund the investments required to grow our customer base. As of June 30, 2015, we had approximately 1.9 million customers, all of whom were connected to our alarm monitoring centers and, for the quarter ended June 30, 2015, annualized, this segment generated €855.2 million of revenue and €517.1 million of Adjusted EBITDA (representing a 60.5% Adjusted EBITDA margin).

The results and cash flow of our Portfolio Services segment during any period are primarily impacted by the average number of monitored alarm customers during that period, the average monthly subscription fee charged and the capital expenditures and other costs incurred in connection with our ongoing monitoring services. The average number of customers within any period is primarily affected by cancellation rates of existing customers and the number of new customers added during that period. We generally increase our subscription fees each year based on various consumer price indices, cost development and the services we provide, including upselling of additional services and products. We invest substantial resources in product and service development to drive the introduction of new technologies and features to enhance the value proposition to our customers. This allows subscription fees to be adjusted with respect to individual customers to the extent they add new services and features. Historically, we have not seen a significant impact in our cancellation rate when prices are adjusted.

A significant majority of the costs incurred in our Portfolio Services segment are variable or semi-fixed and primarily include labor costs associated with our monitoring and customer service activities (such as monitoring center operators and field technicians). At the same time a portion of our costs are fixed (such as rental costs with respect to our monitoring centers), which, together with the semi-fixed costs, provide a degree of operating leverage as the customer base grows. The capital expenditures for Portfolio Services are generally low and primarily consist of the purchase of upgraded customer equipment and computer servers and other hardware and software at our monitoring centers. As a result, we are able to improve our operating margins and cash flow as we add new customers to our existing operations. For example, from January 1, 2012 to June 30, 2015 we increased our number of customers from 1.4 million to 1.9 million and increased our Adjusted EBITDA margin from Portfolio Services from 53.2% in 2012 to 60.5% in the quarter ended June 30, 2015, annualized.

We apply and replicate best in class practices across our footprint and invest in tools and processes to ensure improvements in our operations. As a result of our size, we believe we are able to benefit from synergies and economies of scale while maintaining a culture of day-to-day cost discipline.

To monitor performance within our Portfolio Services segment, our management focuses on a number of key metrics including Average Revenue per User ("ARPU"), Monthly EBITDA per Customer ("EPC") and Cancellation Rate. These metrics are described in more detail under "—*Key Operating Metrics*." We also measure and evaluate our service performance through a number of operational metrics. We believe our customer service and support function is a key reason for the maintenance of high retention rates in our customer base.

Customer Acquisition

Our Customer Acquisition segment develops, sources, purchases, sells and installs our alarm systems for new customers in return for an upfront installation fee. This installation fee typically only covers a portion of the costs associated with purchasing, marketing, selling and installing each alarm system. As a result, the segment's operations represent an upfront investment in our business to acquire new customers, consequently driving revenue and profitability growth in our Portfolio Services segment. For the quarter ended June 30, 2015, annualized, our Customer Acquisition segment generated €144.3 million of revenue, negative €151.7 million of Adjusted EBITDA and €195.5 million of capital expenditures.

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

The costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired customers as well as part of variable sales costs are capitalized to the extent that ownership is retained. In the six months ended June 30, 2015, capital expenditures represented 54% of net acquisition cost per new customer (CPA). The remaining costs of acquiring a customer include sales and related costs that are expensed when incurred, directly impacting our financial results for the period. From time to time we may also seek to enter into arrangements whereby third parties provide financing to our customers to allow them to finance a portion of the installation fee, which facilitates customer subscriptions without having an impact on our balance sheet.

Our key operating metrics for the segment include the breakeven or payback periods for the investments we make to originate new customers. We look at our CPA, which represents the net investment required to acquire a new customer, and is defined as the average total cost and capital expenditures we incur in acquiring a new customer, net of the upfront installation fees received on average per customer. CPA was €1,029, €1,040 and €1,103 for the years ended December 31, 2012, 2013 and 2014, respectively. By dividing CPA by the EPC generated within our Portfolio Services segment, we can approximate the minimum period we need to retain each customer in order to break even on our investment. Based on our results for the six months ended June 30, 2015, on average, a customer needed to remain a customer for 4.1 years in order for us to recover our net investment in acquiring that customer. In addition to the pay back period we are also focused on maximizing the return on invested capital on a per customer basis, which is impacted by the average life of our customers in addition to CPA and EPC. We currently estimate that the average expected subscription life is 5 to 8 years for our small business customers and 8 to 16 years for our residential customers, yielding fully-loaded internal rate of return of approximately 20%, based on a median subscriber life of 12 years.

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

Factors Affecting Our Business and Operations

General Market Conditions

While our business model has generally performed well under different macroeconomic environments, economic conditions in the geographic regions in which we operate can affect the result of our operations. While we believe we have a resilient business model as compared to other industries, during periods of economic downturn, we have experienced higher cancellation rates than during periods of economic growth in some markets. As customers seek to minimize their expenses, we may determine that more should be spent on marketing and sales per new customer, which may, in turn, increase our CPA. Economic downturns have historically impacted our small business customers more than our residential customers, as small businesses often cut spending or are more likely to go out of business during economic downturns. Our overall cancellation rates, on a twelve-month trailing basis were 8.9%, 9.4%, 7.3% and 6.8% in the years ended December 31, 2012, 2013 and 2014 and the twelve-month period ended June 30, 2015, respectively. Spain, which is our largest market, representing 40.2% of our customer portfolio as of June 30, 2015, was the most severely impacted of the markets in which we operate by the economic recession, and in Spain we had cancellation rates, on a twelve-month trailing basis of 12.1%, 11.6%, 8.6% and 7.8% (9.4%, 7.9%, 6.8% and 6.3% for residential customers) in the years ended December 31, 2012, 2013 and 2014 and the twelve months ended June 30, 2015, respectively. We view these cancellation rate increases as relatively modest in light of the macroeconomic environment in Spain, which we believe is due to the fact that our residential customers often view the services we provide as vital security solutions that help protect the safety and security of their homes and families.

Mix of Residential and Small Business Customers

Monthly subscription and installation fees generated from small businesses are generally slightly higher than from residential customers. However, the retention life of our residential customers is typically longer (currently estimated by us to be 8 to 16 years depending on the geography) than that of our small business customers (5 to 8 years). Over the long term, our return on invested capital from our residential customers has historically been higher than from our small businesses customers given its longer average retention life. Factors that impact our customer mix include our marketing focus and desire to grow our business with different types of customers in different regions and general economic conditions, which tend to cause more fluctuations in renewal rates among our small business customers.

Monthly Subscription Fees Charged by Us

The monthly subscription fees that we charge are normally reviewed annually, and we seek to increase them at minimum to remain in line with applicable inflation indices. Annual price increases in-line with consumer price indices or cost development are generally provided for in our customer contracts. Further, our pricing levels are impacted by our ability to drive the introduction of new technologies and features to enhance our value proposition to customers. Our ability to maintain high customer satisfaction levels with respect to our products and services and competition in our market also impact pricing. Potential increases in fees may vary from jurisdiction to jurisdiction depending on local conditions, and we have and will seek to continue to differentiate the pricing within each segment to reflect service and value proposition provided and between residential and small business customers to compensate for the shorter life span of small business customers. Further, our pricing levels are also impacted by our ability to deliver quality products and services to our customers. From time to time over the last several years, in certain markets we have implemented price increases in excess of inflation indices without a significant impact on our cancellation rate.

Cost to Acquire New Customers

Key components of our net costs to sell and install our products include sales commissions, administration and marketing costs, the cost of security alarm equipment we source from our supplier network, labor costs related to new installations and the prices we charge for installations. The costs of acquiring new customers varies according to a number of factors, including market competition, cost development, our overall growth strategy and investments in marketing. Any increase in these costs or a reduction in our installation fees may increase the amount of time it takes for us to recoup the upfront cost of acquiring customers. The cost of acquiring new customers has increased in recent years (without taking currency fluctuations into account) while the amount of time it has taken to recoup the investment has remained relatively stable over time, which reflects the fact that increases in the cost of acquiring new customers has been offset by increases in the profitability per customer.

Growth in Customer Portfolio

Growth in our customer portfolio results from our addition of customers in excess of our cancellation rate. We incur significant expenditures to grow our customer portfolio, including expenses to market our products and services and to purchase the equipment used in our security systems. We also incur costs to develop new products. Following any successful expansion of our customer portfolio, we expect to generate increased revenue from customer fees and, because our business model is scalable with costs that are semi-fixed or fixed, improvements in our profit margin. As a result, changes in our growth strategy impact our Adjusted EBITDA and cash flow from operations from period to period. Our customer growth will vary based on numerous factors, including actions by competitors in our markets, economic conditions and our growth strategy, and we may not in the future grow as rapidly as we have done in the past.

Number of Customer Cancellations

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

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

Our overall cancellation rate on a twelve-month trailing basis for the years ended December 31, 2012, 2013 and 2014 was 8.9%, 9.4% and 7.3%, respectively, compared to 6.8% in the twelve-month period ended June 30, 2015. The higher number of cancellations in 2012 and 2013 was largely attributable to the Spanish market and was largely driven by generally challenging economic conditions combined with a higher proportion of small business customers in Spain as compared to our other markets, as small business customer cancellation rates are more directly correlated with economic conditions than those of residential customers.

Fluctuations in Exchange Rates

We report our consolidated financial statements in euro. As a result, we translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into euro at then-applicable exchange rates. Consequently, increases or decreases in the value of certain other currencies (the SEK and NOK in particular) against the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger euro will reduce the reported results of operations of the non-euro businesses and conversely a weaker euro will increase the reported results of operations of the non-euro businesses. Our primary exposure is to the SEK and NOK. For the year ended December 31, 2014, 63% of our revenue was denominated in euro, 20% of revenue was denominated in SEK, 11% of revenue was denominated in NOK and 6% of revenue was denominated in other currencies. Historically, the euro/SEK exchange rate fluctuated significantly, as it averaged SEK 8.6785 = EUR 1.0 in 2013 and SEK 9.1375 = EUR 1.0 in 2014, and for the six months ended June 30, 2015, the exchange rate averaged SEK 9.3007= EUR 1.0. Foreign exchange rate fluctuations can significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. In addition, certain of our supply contracts in non-euro denominated countries contain clauses that reset the prices at which we buy our goods based on fluctuations in exchange rates, which can increase our costs if rates move in a manner that is unfavorable to us. We have limited foreign exchange transaction risk as we incur costs and derive subscription fees in the local currency of our markets. Further, although 37% of our revenue is denominated in non-euro currencies, the majority of our indebtedness is euro-denominated. *Pro forma* for the Transactions, however, 21% of our indebtedness will be denominated in SEK, which will provide a partial natural hedge against movements in FX rates on a transactional basis.

We have presented in the following table certain of our financial and operating results on a constant currency basis to allow investors to compare our results of operations and certain operating metrics across periods on a like-for-like basis. Because changes in foreign currency exchange rates have a non-operating impact on financial and operating measures, we believe that evaluating these financial and operating measures on a constant currency basis provides an additional and meaningful assessment of revenue to management. We have removed the effects of FX changes in our discussion of certain operating and financial metrics by re-translating each period's non-euro denominated results using a constant rate of exchange for each of the applicable currencies. Constant currency growth rates are not indicative of changes in corresponding cash flow. These non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements.

Selected Financial and Operating Results in Constant Currency(1)

	For the year ended December 31,			For the six months ended June 30,		For the three months ended June 30,	Last quarter annual-ized(2)
	2012	2013	2014	2014	2015	2015	
	(€ millions)						
Revenue	741.5	799.3	887.0	431.7	497.8	252.0	1,007.9
Adjusted EBITDA	240.5	276.7	304.9	153.8	176.4	92.3	369.3
Revenue from Portfolio Services	622.8	687.0	766.5	371.7	425.4	215.7	862.8
Revenue from Customer Acquisition	118.7	112.4	120.5	60.0	72.3	36.3	145.1
Adjusted EBITDA from Portfolio Services	330.9	384.4	442.4	214.7	254.8	130.4	521.6
Adjusted EBITDA margin from Portfolio Services (%)	53.1%	56.0%	57.7%	57.8%	59.9%	60.5%	60.5%
ARPU (€/month)	35.0	36.3	37.4	37.4	38.5	38.6	—
EPC (€)	18.6	20.3	21.7	21.6	23.1	23.3	—
Capital Expenditures	157.4	175.7	212.4	98.2	117.6	61.2	244.8
Capital Expenditure from Customer Acquisition	128.5	135.6	155.3	75.1	92.4	49.2	196.7
Other Capital Expenditures	28.9	40.1	57.1	23.1	25.1	12.0	48.1
Change in Working Capital	(9.2)	14.3	29.3	10.3	9.1	(4.9)	—
SSNOCF	198.3	233.6	303.8	145.0	184.1	95.9	383.4

(1) Represents results restated at constant currency, using an FX rate of EUR/SEK 9.1; EUR/NOK 8.2; EUR/CLP 760.0; EUR/BRL 3.07; EUR/PNL 3.75. The exchange rates are stated as of March 31, 2015.

(2) Represents results for the three months ended June 30, 2015, stated in constant currency, multiplied by four.

Changes in Local Regulations

Changes in laws or regulations in the jurisdictions in which we operate could cause us to incur significant costs and expenses. These changes may also result in delays in commencement or completion of services to our customers or the need to modify completed installations. These regulations govern our operations, from the sales and installation process through the monitoring and alarm verification process. New regulations could impact our go-to-market strategies, since authorities have increasingly sought to implement consumer protection requirements that could affect our business. An increasing number of local governmental authorities have adopted, or are considering the adoption of, laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. Among other things, these measures require verification of an alarm signal before the police will respond and subject alarm monitoring companies to fines or penalties for transmitting false alarms. For example, regulations are now in place in Spain, Italy, France and Portugal that require an alarm to be confirmed before police are dispatched (in France and Italy, these reports must be supported by evidence and reasonable certainty on the part of the reporting monitoring station). If we cannot pass these costs through to our customers, they may affect our profit margins. Conversely, our customer cancellation rates may increase.

Taxation

In December 2014, the Spanish tax authorities finalized an audit of the financial years 2008 to 2011. The tax cost for the finalized period, as well as the years ended December 31, 2012 and 2013, is €31.2 million and was provided for in our accounts for the 2014 financial year.

Factors Affecting Comparability of Our Financial Results

Purchase Accounting Impact on Our Financial Statements

We have accounted for the Acquisition using the acquisition method of accounting, which requires that the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by us plus the liabilities incurred by us to the former owners of the entities acquired by us and the equity interests issued by us in exchange for control of the business acquired. Acquisition-related costs are recognized in profit or loss as incurred. The identifiable assets acquired and the liabilities and contingencies of the Group will be recognized at their fair value at the Completion Date.

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

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

Increased Leverage

As of June 30, 2015, we had €2,348.3 million of outstanding indebtedness, including shareholder funding. As a result of the Transactions we will be a highly leveraged company and our interest expense will increase significantly in the periods following the consummation of the Transactions. Additionally, *pro forma* for the Transactions, certain of our indebtedness will be denominated in SEK. While we will initially draw these funds in the euro equivalent, set to a pre-agreed exchange rate, the principal amount of the indebtedness will remain outstanding in SEK. To the extent the SEK/euro exchange rate varies, the euro equivalent amount due upon repayment of principal could increase. We do not presently intend to hedge our SEK exposure as a portion of our revenues are denominated in SEK. We are also permitted to incur additional debt under the Senior Facilities Agreement and the Indenture, which debt may be used to fund acquisitions or for other purposes. Our large amount of indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities, since a substantial portion our cash flow from operations will be dedicated to the servicing of our indebtedness, and this may place us at a competitive disadvantage as some of our competitors are less leveraged. Our leverage may make us more vulnerable to a downturn in our business, industry or the economy in general. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—Despite our high level of indebtedness, we may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness*."

Expansion in Latin America and Acquisitions

We have had operations in Latin America since 2009 and now have a presence in Chile, Brazil and Peru. In July 2014, we acquired TeleAtlantic, a Brazilian monitored alarm service provider. The cash paid in the acquisition amounted to €22.7 million at the completion of the transaction with a further €8.0 million of deferred consideration. As of December 31, 2014, we recognized goodwill from the acquisition in the amount of €25.0 million on our consolidated statement of financial position. TeleAtlantic had approximately 21,000 customers as of July 31, 2014. We also acquired a small portfolio of customers in Chile in 2014. We further added approximately 10,000 customers through our acquisition of Leadex Investments AB in Sweden in May, 2015.

Key Operating Metrics

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

Adjusted EBITDA. "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization, write-offs and integration costs.

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

Adjusted EBITDA Margin. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by revenue.

Adjusted EBITDA Margin from Portfolio Services. Adjusted EBITDA Margin from Portfolio Services is calculated by dividing Adjusted EBITDA from Portfolio Services by revenue from Portfolio Services.

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

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

Cancellations. Total number of cancelled subscriptions during the period, including cancellations on acquired portfolios.

Cancellation Rate. Our cancellation rate is the number of terminated subscriptions (excluding cancellations from acquired portfolios) to our monitoring service in the last twelve months divided by the average number of customers (excluding acquired portfolios) for the last twelve months.

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

New Customers Added (gross). Total number of new customers added.

Customer Growth Rate. Number of customers at the end of the period divided by the number of customers twelve months previously.

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

Steady State Net Operating Cash Flow. "SSNOCF" is calculated by subtracting the net investment required to replace Cancellations from Adjusted EBITDA from Portfolio Services. The net investment is calculated by multiplying the CPA by the number of Cancellations.

The following table shows those key operating metrics for each of our segments as of and for the periods set forth below. These metrics are presented in this offering memorandum because we believe that these metrics provide a clearer picture of our results of operations generated by our core operating activities, thus enabling our management to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) other measures that are calculated in accordance with IFRS. The metrics may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles. Our non-IFRS operating metrics have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS operating metrics only supplementally to evaluate our performance. See "*Presentation of Financial and Other Information*."

We have defined each of the measures and shown their calculation in "*Summary – Summary Consolidated Historical and Other Data*."

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the three months ended June 30,	Last quarter annualized
	2012	2013	2014	2014	2015	2015	
	(€ millions, unless otherwise stated)						
Other Financial and Operating Data							
Adjusted EBITDA (€ millions)	246.2	281.0	303.8	153.9	174.2	91.3	365.4
Adjusted EBITDA margin (%)	32.5%	34.6%	34.4%	35.6%	35.3%	36.6%	36.6%
Steady-state net operating cash flow ("SSNOCF") (€ millions)	203.4	237.4	302.7	145.1	181.9	94.9	379.6
SSNOCF efficiency (%)	60.1%	60.8%	68.6%	67.6%	72.1%	73.4%	73.4%
Capital expenditures (€ millions)	160.6	178.4	211.9	98.3	116.6	60.7	242.9
Change in net working capital (€ millions)	(9.1)	14.3	29.3	10.3	9.1	(4.9)	—
Segment data:[(1)]							
Portfolio Services							
Total subscribers (end of period)	1,524,621	1,625,993	1,788,439	1,688,414	1,886,578	1,886,578	—
Net subscriber growth (number of subscribers)[(2)]	86,756	101,372	162,446	62,421	98,139	56,448	—
Subscriber growth rate, net (%)	6.0%	6.6%	10.0%	7.7%	11.7%	11.7%	—
Cancellations (number of subscribers)[(2)]	131,481	147,125	125,296	65,775	63,052	31,099	—
Cancellation rate (%)[(2)]	8.9%	9.4%	7.3%	8.5%	6.8%	6.8%	—
Monthly ARPU (€)	35.8	36.9	37.3	37.4	38.1	38.3	—
Monthly Adjusted EBITDA per subscriber ("EPC")(€)	19.1	20.6	21.6	21.6	22.8	23.1	—
Revenue from Portfolio Services (€ millions)	637.2	698.0	763.8	371.9	421.1	213.8	855.2
Adjusted EBITDA from Portfolio Services (€ millions)	338.7	390.4	441.0	214.8	252.2	129.3	517.1
Adjusted EBITDA margin from Portfolio Service (%)	53.2%	55.9%	57.7%	57.8%	59.9%	60.5%	60.5%
Customer Acquisition							
New subscribers added (gross)[(2)]	217,063	237,353	264,801	128,373	152,302	78,524	—
Cash acquisition cost per new subscriber ("CPA") (€)	1,029	1,040	1,103[(3)]	1,060	1,116	1,105	—
Payback period (in number of years)	4.5	4.2	4.3	4.1	4.1	4.0	—
Revenue from Customer Acquisition (€ millions)	121.0	114.3	120.2	60.1	72.0	36.1	144.3
Adjusted EBITDA from Customer Acquisition (€ millions)	(92.5)	(109.4)	(137.2)	(60.9)	(78.0)	(37.9)	(151.7)
Capital expenditures from Customer Acquisition (€ millions)	131.0	137.5	155.0	75.1	91.9	48.9	195.5

* Unless indicated otherwise.

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

(2) As of 2014, reporting methodology has been modified related to cancellations and new customers added when customers move and keep their subscription. The impact of the modification was 5,701 for the twelve months, resulting in a lower cancellation number and lower new customers added compared to the old policy. Net customer growth is not affected by the modification.

(3) CPA was impacted by a €8 million non-cash adjustment relating to financing of installation fees for certain customer segments for the year ended December 31, 2014. CPA excluding this non-cash adjustment would have been €1,095 for the year ended December 31, 2014.

Description of Key Items in Our Income Statement

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the group, and is recognized only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred and, where there are contractual acceptance provisions, the customer has accepted the goods (or the right to reject them has lapsed), the sale price is fixed or determinable and the collectability of revenue is reasonably assured.

More specifically, income is recognized as follows:

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

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

Cost of Sales

Cost of sales includes cost of materials (excluding material costs that are capitalized), salaries, commissions, depreciation, amortization, bad debt expense, cost due to retirement of alarms and other costs directly attributable to installation of new alarms or alarm monitoring. We currently capitalize the costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired customers to the extent we retain ownership of the equipment, and these costs are not reflected as cost of sales. In addition to material costs, we also capitalize direct costs related to the acquisition of customer contracts as intangible assets as they fulfil the requirement in IAS 38, intangible assets, of internally generated intangible assets.

Our salespeople sometimes both sell systems to new customers and install such systems once the sales are made. As a result, in these instances, the costs of both selling and installing the systems are included in costs of sales because they cannot be accurately separated. Thus, “cost of sales” includes some costs that are actually selling expenses but cannot be separately allocated to a specific selling and administrative function.

Selling and Administrative Expenses

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

Finance Income

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

Finance Costs

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

Income Tax Expense

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country’s tax provisions and the tax rates that have been defined or announced and are highly likely to become effective. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognized directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognized. Deferred income tax is recognized using the balance sheet method, by which deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the amounts can be utilized.

Analysis of Operating Results

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

	For the years ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
			(€ millions)		
Consolidated Income Statement Data:					
Revenue	758.2	812.2	884.1	432.0	493.1
Spain	326.2	336.0	349.7	173.5	191.3
Sweden	143.3	158.6	174.2	85.3	94.0
France	85.7	97.2	110.4	54.1	63.0
Norway	93.1	97.9	99.2	49.6	50.9
Portugal	37.5	39.8	42.7	20.9	23.3
Other	72.4	82.7	108.0	48.6	70.5
Cost of sales	(412.5)	(475.2)	(516.1)	(250.4)	(279.5)
Gross profit	345.7	337.0	368.0	181.7	213.6
Selling and administrative expenses	(338.8)	(308.1)	(342.0)	(163.6)	(190.4)
Operating profit	6.9	28.9	26.0	18.1	23.2
Finance income	6.3	0.4	0.5	0.2	0.4
Finance costs	(236.9)	(246.7)	(247.6)	(109.6)	(110.1)
Result before tax	(223.7)	(217.5)	(221.0)	(91.4)	(86.5)
Income tax (expense)/benefit	51.7	30.2	2.8	(22.4)*	2.8
Result for the period	**(172.0)**	**(187.3)**	**(218.2)**	**(113.8)**	**(83.7)**

* At the time of the approval of the interim report as of June 30, 2014, which was issued in August 2014, there was an ongoing tax audit in Spain. An agreement related to this tax audit was made in December 2014, which resulted in additional income tax of €34.4 million for the three months ended March 31, 2014 and for the six months ended June 30, 2014.

In connection with this offering memorandum, the interim financial statement for the three months ended March 31, 2014 and for the six months ended June 30, 2014, has been reissued by the board as of October 1, 2015. As the board must consider all available information at the time of signing, in accordance with IAS 10 “Events after the reporting period,” an adjustment has been made to the interim financial statements for the above periods due to the agreement with the tax authorities, compared to the interim report that was originally issued. The effect on the financial position is an increase in deferred tax liability and an increase in current tax liability amounting to a total of €34.4 million with a corresponding tax expense in the income statement.

The discussions set forth below provide a separate analysis of each of the line items that comprise our statement of income for each of the periods described below. Changes in foreign currency rates have had a translation impact on our reported operating results in the periods presented below, since a portion of our operations have functional currencies other than our applicable presentation currency. Our primary exposure is to the SEK and NOK, and for the year ended December 31, 2014, 63% of our revenue was denominated in euro, 20% of revenue was denominated in SEK, 11% of revenue was denominated in NOK and 6% of revenue was denominated in other currencies. In preparing our financial statements, translations in currencies other than our functional currency are recognized at the rates of exchange prevailing at the dates of transaction. Accordingly, our results for each of the periods presented have been impacted by fluctuations in foreign exchange rates (“FX”).

Six months ended June 30, 2015 and June 30, 2014

Revenue

The following table shows the split of our revenue by market segment and geographic region for the six months ended June 30, 2015 and June 30, 2014:

	Six months ended June 30, 2014	Percent of revenue	Six months ended June 30, 2015	Percent of revenue
	(€ millions, other than percentages)			
Revenue by segment				
Portfolio Services	371.9	86.1%	421.1	85.4%
Customer Acquisition	60.1	13.9%	72.0	14.6%
Total	**432.0**	**100.0%**	**493.1**	**100.0%**
Revenue by geography				
Spain	173.5	40.2%	191.3	38.8%
Sweden	85.3	19.8%	94.0	19.1%
France	54.1	12.5%	63.0	12.8%
Norway	49.6	11.5%	50.9	10.3%
Portugal	20.9	4.8%	23.3	4.7%
Other	48.6	11.2%	70.5	14.3%
Total	**432.0**	**100.0%**	**493.1**	**100.0%**

Total revenue for the six months ended June 30, 2015 increased by 14.1%, or €61.1 million, to €493.1 million from €432.0 million for the six months ended June 30, 2014. Organic revenue growth, excluding the impact of FX and acquisitions, was 13.2%. The increase in revenue was primarily due to the increasing customer base and higher average monthly revenue per user from both subscription fees and additional value-added services purchased. Our customer base grew from 1,688,414 on June 30, 2014 to 1,886,578 on June 30, 2015, primarily as a result of our continued customer acquisition efforts and reduced level of cancellations.

Revenue for Portfolio Services for the six months ended June 30, 2015 increased by 13.2%, or €49.2 million, to €421.1 million from €371.9 million for the six months ended June 30, 2014. The increase was primarily due to a higher number of customers and the increased average monthly revenue per user of €38.1, up from €37.4 in the prior period.

Revenue for Customer Acquisition for the six months ended June 30, 2015 increased by 19.6%, or €11.9 million, to €72.0 million from €60.1 million for the six months ended June 30, 2014. The increase was mainly due to a higher number of installations compared to the same period in 2014.

Revenue in Spain increased by 10.3% in the six months ended June 30, 2015, from €173.5 million in the six months ended June 30, 2014, to €191.3 million, while the percent of revenue derived from Spain decreased from 40.2% to 38.8%. This decrease was due to more rapid customer growth in other geographies, in particular in France.

Revenue in Sweden increased as a result of an increase in customers but remained relatively constant as a percentage of overall revenue.

Revenue in France increased for the six months ended June 30, 2015, from €54.1 million in the six months ended June 30, 2014, to €63.0 million. Revenue in France increased as a percentage of overall revenue due to customer growth outpacing our other markets.

Revenue in Norway increased for the six months ended June 30, 2015, from €49.6 million in the six months ended June 30, 2014, to €50.9 million while the revenue derived from Norway decreased from 11.5% to 10.3% This decrease was due to more rapid customer growth in other geographies, in particular in France.

Cost of Sales

Cost of sales increased by 11.6%, or €29.1 million, to €279.5 million for the year six months ended June 30, 2015 from €250.4 million for the six months ended June 30, 2014. This increase was primarily due to growth in the portfolio and the increase in new installations.

Selling and Administrative Expenses

Selling and administrative expenses increased by 16.4%, or €26.8 million, to €190.4 million for the six months ended June 30, 2015 from €163.6 million for the six months ended June 30, 2014. This increase was primarily due to growth in sales.

Finance Income

Finance income increased by €0.2 million, to €0.4 million for the six months ended June 30, 2015 from €0.2 million for the six months ended June 30, 2014.

Finance Costs

Finance costs increased by 0.5%, or €0.5 million to €110.1 million for the six months ended June 30, 2015 from €109.6 million for the six months ended June 30, 2014. This increase was primarily due to unrealized revaluation effects of intercompany loans in foreign currency, interest hedges and interest costs relating to shareholder loans.

Income Tax Benefit

Income tax benefit was €2.8 million in the six months ended June 30, 2015 compared to an income tax expense of €22.4 million for the six months ended June 30, 2014. This change mainly relates to the Spanish tax audit that was finalized on December 31, 2014. An amount of €34.4 million related to the tax audit for the period of 2008 to June 30, 2014 has been included in the re-issued financial statements for the period ended June 30, 2014.

Years Ended December 31, 2014 and December 31, 2013

Revenue

The following table shows the split of our revenue by market segment and geographic region for the years ended December 31, 2014 and December 31, 2013:

	2013	Percent of revenue	2014	Percent of revenue
	(€ millions, other than percentages)			
Revenue by segment				
Portfolio Services	698.0	85.9%	763.8	86.4%
Customer Acquisition	114.3	14.1%	120.2	13.6%
Total	**812.2**	**100.0%**	**884.1**	**100.0%**
Revenue by geography				
Spain	336.0	41.4%	349.7	39.6%
Sweden	158.6	19.5%	174.2	19.7%
France	97.2	12.0%	110.4	12.5%
Norway	97.9	12.1%	99.2	11.2%
Portugal	39.8	4.9%	42.7	4.8%
Other	82.7	10.1%	108.0	12.2%
Total	**812.2**	**100.0%**	**884.1**	**100.0%**

Total revenue for the year ended December 31, 2014 increased by 8.8%, or €71.9 million, to €884.1 million from €812.2 million for the year ended December 31, 2013. Organic revenue growth, excluding the impact of FX and acquisitions, was 9.8%. The increase in revenue was primarily due to increases in our customer base and price increases in our recurring monthly subscription fees. Our customer base grew from 1,625,993 as of December 31, 2013 to 1,788,439 as of December 31, 2014, primarily as a result of our continued customer acquisition efforts and reduced cancellations.

Revenue for Portfolio Services for the year ended December 31, 2014 increased by 9.4%, or €65.8 million, to €763.8 million from €698.0 million for the year ended December 31, 2013. The increase was primarily due to increases in our customer base and price increases in our recurring monthly subscription fees.

Revenue for Customer Acquisition for the year ended December 31, 2014 increased by 5.2%, or €5.9 million, to €120.2 million from €114.3 million for the year ended December 31, 2013. The increase was mainly due to higher number of new installations compared to same period last year.

Revenue in Spain increased for the year ended December 31, 2014, from €336.0 million in the year ended December 31, 2013, to €349.7 million. Revenue from Spain decreased as a percent of overall revenue, due in part to our entry into other markets.

Revenue in Sweden was fairly constant as a percentage of overall revenue, increasing at pace with overall results for the group.

Revenue in France increased by 13.6% in the year ended December 31, 2014, from €97.2 million in the year ended December 31, 2013, to €110.4 million, while increasing slightly as a percentage of overall revenue.

Revenue in Norway increased by 1.3% in the year ended December 31, 2014, from €97.9 million in the year ended December 31, 2013, to €99.2 million. Revenue from Norway decreased slightly as a percentage of overall revenue.

Cost of Sales

Cost of sales increased by 8.6%, or €40.9 million, to €516.1 million for the year ended December 31, 2014 from €475.2 million for the year ended December 31, 2013. This increase was primarily due to growth in the portfolio and increase in new installations.

Selling and Administrative Expenses

Selling and administrative expenses increased by 11.0%, or €33.9 million, to €342.0 million for the year ended December 31, 2014 from €308.1 million for the year ended December 31, 2013. This increase was primarily due to growth in sales.

Finance Income

Finance income increased by 25%, or €0.1 million, to €0.5 million for the year ended December 31, 2014 from €0.4 million for the year ended December 31, 2013.

Finance Costs

Finance costs remained fairly stable at €247.6 million for the year ended December 31, 2014 from €246.7 million for the year ended December 31, 2013. This was primarily due to the fact that we did not undertake any significant changes to our capital structure.

Income Tax Expense/Benefit

Income tax benefit was €2.8 million in the year ended December 31, 2014 compared to a benefit of €30.2 million for the year ended December 31, 2013. This change was due to increased tax costs in Spain due to the finalization of the tax audit. We provided for the cost in the amount of €31.2 million for the period of 2008 to 2013. The first payment, amounting to €3.7 million, was made in December 2014. Deferred tax benefit decreased as a result of our use of tax loss carry forwards in Spain and Norway, partially offset by revaluation of deferred tax assets due to a decrease in the tax rate in Spain in 2015.

Years Ended December 31, 2013 and December 31, 2012

Revenue

The following table shows the split of our revenue by market segment and geographic region for the years ended December 31, 2013 and December 31, 2012:

	2012	Percent of revenue	2013	Percent of revenue
	(€ millions, other than percentages)			
Revenue by segment				
Portfolio Services	637.2	84.0%	698.0	85.9%
Customer Acquisition	121.0	16.0%	114.3	14.1%
Total	**758.2**	**100.0%**	**812.2**	**100.0%**
Revenue by geography				
Spain	326.2	43.0%	336.0	41.4%
Sweden	143.3	18.9%	158.6	19.5%
France	85.7	11.3%	97.2	12.0%
Norway	93.1	12.3%	97.9	12.1%
Portugal	37.5	4.9%	39.8	4.9%
Other	72.4	9.6%	82.7	10.1%
	758.2	**100.0%**	**812.2**	**100.0%**

Revenue for the year ended December 31, 2013 increased by 7.1%, or €54.0 million, to €812.2 million, up from €758.2 million in the prior year. Organic revenue growth, excluding the impact of FX and acquisitions, was 7.9%. The increase was primarily due to increases in our customer base and price increases in our recurring monthly subscription fees. Our customer base increased from 1,524,621 as of December 31, 2012 to 1,625,993 as of December 31, 2013, primarily due to continued customer acquisition efforts.

Revenue for Portfolio Services for the year ended December 31, 2013 increased by 9.5%, or €60.8 million, to €698.0 million, up from €637.2 million in year ended December 31, 2012. The increase was primarily due to increases in our customer base and price increases in our recurring monthly subscription fees.

Revenue for Customer Acquisition for the year ended December 31, 2013, decreased by 5.5%, or €6.7 million, to €114.3 million, from €121.0 million in the year ended December 31, 2012. The decrease was mainly due to lower average installation fees.

Revenue in Spain increased by 3.0% from €326.2 million for the year ended December 31, 2013 to €336.0 million in the year ended December 31, 2012, and decreased as a percentage of overall revenue due to slightly higher subscription growth in other jurisdictions than in Spain.

Revenue in Sweden increased as a percentage of overall revenue due to growth in our customer base and price increases, increasing 10.7% from €143.3 million for the year ended December 31, 2012 to €158.6 million for the year ended December 31, 2013.

Revenue in France increased by 13.4%, from €85.7 million in the year ended December 31, 2012 to €97.2 million for the year ended December 31, 2013. Revenue from France was fairly constant as a percentage of overall revenue, increasing at pace with overall results for the group.

Revenue in Norway increased by 5.2% from €93.1 million in the year ended December 31, 2012 to €97.9 million for the year ended December 31, 2013. Revenue from Norway increased as a percentage of overall revenue due to customer base growth outpacing our other markets.

Cost of Sales

Cost of sales increased by 15.2%, or €62.7 million, to €475.2 million for the year ended December 31, 2013, from €412.5 million for the year ended December 31, 2012. This increase was primarily due to growth in sales and the reclassification of direct sales costs with respect to the acquisition of new customers from "Selling and Administrative Expenses."

Selling and Administrative Expenses

Selling and administrative expenses decreased by 9.1%, or €30.7 million, to €308.1 million for the year ended December 31, 2013 from €338.8 million for the year ended December 31, 2012. This decrease was primarily due to a reclassification of direct sales cost regarding acquisition of new customers to "Cost of Sales."

Finance Income

Finance income decreased by 93.7%, or €5.9 million, to €0.4 million for the year ended December 31, 2013 from €6.3 million for the year ended December 31, 2012. This decrease was primarily due to a change in reporting whereby interest income from interest derivatives was netted against interest exposure.

Finance Costs

Finance costs increased by 4.1%, or €9.8 million to €246.7 million for the year ended December 31, 2013 from €236.9 million for the year ended December 31, 2012. This was primarily due to an unrealized revaluation effect from intercompany loans in foreign currencies to our subsidiaries.

Income Tax Benefit

Income tax expense was €30.2 million for the year ended December 31, 2013 compared to a benefit of €51.7 million for the year ended December 31, 2012. The decrease in tax benefit was primarily due to revaluation of deferred tax liabilities from our contract portfolio due to reduced tax rates in certain countries in which we operate.

Cash Flow for the Years Ended December 31, 2012, 2013 and 2014 and for the six months ended June 30, 2014 and 2015

The following table shows a summary of our cash flow on a historical basis for the years ended December 31, 2012, 2013 and 2014 and for the six months ended June 30, 2014 and 2015:

	For the years ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(€ millions)				
Cash flow from operating activities before change in working capital	220.5	253.6	258.0	140.4(1)	153.9
Change in working capital(1)	(9.1)	14.3	29.3	10.3	9.1
Cash flow from operating activities(2)	211.4	267.9	287.3	150.7	163.0
Cash flow from investing activities	(160.6)	(183.8)	(236.0)	(99.1)	(131.6)
Cash flow from financing activities	(60.2)	(82.7)	(48.7)	(48.9)	(32.9)
Cash flow for the period	(9.5)	1.4	2.6	2.7	(1.5)
Cash and cash equivalents at beginning of period	12.2	2.8	4.1	4.1	6.7
Translation differences on cash and cash equivalents	0.1	(0.1)	(0.0)	(0.0)	(0.0)
Cash and cash equivalents at end of period	2.8	4.1	6.7	6.8	5.2

(1) We define "working capital" to include inventories, trade receivables and other operating receivables less trade payables and other operating payables. See "*Summary—Summary Consolidated Historical and Other Data*" for a reconciliation of "working capital" to our statement of cash flows. In connection with our working capital, our customers, on average, pay our invoices within 26 days of receiving them. We generally maintain approximately 140 days of inventories.

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

Cash Flow from Operating Activities Before Change in Working Capital

Cash flow from operating activities before change in working capital was €153.9 million in the six months ended June 30, 2015, compared to €140.4 million in the six months ended June 30, 2014. The improvement was mainly due to improvements in operating earnings.

Cash flow from operating activities before change in working capital for the year ended December 31, 2014 was €258.0 million compared to €253.6 million for the year ended December 31, 2013. The improvement was primarily due to an increase in sales volume.

Cash flow from operating activities before change in working capital for the year ended December 31, 2013 was €253.6 million compared to €220.5 million for the year ended December 31, 2012. The improvement was due to higher earnings.

Change in Working Capital

Change in working capital for the six months ended June 30, 2015 was €9.1 million, compared to €10.3 million for the six months ended June 30, 2014. The decrease was due primarily to a more significant increase in inventory as compared to the previous year.

Change in working capital for the year ended December 31, 2014 was €29.3 million, compared to €14.3 million for the year ended December 31, 2013. The increase was due primarily to a larger increase in other payables such as prepayments from customers, VAT liabilities and other accrued costs compared to the previous year.

Change in working capital for the year ended December 31, 2013 was €14.3 million, compared to €(9.1) million for the year ended December 31, 2012. The increase was due primarily to a larger reduction in inventory and an increase in other payables.

Cash Flow from Investing Activities

Cash outflow from investing activities for the six months ended June 30, 2015 was €131.6 million, compared to €99.1 million in the six months ended June 30, 2014. The increase was primarily due to growth in sales as well as the acquisition of Leadex in Sweden and a deferred payment in January as a result of the TeleAtlantic acquisition.

Cash flow used in investing activities for the year ended December 31, 2014 was €236.0 million, compared to €183.8 million in the year ended December 31, 2013. The increase was mainly due to growth in sales, product development and IT as well as the €22.7 million acquisition of TeleAtlantic in Brazil.

Cash flow used in investing activities for the year ended December 31, 2013 was €183.8 million, compared to €160.6 million in the year ended December 31, 2012. The increase was mainly due to growth and the acquisition of customer portfolios in Belgium and the Netherlands.

Cash Flow from Financing Activities

Cash outflow from financing activities for the six months ended June 30, 2015 was €32.9 million, compared to €48.9 million for the six months ended June 30, 2014. The primary elements comprised paid interest of €74.0 and an increase in bank borrowings of €40.5 million.

Cash outflow from financing activities for the year ended December 31, 2014 was €48.7 million, compared to €82.7 million for the year ended December 31, 2013. This was primarily due to interest payments of €141.3 million, an increase in shareholder loans of €11.0 million and an increase in bank borrowings of €82.6 million.

Cash outflow from financing activities for the year ended December 31, 2013 was €82.7 million, compared to €60.2 million for the year ended December 31, 2012. This was primarily due to a decrease in RCF utilization of €43.6 million, paid interests of €138.3 million and a bond tap of €100.0 million during the period, while the prior year included payments of financing fees of €22.8 million.

Capital Expenditures

Our capital expenditures primarily consist of (i) Customer Acquisition capital expenditures, which includes purchases of equipment for new customers and direct cost related to sales, research and development of new products and (ii) Portfolio Services capital expenditures, which relates primarily to the maintenance of installed equipment for existing customers and the purchase of information technology infrastructure in our monitoring centers. In accordance with IFRS, the costs of the alarm equipment purchased by us from our suppliers and installed in connection with newly acquired customers are capitalized to the extent we retain ownership of the equipment.

The following table shows a summary of our capital expenditures on a historical basis for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015:

	For the years ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
			(€ millions)		
Consolidated capital expenditures	160.6	178.4	211.9	98.3	116.6
Portfolio Service capital expenditures	29.7	40.9	56.9	23.2	24.7
Customer Acquisition capital expenditures, material	81.6	85.4	95.5	45.4	55.8
Customer Acquisition capital expenditures, direct costs	49.3	52.1	59.5	29.7	36.1

Capital expenditures for the six months ended June 30, 2015 was €116.6 million, compared to €98.3 million for the six months ended June 30, 2014. This increase was mainly due to growth in sales. Capital expenditures was €211.9 million for the year ended December 31, 2014, compared to €178.4 million for the year ended December 31, 2013. This increase primarily resulted from growth in sales, product development and investment in IT. Capital expenditures also increased from €160.6 million in the year ended December 31, 2012 to €178.4 million for the year ended December 31, 2013, primarily due to growth in the business.

Liquidity, Liabilities and Financing Agreements

Historically, our primary sources of liquidity have been cash flow from operations and borrowings under the Existing Revolving Credit Facility, which was repaid in full as part of the Transactions on the Completion Date. Upon completion of the Transactions, we expect that our primary sources of liquidity will continue to be cash flow from operations, as well as borrowings under the Revolving Credit Facility. We expect that our primary liquidity requirements will be to service our debt, to fund our Customer Acquisition operations and for other general corporate purposes. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as other factors including those discussed in the section entitled "*Risk Factors*."

We are and will continue, after the Offering, to be a highly leveraged company with significant debt service obligations. As of June 30, 2015 after giving *pro forma* effect to the Transactions and bolt on and acquisitions, we would have had €2,733.8 million of indebtedness, comprising the Notes, the Senior Credit Facilities, the Private Senior Notes, our existing local credit facilities and finance leases. As of June 30, 2015, on a *pro forma* basis giving effect to the Transactions, we also would have had €300.0 million available for borrowing under the Revolving Credit Facility. We anticipate that our leverage will remain high for the foreseeable future.

Contractual Obligations

We enter into long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancellable operating leases. As of December 31, 2014, our contractual cash obligations and commercial commitments are set forth below on an as adjusted basis giving effect to the Transactions. The amounts below do not include any interest payments required in respect of such obligations. The table below also does not include any borrowings under our Revolving Credit Facility.

	Less than one year	1-4 Years	5 years or more	Total
		(€ millions)		
Notes offered hereby(1)	—	—	700.0	700.0
Senior Credit Facilities(2)	—	—	1,300.0	1,300.0
Private Senior Notes Proceeds Loan(3)	—	—	700.0	700.0
Local Facilities(4)	23.2	—	—	23.2
Finance leases(5)	1.3	1.5	0.4	3.3
Operating leases(6)	21.2	44.4	3.8	69.4
Total	**45.7**	**45.9**	**2,704.2**	**2,795.9**

(1) Represents the €700 million senior secured notes offered hereby. The proceeds of the Notes will be used to repay the Senior Secured Bridge Facility on the Issue Date.

(2) The Senior Term Loan component of the Senior Credit Facilities was drawn in an amount of €1,300 million (equivalent), in a combination of SEK and euro, on the Completion Date as part of the Transactions.

(3) The Private Senior Notes were issued in a combination of SEK and euro in a total amount of €700 million (equivalent). For the purposes of this table, we assume all interest payable to maturity will be paid in cash. The proceeds of the Private Senior Notes were downstreamed to the Issuer on the Completion Date via the Private Senior Notes Proceeds Loan.

(4) As of December 31, 2014, we had €23.2 million outstanding under our Local Facilities. From December 31, 2014 to September 30, 2015, we incurred an additional €13.6 million in debt under our Local Facilities.

(5) The group leases certain of its facilities and IT equipment in Spain and France under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

(6) The group leases offices, cars and various equipment under operating lease agreements. Operating lease payments totaled €25.4 million in the year ended December 31, 2014.

The foregoing table does not include working capital facilities entered into in the ordinary course of business, liabilities associated with pension entitlements or contingent liabilities.

Off-Balance Sheet Transactions

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

Defined Contribution and Pension Plans

Our employees in Norway, Denmark, Sweden, France, Belgium and the Netherlands have a pension plan, whereas our employees in Chile, Brazil, Spain, Portugal, Italy, UK, Finland and Peru do not. We offer both defined contribution and defined benefit pension plans. Defined contribution plans are post-employment benefit schemes under which we pay fixed contributions into a separate legal entity and have no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period. Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For these plans, amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service. All pension plans in foreign units are classified as defined contribution plans, with the exception of a limited defined benefit plan in France. All pension liabilities in Sweden are classified as defined contribution plans, except pensions for office-based staff which are through a national multi-employer pension plan, which is funded in the same manner as a defined contribution plan. The level of contribution is dependent upon, among other things, the level of employee participation and salaries in each country.

Quantitative and Qualitative Information Regarding Market and Operating Risks

Interest Rate Risk

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

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

Borrowings under our Senior Credit Facilities and the Private Senior Notes bear interest at varying rates, and as a result we have interest risk with respect to this debt. For fixed rate debt, interest rate changes affect the fair market value of such debt, but do not impact earnings or cash flow.

Currency Risk

As a result of our operations in various countries, we generate a portion of our sales and incur a portion of our expenses in currencies other than the euro. Our primary exposure, or translation risk, is to the

SEK and NOK, and for the year ended December 31, 2014, 63% of our revenue was denominated in euro, 20% of revenue was denominated in SEK, 11% of revenue was denominated in NOK and 6% of revenue was denominated in other currencies. In the past we have hedged our foreign exchange exposure when we have deemed it appropriate. We have limited foreign exchange transaction risk as we incur costs and derive subscription fees in the local currency of our markets. Further, although 37% of our revenue is denominated in non-euro currencies, the majority of our indebtedness is euro-denominated. *Pro forma* for the Transactions, however, 21% of our indebtedness will be denominated in SEK, which will provide a partial natural hedge against movements in FX rates on a transactional basis.

Translation Risk

Translation risk is the risk that the value in euro of the consolidated income statement and statement of financial position will fluctuate due to changes in foreign exchange rates connected with the translation of our foreign subsidiaries. As some of our subsidiaries operate in non-euro markets, these effects can be significant. The substantial portion of our indebtedness is denominated in euro.

Transaction Risk

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

Critical Accounting Policies

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

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

Testing for Impairment of Goodwill and Other Assets

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

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

- long-term sales growth rates;
- growth in adjusted EBITDA;
- timing and quantum of future capital expenditures;

- change in working capital; and
- the selection of discount rates to reflect the risks involved.

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

- an assumed 3% growth rate for mature markets; and
- a projected long-term compound annual growth rate for adjusted EBITDA in accordance with the latest four year plan with extended periods for developing countries.
- We would not have any impairment issues if the compound annual growth rate was 1% lower.
- Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect impairment evaluation and hence results.

Measurement of Deferred Income Tax Assets and Deferred Income Tax Liabilities

We are liable to pay income taxes in various countries. The calculation of the our total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions the resolution of which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of our structure following geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there may be substantial differences between the tax charge in the consolidated income statement and tax payments. The group has also exercised significant accounting judgment regarding net operating loss utilization.

Moreover, we have exercised significant accounting judgments regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realized. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognized.

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

Measurement of Provisions and Allocation for Accrued Expenses

We exercise judgment in connection with significant estimates in relation to staff-related costs and in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation Period for Alarm Equipment

The charge in respect of periodic depreciation for alarm equipment as well as the amortization of the customer portfolio is derived after determining an estimate of expected useful life of alarm equipment established useful life of customers and the expected residual value at the end of life. An increase in the expected life of an asset or its residual value results in a reduced depreciation/amortization charge being recorded in the consolidated income statement.

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

INDUSTRY

Unless stated otherwise, the statements on markets and competition provided below are based on our beliefs and estimates, some of which were, in turn, derived from various sources we believe to be reliable, including from surveys or studies conducted by third-party sources. We compiled the market and competitive data in part on the basis of this historical data and in part on the basis of assumptions and methodology which we believe to be reasonable. In light of the absence of publicly available information on a significant proportion of participants in the industry, the data on market sizes and projected growth rates should be viewed with caution. Additional factors, which should be considered in assessing the usefulness of the market and competitive data, are described elsewhere in this offering memorandum, including those set out in the section entitled "Risk Factors."

Introduction

We operate in the residential home and small business segment of the security market (the "RHSB market"). We are present in 11 countries in Europe and 3 countries in Latin America. The European RHSB monitored alarm sector generated 33.8 billion of revenue in 2013 (source: Berg Insight), of which approximately 30% was derived from equipment sales and systems installations, and the remaining approximately 70% was derived from recurring monthly subscription fees charged to subscribers with monitored alarm systems.

European sales of RHSB monitored alarms is expected to grow annually between 5% and 10% over the long term, driven by an increasing market penetration, adoption of additional technology enabled services and population growth (source: Berg Insight). We believe that a key driver of the market growth was the presence of large, established providers that actively drove overall market adoption by targeting new subscribers through marketing and direct sales (such as door-to-door and telesales), as well as general macroeconomic factors in Europe following the economic downturn in Europe between 2008 and 2010.

RHSB systems include those sold in conjunction with remote monitoring services as well as those that are unmonitored alarms. We operate in the monitored alarm segment. Monitored alarm systems typically incorporate, at a minimum, several motion sensors connected to a central control panel that communicates with a remote monitoring station either wirelessly or via a landline telephone or internet connection. Monitored RHSB service providers differ in the sophistication of the underlying detection technology (e.g. video cameras and jamming prevention), the range of additional services provided (such as smoke detection, remote access control and remote monitoring services over personal devices, including smartphones), as well as the quality of service provided (e.g. lifetime guarantees and maximum call-back times).

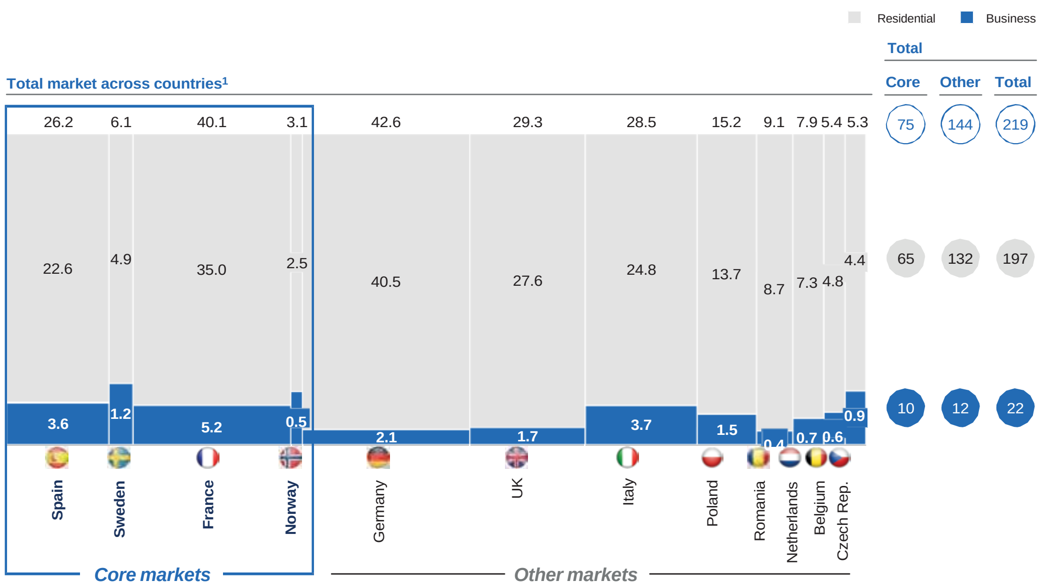
Monitored alarm providers typically make an upfront investment to acquire new subscribers (partly offset through installation fees) which is then recouped over time by charging subscribers on a monthly basis for the ongoing monitoring service. Monitored alarms are primarily sold by our salespeople, who are either independent local partners or our employees. Within direct sales, Securitas Direct focuses on face-to-face sales. After an alarm is sold and installed, subscribers are connected to a remote monitoring station where their property is monitored 24 hours a day, seven days a week by trained security technicians and call station operators. In the event that an alarm is triggered, these technicians use a variety of verification methods to confirm whether the incident is a true emergency or a false alarm and then forward the alarm to the police, fire services or private security guards, if necessary. Alarm providers typically also offer subscribers ongoing service and technical support to ensure their systems are functioning correctly.

Addressable Market

According to management estimates based on third-party data, in 2014 there were 218.8 million households and workplaces in Europe of which 75.5 million (34.5%) were in our largest four markets (Spain, Sweden, Norway and France) where we installed 1.4 million monitored alarms accounting for 82% of our revenues. The following chart illustrates the total number of households and workplaces in Europe by country.

Households and Workplaces by Country

(Residences and businesses in millions in 2013)



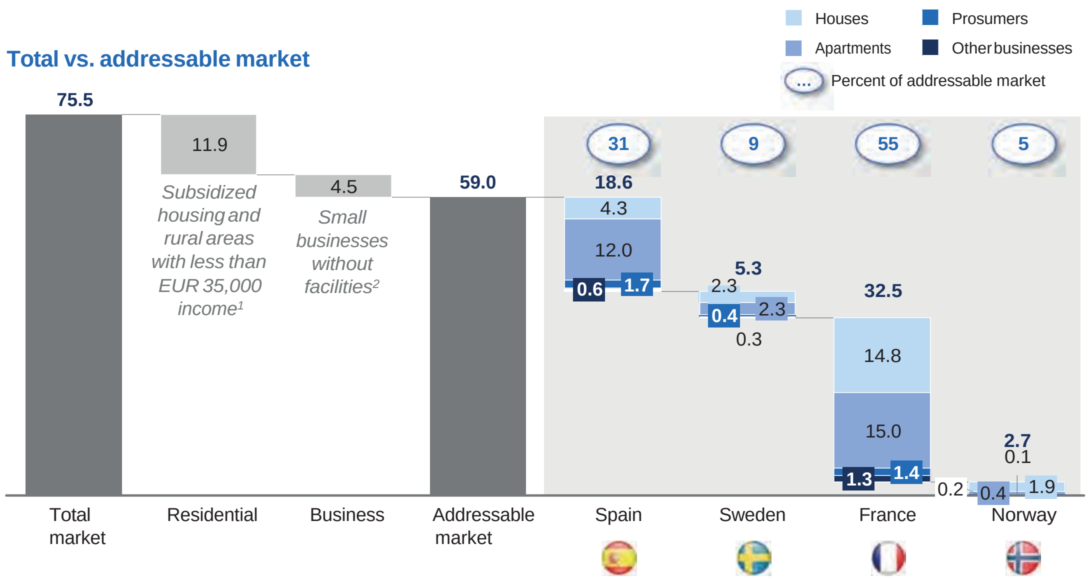
Source: Eurostat 2013 data.

1 *European countries with more than 5 million households and workplaces.*

In addition, our addressable market in these "core" markets totaled approximately 59.0 million (78.1%), excluding subsidized housing and rural areas with average household incomes of less than 335,000 per year. The following table illustrates a breakdown of our addressable households and workplaces in customer sub segments in our largest markets.

Total vs. Addressable Market

(Households and workplaces in millions in 2013)



Source: National Statistics Agency data.

1 The exclusion of subsidized housing and rural areas from our present addressable market is due to focus on sales efficiency.

2 Excludes small businesses (one employee or less) due to management's belief that such small businesses do not generate enough economic activity (which management defines as more than 350,000 annual income), are purely administrative and/or do not have facilities to protect.

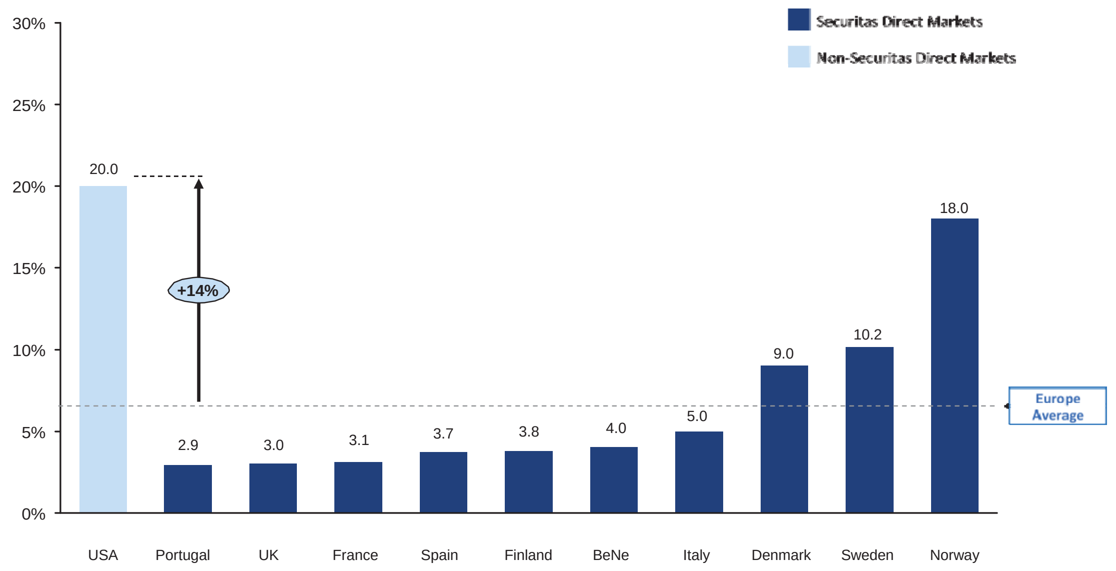
Attractive Industry Characteristics

We believe the following key characteristics make the RHSB monitored alarm segment attractive.

Under-penetrated European Market

Despite recent growth, the European market for residential home alarms remains highly underpenetrated, particularly in comparison to the United States, where there is a significantly higher percentage of households with monitored alarms. According to third party reports, the average penetration by country in the European residential alarm monitoring segment in 2014 was estimated to be approximately 6%, compared to approximately 20% in the residential sector of the more developed U.S. market. The following chart shows the penetration rates for residential home monitored alarms in various European countries and the United States:

Residential Monitored Alarm Penetration by Country

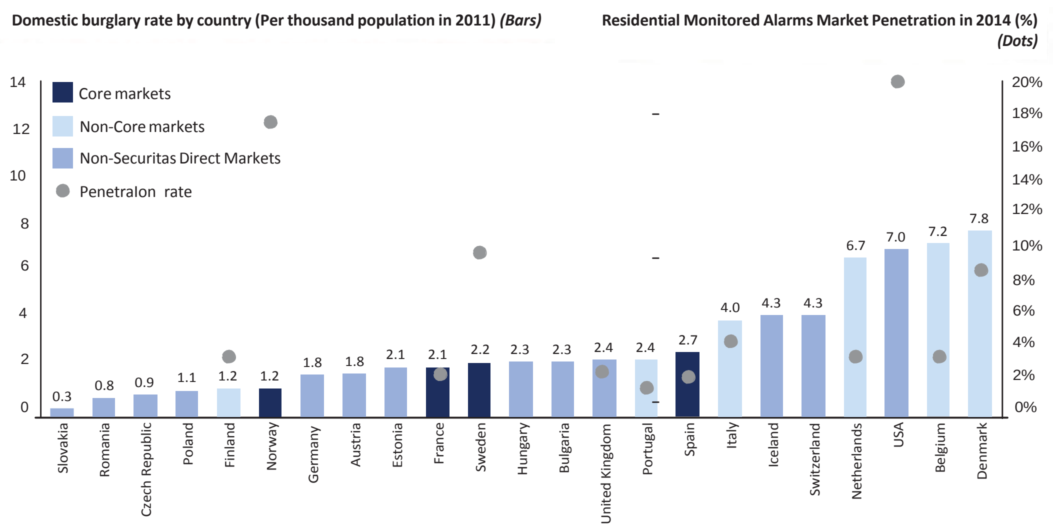


Source: Management estimates and third-party data.

We believe that sales and marketing expenditure is a key driver of adoption of security systems and explains some of the differential in penetration between markets. We believe there is significant opportunity for leading players like us to further drive adoption of security systems in Europe by further increasing consumer awareness and further leveraging our scale and leading market position.

While there are some demographic differences between the United States and Europe that could partly explain some of the difference in adoption between these two markets, we do not believe that these differences explain the significant penetration differential. For example in 2014, whereas crime rates (as measured by burglary rate per thousand population in 2011) tended to be in-line with the United States in certain areas of Europe (7.0% compared to 6.7% in the Netherlands, 7.2% in Belgium and 7.8% in Denmark), most European markets, including those with the highest burglary rates in Europe, have lower residential monitored alarm penetration rates compared to the United States (4.0% in the Netherlands, 4.0% in Belgium and 9.0% in Denmark compared to 20.0% in the United States), as demonstrated in the table below. Management believes this supports the view that the European security system market is very under-penetrated and that there is significant potential for increased adoption in many European geographies.

Penetration Rates vs. Burglary Rates by Country



Source: Management estimates and third-party data.

Regulation

Regulation is increasing in certain of the European markets in which we operate. An increasing number of local governmental authorities have adopted, or are considering the adoption of, laws, regulations or policies aimed at reducing their perceived costs of responding to false alarm signals. For example, in France and Spain this type of regulation is already in place. While these regulations may make it more difficult to operate in this industry for certain players, they may also increase demand for certain types of monitored alarm solutions that we offer, including alarms with verification features such as image capture. The alarm verification requirement favors more established players who possess the ability to comply with the regulatory burdens and creates an incentive for potential customers to seek out a provider with monitoring capabilities. We believe that this regulatory trend will continue as governments focus on budget constraints and improving the efficiency in regard to various public services, including police and fire services.

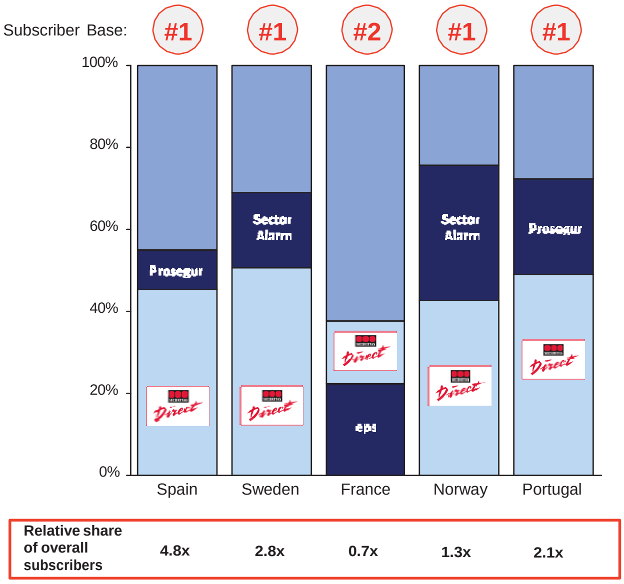
Fragmented Provider Base Across Europe with Few Large Providers by Country

Our primary competitors in the markets in which we operate are generally regional or national companies with limited cross-border presence. We are one of the few pan-European residential and small business alarm monitoring providers. We believe the top three premium monitored alarm providers in our five largest markets are Securitas Direct, Prosegur and Sector Alarm who we estimate accounted for approximately 60-80% of the total RHSB market in 2014 in these markets. In our five largest markets, we believe we are the largest provider, representing approximately 40-50% of the market in terms of active subscribers in these markets. We estimate that based on our average number of customers in 2014, that we are approximately five times larger than our single nearest competitor operating across our five largest markets.

Although the RHSB market is fragmented at a pan-European level, it is relatively consolidated in most of our individual country markets, where the top three alarm providers typically command a large share of the market. We are also the leading provider of RHSB services in four out of our top five markets in Europe (representing 72.4% of our revenue for the quarter ended June 30, 2015, annualized). The following chart shows our estimates of the market share and the market position of the top providers by subscribers in each of the top five European markets in which we operate.

Market Segment Analysis

(Monitored residential and small business alarms, 2014)

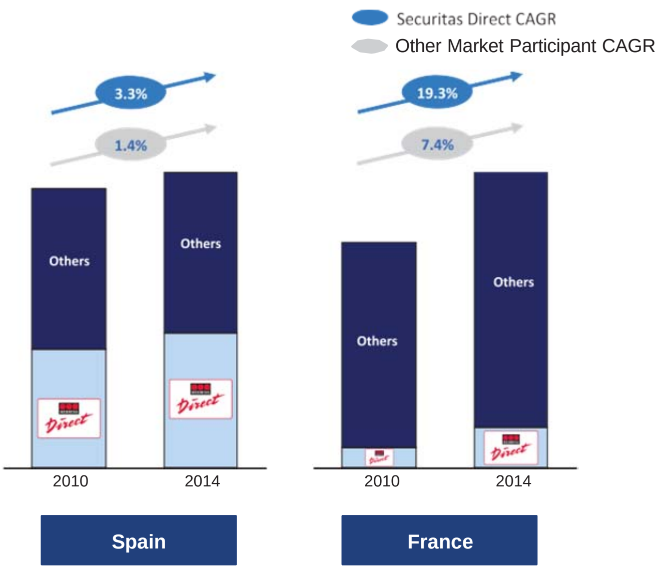


Source: *Management estimates and third-party data.*

Supplier-driven Industry Favoring Larger Providers

The monitored RHSB alarm business is a supplier-driven industry, in which the established providers have an opportunity to drive security system adoption in the market. Potential subscribers are frequently unfamiliar with the benefits and features of monitored alarms and therefore require significant consumer education. Larger companies more often have the ability to leverage the cash generation of their existing portfolio to make investments to run marketing campaigns to build a strong brand image and further create product awareness. Larger providers are also able to develop the sales force necessary to reach new subscribers as well as the technological infrastructure necessary to provide a compelling value proposition for subscribers. Further, given the importance of gaining subscriber trust, a company with a reputation for reliability and integrity is able to attract new subscribers more effectively than less established companies as shown in the chart below, which reflects our growth in Spain and France compared to the growth of the market:

RHSB Market (Number of Subscribers[1], ’000)



Source: Management estimates and available third-party data.

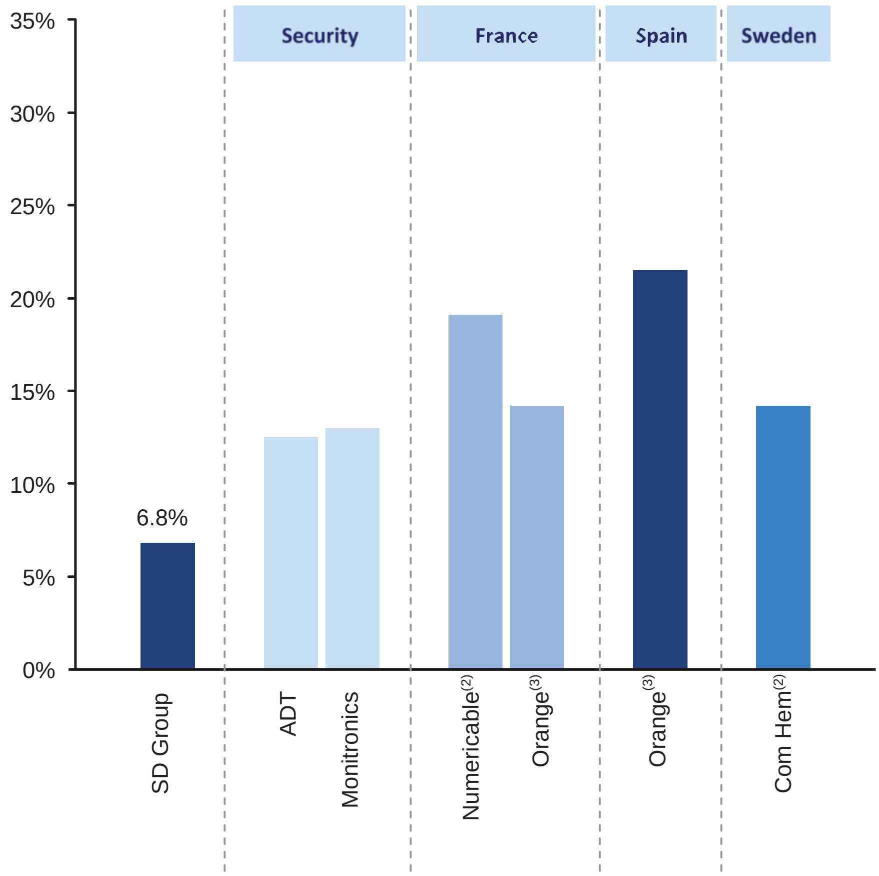
(1) Subscriber figures include small business and residential subscribers.

Resilient Market

The European RHSB monitored alarm industry has historically been a resilient market. The durability of the demand for security systems is underpinned by the nature of the services we offer, as we address the safety of our subscribers' families (or businesses) and property, and hence our products and services are viewed by our subscribers as less discretionary. When faced with the need to make household budget cuts under economic pressure, residential consumers indicate that their monitored alarm system would be one of the last items they would eliminate. Our own subscriber base has historically churned at a rate of 7% or less per year for our residential customers and less than 16% per year for our small business customers from 2010-2014, and we currently estimate that the expected subscription life is between 8 and 16 years for our residential customers and 5 and 8 years for our small business customers. Appropriate customer selection is key to ensuring customer retention. As part of the customer selection process to help ensure subscriber loyalty, we, like many other leading providers charge upfront installation fees of several hundred euro or more, which helps us build a portfolio of more committed adopters and increases the likelihood of subscribers continuing to use our systems over the long term.

In the six months ended June 30, 2015, our churn rate was 6.8%. These rates of customer attrition compare very favorably to industry competitors, particularly those in the United States, where attrition rates are more than twice as high. Fundamental differences in (i) sales channels, (ii) customer credit quality, (iii) required upfront installation fees, (iv) number of competitors, (v) fixed contract model and (vi) quality of customer service account for the significant differences in churn rates across the industry. Furthermore, our subscriber churn rates also compare favorably to other subscription services providers in European markets, including the mobile telecom, cable television and broadband industries, which are two or three times higher. The following chart shows our churn rates relative to other subscription service providers in the top European markets in which we operate:

Subscription Services Churn (%)[(1)]



(1) Based on publicly available data. Calculations of churn may be made on a different basis than the methodology employed by the Group.

(2) Telecom / Cable

(3) Mobile Telecom

Flexible Growth Model

Generally speaking, RHSB monitored security providers conduct two main business activities: subscriber acquisition and ongoing subscriber portfolio monitoring and support, each of which has fundamentally different cash flow characteristics. The subscriber acquisition function typically uses more cash than it generates, as a result of upfront investments to obtain new subscribers. Most providers charge installation fees, but these fees typically cover only a portion of the overall subscriber acquisition cost. In certain markets, providers install equipment upfront for free with a view towards recouping their initial investment over the course of the customer's subscription life cycle. In contrast, providing ongoing portfolio management services is intended to generate a significant amount of cash once a subscriber has been acquired. For larger suppliers like us, with sufficient scale and excess monitoring capacity, each incremental new subscriber requires relatively limited additional cost to serve. As a result of the significant cash flow generation from their existing subscriber portfolio, RHSB monitored alarm providers have flexibility in managing cash to optimize specific financial objectives. During periods of slower growth or challenging economic environments, suppliers can choose to reduce subscriber acquisition investment while harvesting cash flow from ongoing portfolio management services, in an effort to increase the amount of cash they generate.

Potential New Market Participants and Opportunities

Telecom and cable providers

Various participants in the telecommunications market are seeking to enter the security and safety market in Europe by leveraging their existing customer base. In order to be successful, we believe these companies would need to possess an experienced local sales force on the ground as well as remote monitoring and service capabilities. Moreover, we believe that in the United States, most telecommunications companies that have sought to enter the security and safety market have not yet seen significant take-up of these services among their existing customer base. We believe that the European market is more fragmented than the U.S. market (which we attribute to language and purchasing behavior), with lower average price points for telecommunications products that may make it more difficult to upsell to high-priced alarm solutions.

Participants in the connected home market

The connected home concept represents an amalgamation of several services, including those related to entertainment, safety and security, utility management and wellness management, delivered via smart appliances (i.e. devices that are linked to each other through the Internet).

During the past two years, several significant events have driven the acceleration of the connected home trend. Some of these developments include Samsung's and Apple's entry into the "smart home" market, and Google's acquisition of Nest followed by Nest acquiring Dropcam.

The connected home concept is growing rapidly in Western Europe, with annual consumer spend estimated to reach 312 billion, representing 27% of all Western European households, in 2019.

Within the connected home market, security and safety is the largest and fastest growing segment with the largest run-rate monetization potential.

The significant monetization potential of the security and safety segment is due to it being one of the only segments within the connected home market with recurring revenue potential, while most remaining segments are based on "apps" with one-time fees.

Several connected home market participants from different backgrounds (for example, technology, energy and electronics) addressing security and safety are competing against RHSB monitored alarm market participants, although the offerings are distinct.

We do not currently view self-monitored, self-installed or other "DIY" alarm systems as a threat to our business. While these companies typically benefit from low costs, associated only with product development and data collection and analysis, their product offerings are often standardized rather than tailored to customer needs, they typically generate a large number of false alarms and there is less of an emphasis on customer care. In contrast, while monitored alarm systems face significantly higher operating costs, the product and service offerings are typically more customized. Further, monitored alarm systems benefit from a layer of human judgment and typically generate lower false alarm rates.

Large technology companies have well-known brand names and significant technological capabilities and drive towards innovation. However, for the time-being, many of these companies tend to have different focus areas, such as collecting and connecting data (in the case of Google) and providing platforms and interfaces (in the case of Apple, whose HomeKit is a chip-based solution to be built into third-party devices).

For the above reasons, we do not believe that connected home market participants represent a significant immediate threat to our business proposition, where we seek to deliver peace of mind and protection through a technology-enabled human services business, professional grade installation, professional monitoring, response and call-outs.

We believe that, as a result of the connected smart home market, new opportunities are opening up for alarm companies. The addition of new types of connected interactive services has enhanced the value proposition for residential security, expanding the market while creating incremental revenue for the industry. According to a study by Park Associates titled “Competition in the residential market, 2015,” the security industry is leading the transition to the smart home. The majority of sensors and control panels sold today can be accessed and remotely controlled with a mobile device.

We believe we are well-positioned to take advantage of this market development through our proprietary product and service platform and eco-system that enables full integration with other system and product providers to create an attractive, high quality and relevant customer experience.

BUSINESS

Overview

We are the leading provider of monitored alarm solutions for residential households and small businesses in Europe. We offer premium monitored alarm services to our portfolio of approximately 1.9 million customers (as of June 30, 2015) and design, sell and install alarms with network connectivity across 14 countries in Europe and Latin America. Our management estimates, based on third party data, that as of June 30, 2015, we were the leading provider of premium monitored alarm services in four out of five of our largest markets in Europe (representing 72.4% of Group revenue on a last quarter annualized basis). Since our company was founded in 1988, we have continually expanded our customer base, growing at a compound annual growth rate ("CAGR") of 17% from 2000 to June 2015. As of June 30, 2015, our residential households accounted for 76% of our customers, while small businesses accounted for 24%. Based on our historical trends, we currently estimate that our residential customers remain with us, on average by geography, 8-16 years and our small business customers remain with us, on average, 5-8 years. As a result, we believe that our Portfolio Services revenues, representing 85.6% of our revenue for the quarter ended June 30, 2015 annualized, provide us with a high-margin, stable source of recurring cash flow. For the quarter ended June 30, 2015, annualized, we generated revenue of 3999.5 million and Adjusted *Pro Forma* EBITDA of 3400.3 million.

We operate a subscription-based service business, which we conduct through two operating segments:

- **Portfolio Services.** Our Portfolio Services segment provides monitoring services to our 1.9 million customers for a monthly subscription fee. We typically enter into self-renewing monitoring agreements with our customers at the time of installation, and the majority of our customers pay via direct debit. We then monitor our installed base of alarms through 12 dedicated monitoring centers located throughout Europe and Latin America to verify triggered alarms and initiate an appropriate response. We also provide customer service and technical support for all our installed systems. We have had low customer cancellation rates (churn) of approximately 8% annually over the last five years, having recently declined to 6.8% as of June 30, 2015. This low cancellation rate contributes to the stable and recurring cash flow that the segment generates allowing us to fund investment to grow our customer base. For the quarter ended June 30, 2015 annualized, our Portfolio Services segment generated revenue of 3855.2 million (representing 85.6% of our total revenue) and Adjusted EBITDA of 3517.1 million (representing a 60.5% Adjusted EBITDA margin).
- **Customer Acquisition.** Our Customer Acquisition segment sells to, and installs our alarm systems for, new customers in return for an upfront sales and installation fee. This installation fee typically only covers a portion of the costs associated with marketing, selling, purchasing equipment and installing each alarm system. As a result, the segment represents an up front investment (including both costs reflected in our income statements and capital expenditures) in our business to acquire new customers. These new customers then become part of our Portfolio Services segment, driving revenue, Adjusted EBITDA and profitability growth. Due to the discretionary nature of our customer acquisition activities, we are able to increase our sales, marketing and installation investment activities to grow our customer base, or, alternatively, reduce our investment in such activities to maximize our cash on hand, over the short to medium term.

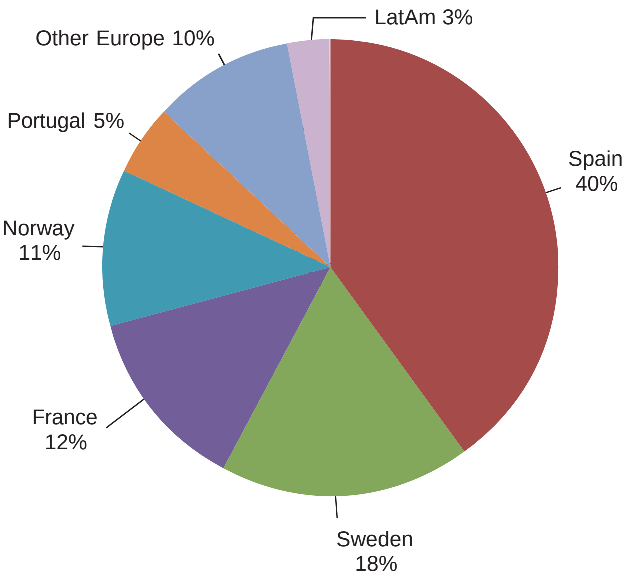
We offer a range of alarm systems with a variety of features, ranging from simple break-in detectors to more complex alarms with premium features, such as sophisticated cameras, home environment monitoring capabilities, such as smoke, and two-way audio communication. These alarm systems are directly connected to our monitoring centers, as well as to our customers through our web-based "MyPages" application and our mobile Verisure App, available on Apple iOS, Android and Microsoft-based smartphones. These applications allow our customers to set, monitor and control various alarm functions and settings. While we primarily market under the Securitas Direct brand, we have developed and launched an innovative line of products, which represent our newest technology and most advanced features (including our Verisure App), which we sell under the Verisure brand.

Our Operating Markets

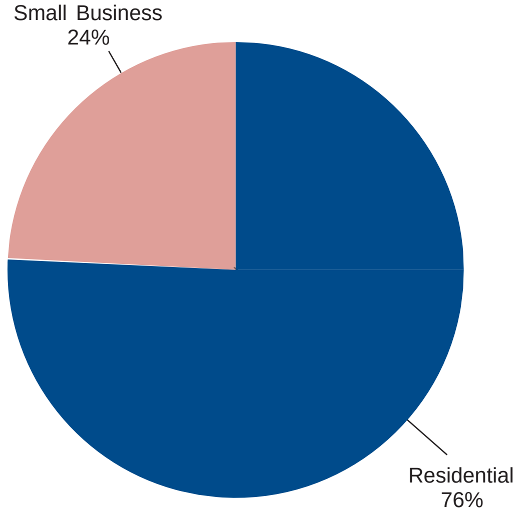
We have operations in eleven European countries (Spain, Sweden, France, Norway, Portugal, Finland, Denmark, Belgium, the Netherlands, Italy and the United Kingdom (where we have a pilot project)) and three Latin American countries (Chile, Brazil and Peru). Our largest markets in terms of customers are

Spain, Sweden, France, Norway and Portugal which, combined, accounted for 87% of our total customers as of June 30, 2015. Spain is our largest market and represented 40% of our customers as of June 30, 2015. Additionally, residential households accounted for 76% of our customers, while small businesses accounted for 24% as of June 30, 2015. The charts below show our customer base by geographic breakdown and by customer type as of June 30, 2015:

Customer Breakdown by Country



Customer Breakdown by Customer Type



We launched limited operations in Brazil in 2011 and acquired a 90% stake in TeleAtlantic in the third quarter of 2014 to further build-out our Brazilian operations. TeleAtlantic had approximately 21,000 customers as of July 31, 2014 and we have also acquired a small portfolio of customers in Chile in 2014. We further added approximately 10,000 customers through our acquisition of Leadex Investments AB in Sweden in May, 2015. Since we first began operations, we have pursued a primarily organic growth strategy when expanding into new markets, including Peru and Italy, complemented by selective add-on acquisitions to bolster our position in existing markets.

Our History

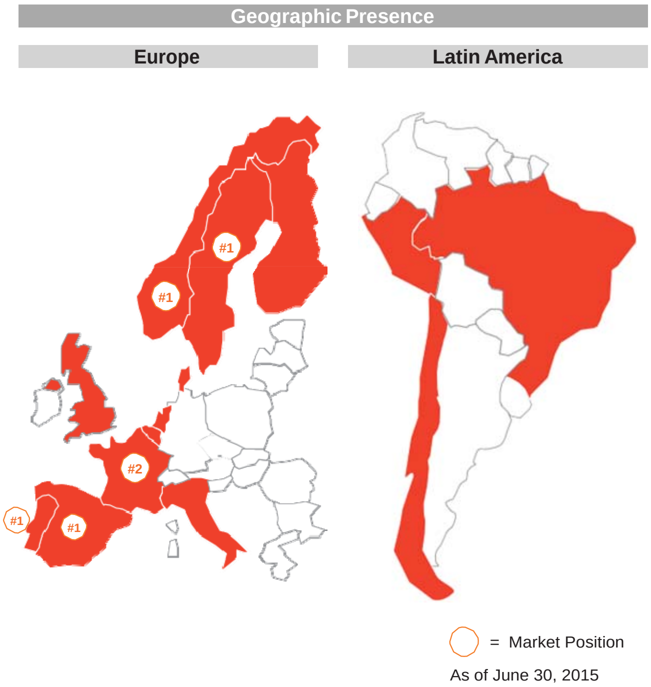
We were founded in Sweden in 1988 as a division of Securitas AB, initially focusing on the Swedish residential home security market. Within our first ten years of operations, we had expanded our platform internationally, entering the home security markets of Norway, Spain, France and Finland, with subsequent expansion into Portugal and the Netherlands in 2001 and 2005, respectively. In September 2006, we separated from Securitas AB and were listed on the OMX Stockholm Nordic Exchange, before being taken private in an acquisition by EQT Holdings AB in August 2008. In 2009, we entered the Latin American market by establishing operations in Chile. We were acquired by Bain and H&F on September 2, 2011. Following the completion of the Acquisition on October 21, 2015, H&F owns approximately 93% of our outstanding share capital.

Our Strengths

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

Clear industry leader with scale and a track record of resilient growth

We are the leading provider of residential and small business monitored alarm solutions in Europe. We are present in 14 countries across Europe and South America and are the leading provider of premium monitored alarm services in four of our five largest markets in Europe, which together represented 72.4% of our revenue on a last quarter annualized basis, as shown in the following table:



We estimate, based on available industry data, that we are approximately five times larger than our single nearest competitor across our five largest markets, on a combined basis, based on our average number of subscribers in 2014. We believe our leading market position in these markets and across Europe is due to our differentiated business model. We offer premium monitored alarm services that include high quality products tailored to the residential and small business markets. Our installation and subscription services are delivered by experienced face-to-face salespeople who serve as the customers' first point of contact.

Market leader with scale

In 2014, within the market of currently installed alarms, we were the largest player in four out of five of our largest operating countries, Spain, Sweden, Norway and Portugal, in which we held a relative market share of customers (compared to our nearest competitors) of 4.8 times, 2.8 times, 1.3 times, and 2.1 times respectively. We also believe our market position is further strengthened by high brand awareness in our largest markets.

As the largest pan-European monitored alarm service provider in our markets, we have the flexibility to dedicate necessary resources to marketing, advertising and selling activities to further sustain and grow brand awareness and our subscriber base. For example, management estimates that our sales force in Spain with over 1,500 employees is several times larger than our closest competitor, which we believe has allowed us to continue gaining market share and acquiring new customers faster than our competitors. We believe that the depth and scale of our activities provide us with a significant advantage in competing for talented employees, by allowing us to offer a leading, growing and international career platform. Furthermore, we can invest adequate resources in product development to drive the introduction of new technologies and features into our alarm systems which drives upselling, enhances subscribers' engagement and experience and, as a result, reduces churn. As a result of our efforts, we have been successful in introducing new products and technologies to enhance our value proposition to our customers such as anti-jamming services.

Track record of resilient growth

We have been able to grow our subscriber base every year since 2000, from approximately 194,000 to approximately 1.9 million as of June 30, 2015, which is a CAGR of approximately 17%. We believe that our scale coupled with the differentiation provided by our brand trust and awareness, service-focused sales force coverage and direct go-to-market ("GTM") model (wherein our large network of field sales representatives reach out to potential customers), our focus on innovation and our ability to attract talented employees have resulted in a track record of above-market growth in certain of our markets. For example, in Spain from 2010 to 2014, we grew the number of our customers at a CAGR of 3.3% compared to an estimated 1.4% for all other market participants (based on third-party data), while in France during that same period we grew our customer base at a CAGR of 19.3% compared to 7.4% for all other market participants (based on third party data).

Favorable market dynamics with low penetration rates

Low penetration rates

We believe that there is substantial potential for further penetration of residential monitored alarms in Europe, which we anticipate will continue to provide us with profitable growth opportunities. Residential monitored alarm penetration rates remain relatively low in the markets in which we operate. According to third-party data and our estimates, the average penetration by country in European residential monitored alarms in 2014 was estimated to be approximately 6%, compared to approximately 20% in the residential sector of the more-developed U.S. market. Within Europe, seven of the 11 markets in which we have operations have average penetration rates below the European average.

We believe that the primary driver of the different penetration rates between the United States and Europe is historically lower marketing spending in Europe and, as a result, lower consumer awareness of the benefits of security systems. As we have focused on increasing product awareness, through our GTM model, our European operations have shown strong growth. From 2011 to June 30, 2015, we grew our subscriber base in Europe from approximately 1,438,000 to 1,822,000.

Significant market know-how in an industry with scope for differentiation

We believe that there is significant scope for differentiation in the alarm monitoring business.

- First, market participants need to gain awareness and brand trust among customers in order to be given permission to monitor customers' families and assets. This not only requires an established presence in the market but a field sales organization of a certain size. The GTM model requires interplay of customized products, brand, recruitment, training, lead generation and allocation, which we believe is highly complex to build and operate. We also seek to tailor our approach to the markets in which we are operating in order to deliver differentiated service to our customers that indicates comprehensive understanding of cultural norms and communities.
- Second, we believe that scale, including on a regional basis, is a differentiating factor in the alarm monitoring market. Scale provides avenues for increased investment in innovative product and service features, greater customization of products to fit GTM efforts, enhanced monitoring and response service and the ability to drive lead generation through marketing spend.
- Third, the demands of customer safety and well-being drives significantly higher service level requirements than in many other subscription-based businesses which we are able to address through deep customer know-how, our twelve monitoring centers and our sizeable sales force.

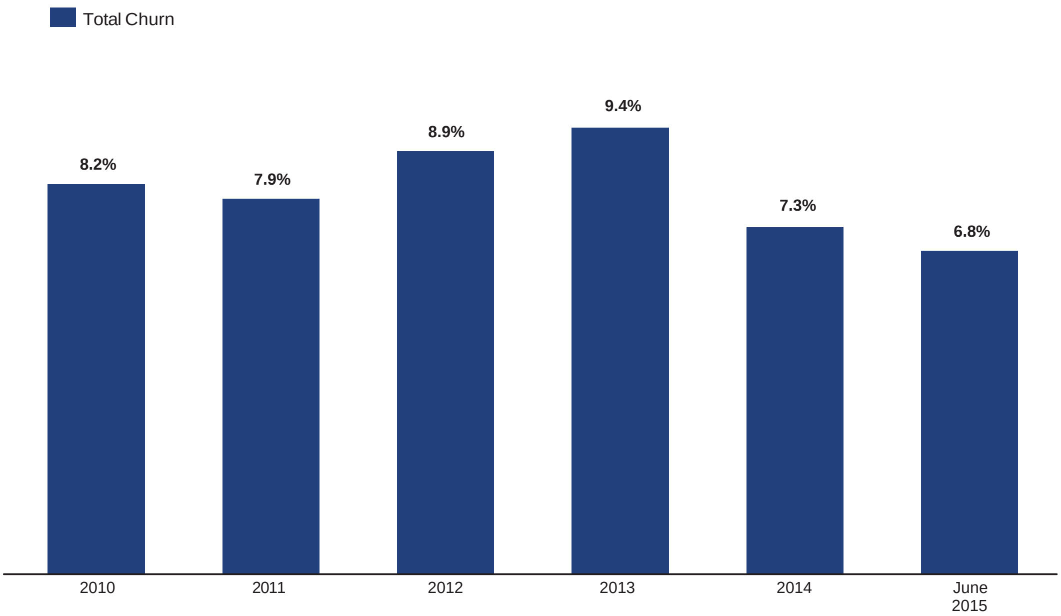
We believe that we are well-positioned to benefit from these market dynamics owing to our established competitive position, the strength of brand and reputation, our scale and density of operations, our differentiated GTM model with experienced face-to-face salespeople, our technology and diversified customer base.

Subscription business with diversified, high quality and resilient customer base with low churn

We have a geographically diversified portfolio of approximately 1.9 million customers as of June 30, 2015. Our focus on markets throughout Europe, including Scandinavia and Southern Europe, as well as certain markets in Latin America helps mitigate the risks of localized economic downturns. Our residential customers tend to be middle-to-higher income households with assets to protect and lower price sensitivity. In order to ensure subscriber loyalty, we charge upfront fees of several hundred euro or more, which helps screen for more-committed customers and, we believe, increases the likelihood of customers continuing to use our system over the long-term. The resilience of the demand for our security systems is underpinned by the strength and reputation of our brand and the nature of the services we offer, as we address the safety of our customers' families and property, and we believe customers view our solutions as less discretionary than other expenditures. As such, we believe that customers are less prone to cancel our services during economic downturns. Consequently, we currently estimate that our residential customers, which represented 76% of our total customers as of June 30, 2015, have an expected subscription life of between 8 and 16 years.

Track record of churn improvement

In addition to our diversified, high quality customer base, we have been able to drive down churn by focusing our sales incentive scheme on lower churn customers such as residential customers and professional services (e.g., doctors, lawyers) and reducing commissions for higher churn businesses. Management has also implemented other initiatives to reduce churn including data led predictive analytics which indicate when customers are at a higher risk of churning (e.g., long periods of inactivity), and specific initiatives for house moves. Our deep customer retention know-how and on-going customer service efforts have facilitated the recent decrease in our cancellation rates (as shown in the chart below), and consequently, allowed for better revenue growth and greater cash flow generation.



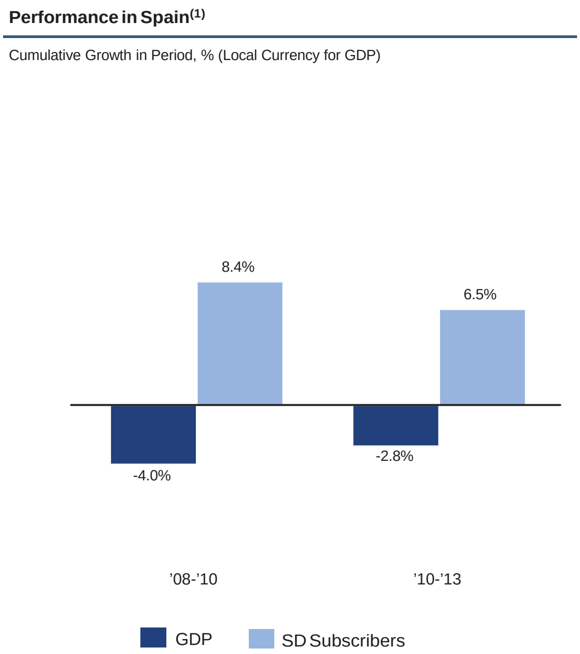
Strong and stable cash flow generation with ability to flexibly manage growth

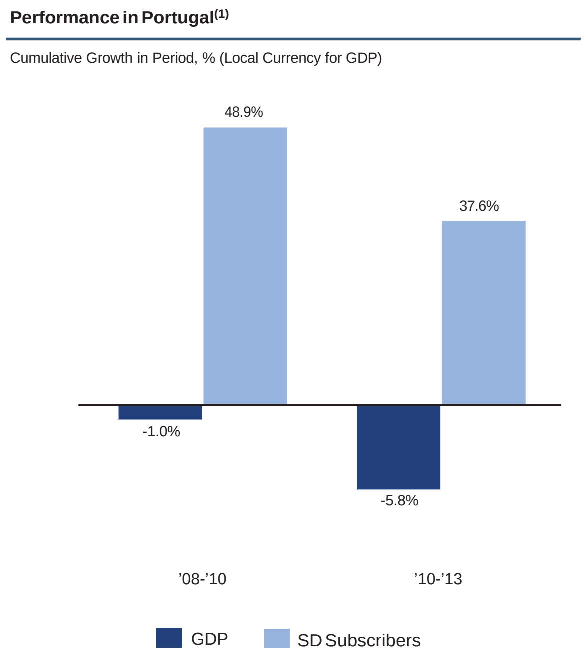
Our Portfolio Services segment, which holds our portfolio of approximately 1.9 million customers as of June 30, 2015, generates substantial cash flow through our subscription-based revenues, with Adjusted EBITDA for Portfolio Services of 3129.3 million for the three months ended June 30, 2015 (representing a 60.5% Adjusted EBITDA margin) and Adjusted EBITDA for Portfolio Services of 3517.1 million on a last quarter annualized basis. The profitability of our Portfolio Services segment results from its relatively low operating cost and capital expenditure requirements (in the Portfolio Services segment, capital expenditures amounted to 5.5% of revenue for the three months ended June 30, 2015). While our subscriber growth is dependent on our Customer Acquisition segment, we have discretion when to invest in acquiring new customers to either replace cancelling customers or grow our existing subscriber base. Our historically low churn rate has meant that we do not need to divert significant resources towards customer replacement costs. As such, we have flexibility in how we invest the substantial cash flow generated by the Portfolio Services segment. In the three months ended June 30, 2015, we invested 67.1% of our Adjusted EBITDA from the Portfolio Services segment to acquire new customers and used the remaining 32.9% of our Adjusted EBITDA primarily to service our debt and for capital expenditures and other general corporate purposes. As a result of the discretionary nature of our Customer Acquisition spend, we are able to efficiently manage our growth, reducing our costs and capital expenditure requirements and allowing us to use additional cash flow for debt service requirements or other purposes. If, on the other hand, we invest our additional cash flow to acquire new customers, it allows us to potentially grow our Adjusted EBITDA in the long term.

Track record of profitable growth and deleveraging, including during economic downturns

We have a consistent track record of profitable growth despite ongoing economic uncertainty in some of our markets. For example, from 2012 to the quarter ended June 30, 2015, we were able to increase our Portfolio Services Adjusted EBITDA margin from 53.2% to 60.5%. Both in Spain and Portugal, where the effects of the economic downturn were among the most severe in Europe, we continued to expand our operations. Between 2008 and 2010 we were able to grow our customers in Spain and Portugal by 8.4% and 48.9%, respectively despite GDP contracting by 4.0% and 1.0% respectively. In Spain, from 2010 to 2013, during a period of continued economic uncertainty we were able to grow our customers by 6.5%, while GDP fell 2.8%. Likewise, in Portugal during the same period, we were able to grow our customers by 37.6%, while GDP fell by 5.8%.

Performance during economic downturns





Source: Company information and third party data

(1) Cumulative GDP growth at constant prices

We have a track record of operating under a highly leveraged capital structure while maintaining the ability to invest in new customers to expand our customer base and grow our Portfolio Services Adjusted EBITDA, which has allowed us to delever by more than one turn since 2012.

Experienced management and strong regional teams with a proven track record of successfully managing growth and cash flows

Our management team, supported by our strong regional teams, has a successful operating history with us, with our founders still serving in leadership or advisory roles. Under their leadership we have delivered growth in customers, revenue and Adjusted EBITDA despite the previous economic downturn.

Over time, we have implemented a decentralized model in which regional teams and local sales-installers are fully accountable for their portfolio of customers and incentivized to deliver sustainable growth and value creation. Our strong culture and strategic alignment across geographies, including sharing of best practices, is another source of competitive differentiation.

Our management team are a blend of new talent from the consumer and telecom industries as well as those who have significant history with the business. Our two founders, Dick Seger and Luis Gil, are still involved in critical roles that support our plans for further growth, expansion and innovation. Our

Chief Executive Officer, Austin Lally, led the development of our strategic roadmap with our management team, founders and Sponsor, leveraging his experience of over 25 years in building and growing leading consumer businesses in Europe, the United States and Asia.

Our Strategies

We intend to continue driving our customer-centred model to deliver peace of mind and protection to our customers through a technology enabled human services approach encompassing professional grade installation, professional monitoring, response and call outs. We aim to adapt our services based on deep customer insight. We are focused on continuing to develop first-to-market solutions that later become industry standards and ensure that we have a leading portfolio of security solutions. We have also developed and will seek to continue to effectively implement strategic initiatives to increase customer retention, such as facilitating the transfer of our services in connection with home moves and offering customers remote access to their alarm systems via the internet and the Verisure App.

Continue to increase penetration of monitored alarms for residential and small business customers in Europe and Latin America market

We believe significant growth opportunities remain in our existing markets, as evidenced by the low penetration rates compared to other jurisdictions. We aim to further expand our subscriber base in these markets in a measured manner by continuing to target potential customers who meet our customer demographics and economics criteria by increasing the quantity and quality of our leads and investing in our portfolio of brands. Moreover we may consider selective acquisitions to increase our subscriber base in certain regions. We believe many of our potential customers are not yet familiar with the benefits of having a monitored alarm system. Thus, we plan to use our large face-to-face sales force, unique GTM model, strong brand and broad product offerings to continue to grow our subscriber base. Growing our subscriber base should enable us to increase our profit margins, because we will be able to benefit from the density and economies of scale of our Portfolio Services segment. Additionally, given that our average payback period (the time it takes to recover the cost of acquiring a new subscriber and installing an alarm system) is approximately 4 years and that we estimate that our residential customers will have subscription lives of between 8 and 16 years, we believe growing our subscriber base is a strategy worth pursuing.

Strive to provide the best security solution available and do our utmost to protect our customers

Our in-house development teams cooperate closely with our network of equipment manufacturers to design and deliver new products and services to our customers. Our disciplined focus on research and development allows us to efficiently manage our new product development costs and strategically invest where we expect the returns will be the highest. We believe that our scale provides us with a significant competitive advantage in investing in product development, and we have introduced a number of successful innovations over the years (e.g., our Verisure "MyPages" home automation platform, which enables the customer to remotely access their premises over the internet or through the Verisure App on their smartphone). We plan to continue to invest in research and development to introduce new technologies and features into our alarm systems, thereby increasing up-selling and enhancing our customers' engagement and experience, which we believe will increase customer loyalty and reduce churn.

Focus on achieving the highest levels of customer satisfaction and loyalty in the industry

We recognize that customer satisfaction is directly proportional to customer loyalty and, therefore, we consistently strive to maintain the highest levels of customer satisfaction in the industry in order to reduce churn. As our first point-of-contact with our customers, our salespeople, some of whom are also responsible for installing our systems, provide ongoing customer assistance and are one of our greatest assets in achieving this goal. We have further implemented a sales incentive program that rewards our dedicated sales-force for identifying high quality customers while aligning the interests of our salespeople with our customers by measuring customer satisfaction at key points of interaction (including sales visits, service visits and customer service calls). In addition, we strategically focus on traditionally low-churn customers (e.g. residential and professional services business customers) and increase our customer engagement by providing innovative new services (such as anti-jamming technology and our Verisure App) while also implementing policies aimed at increasing the quality of our customer base (such as upfront installation fees that help to identify more-committed customers).

Deliver industry leading profitability through cost optimization and operational excellence

By increasing customer engagement and offering additional services, we believe we will continue to deliver industry-leading churn and increase average revenue per customer (ARPU). Additionally, we are striving to implement a number of measures for efficiency gains replicating best practices. For example, we are currently in the implementation phase of our FOG cost savings program, under which we expect to realize cash savings of approximately 327 million by June 2016, with the full program targeting over twice this amount. The FOG program includes selected cost categories of our business (portfolio operations, direct spend and indirect procurement and spend (excluding marketing spend)).

These initiatives are intended to improve our performance in customer care, reduce direct material costs and operating expenses, sustainably improve product quality and enhance our business stability. We have done substantial work to identify cost savings and develop these initiatives, including working with third-party consultants, and seek to leverage our managers' expertise, which includes successful implementation of similar programs. See "*Business—Product Offerings and Product Strategy—Funding Our Growth Together – Cost Savings Initiative*" and "*Risk Factors—Risks Related to Our Business and Industry—We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, FOG*."

Our Business Operations

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

Portfolio Services

Our Portfolio Services segment provides monitoring services to our existing customers and consists primarily of four types of operating activities: alarm monitoring; customer service and support; product development; and alarm response coordination.

Alarm Monitoring

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

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

Customer Service and Support

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

We also proactively support our customers through a number of quality assurance programs focused on retaining customers. For example, in certain regions we offer our customers a structured training program for the first six months after installation of our monitored alarm systems to familiarize them with their systems, recognizing that the more comfortable customers are at using our products, the more likely they are to maintain their subscriptions. We tailor these programs to the dynamics and culture of each region where we operate.

Alarm Response Coordination

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

Customer Acquisition

Our Customer Acquisition segment focuses on selling and installing alarm systems for new customers. Within this segment, our marketing activities and partnerships generate high-quality leads, which are converted to sales by our sales force and franchise partners.

The origination of each new customer requires a net investment from us, as the costs associated with acquiring a new customer exceed the upfront installation fee we charge. In addition to the costs of the alarm equipment installed, we also have costs associated with sales commissions, sales activities, training of our sales staff, marketing and installation overhead. In the six months ended June 30, 2015, our average cash acquisition cost (including related capital expenditure) per new customer net of installation fees (CPA), was 31,105, representing a 4.0 year payback period.

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

Product Development

We use our in-house development team or contract with third parties to design our products. We actively drive development of next-generation products and applications to meet the changing needs of our customers. We also seek to develop products and applications that allow us to up-sell our existing customers and to attract new customers and we operate two development centers located in Malmö, Sweden and Madrid, Spain. We strive to develop products that can be brought to market quickly, with a focus on obtaining approvals from local governments and adhering to local regulatory requirements.

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

Manufacturing and Supply

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

Sales and Installation

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

Sales Approach and Marketing Strategy. Our sales efforts are conducted through our large network of field salespeople (including both franchise partners and direct employees) and telesales channels, which seek to engage customers directly at their home. We generate the majority of our direct sales from leads generated by our field sales force. To maximize the potential for customer acquisition, each sales person goes through our rigorous training program, learning both the benefits of our products and the most effective way to communicate these to potential customers. We also provide our salespeople with sales coaches to help them reach sales targets. While we source the majority of our leads directly from our sales force, we also use a centralized lead-generation process through which we coordinate our various marketing efforts to generate prospects to further support our sales force, particularly our more junior salespeople. Our salespeople are evaluated by strict performance standards and are remunerated with a largely variable compensation package that is linked to attracting quality customers. This enables us to identify and appropriately compensate talented individuals, such that our most talented employees have an incentive to continue working with us on a long-term basis. Our core GTM approach centers on leads-based, face-to-face sales. Additionally, where possible we are employing a “sales-installer” approach, whereby the person responsible for selling an alarm system also has the responsibility for its installation. We gain several operational benefits from the sales-installer model, including reduced costs by combining the roles of salesperson and installer. Moreover, our sales-installers have a more comprehensive knowledge of the benefits and technical details of our offerings and their know-how and ability to deliver an effective security system lends credibility to themselves as sales-installers and to our product offerings. From the sales-installer’s perspective, combining the sales and installer roles generates more income for the sales-installer and increases the sense of accountability among our sales force, further fostering a customer service oriented culture and enhancing the sales and service experience for our customers.

In the partner model, we cooperate with local entrepreneurs who sell, install and manage the ongoing customer service within their designated geographic area. The appropriate sales and service model for each market has been selected on the basis of local market characteristics. We predominantly use the partner model in Sweden and, partly, in Norway, Finland and Denmark, (although in Denmark, technical maintenance and customer support is performed by subcontractors). In Spain, Portugal, France and Chile, we primarily use our own employees to attract new customers.

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

We design our marketing strategy to support our field sales and to grow our brand awareness. These efforts often include local TV advertisements, online marketing and cooperation with local companies (for example, utility and insurance companies). Online marketing is an increasingly important component of our marketing strategy, as our websites provide information about our products and services and enable potential customers to book a sales and qualification visit by one of our sales-installers. Further, we work with various alliance partners, including insurance companies and banks, in most of our markets to generate leads and increase awareness of professionally monitored alarm services among families and small business owners.

Product Offerings and Product Strategy

We believe that the more user friendly, functional and integrated into our customers' daily lives our products are, the more likely our customers are to retain our services over the long term. Our product strategy combines what we believe to be superior services with advanced technology. Accordingly, we have five key goals:

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

A typical new alarm installation would consist of the following:

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

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

The control panel for our products uses two-way radio. As an alternative to a security code, the alarm can be activated or deactivated using a smart key. These devices are securely linked to our central monitoring station and can also be accessed from the internet via our web-based MyPages application as well as from customers' smartphones using our Verisure App. With these applications, customers can, for example, activate and deactivate their alarm systems, receive the status of the alarm, remotely unlock doors and control other home automation functions through their personal devices, including smartphones.

By bundling services and establishing partnerships with companies in complementary segments, we have begun extending some our core services in the context of the "connected home." For instance, through alliances with companies like ASSA ABLOY, Panasonic and Anticimex, we have begun offering digital locks, lighting and electrical devices and indoor climate supervision.

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

The majority of our small business installations use the same wireless platform that we use in our residential alarms, but with added functionality, such as access control and video capture. Our small business installations also offer more customized solutions, including product peripherals that can be mixed and matched to meet the needs of each customer.

Funding Our Growth Together – Cost Savings Initiative

In July 2015, we began implementing our first group-wide operational improvement plan, FOG, with the aim of optimizing our cost structure and improving productivity. This board and management-approved cost savings program seeks to leverage our scale and share proven best practices across our global footprint, thereby reducing costs and improving our margins. In early 2015, we launched an in-depth diagnostic of our group-wide cost profile and identified overall initial savings potential through the course of developing detailed savings initiatives, targets and implementation schedules for each country. Management estimates that approximately 327 million of savings can be achieved by the end of the second quarter of 2016, with the full program targeting over twice such amount to be realized by 2018. Since July, we have been implementing three categories of initiatives:

- ***Portfolio Operations:*** Approximately 62% of the FOG initiatives that we intend to implement relate to our portfolio operations, where we seek to generate the highest proportion of cost savings. The initiatives we intend to implement in this category are aimed at: lowering maintenance costs by focusing on automation, improving product quality, introducing refurbished products and reducing the number of maintenance visits; focusing on improving call-center operations and expanding customer self-service; and lowering the total number of call-outs (i.e., dispatching guards to customers). The operational teams in each country have developed initiatives based on their own experiences as well as the insights gained from cross-country sharing of best practices.
- ***Direct Spend:*** Approximately 22% of the FOG initiatives we intend to implement are aimed at lowering our direct spend by renegotiating prices for our core products with our main suppliers, implementing technological insights gained from our analysis of our competitors' products, and optimizing our manufacturing supply chain. We are also implementing technical optimizations based on a full teardown of all our major products as well as those of our competitors. We have also identified cost savings potential associated with switching to lower cost suppliers in other European countries.
- ***Procurement and Indirect Spend:*** Approximately 16% of the FOG initiatives we intend to implement are aimed at reducing our indirect spend, primarily through the implementation of professional procurement practices across our global footprint (including the establishment of a group-wide procurement function), leveraging our purchasing scale in negotiations with vendors and lowering costs associated with our car fleet, telecom services and office IT costs.

We have tested the applicability of almost all of our cost savings initiatives by implementing them in the daily operations of one or two of the countries in which we operate. Implementation in each country is monitored by top management and is driven by local experts, with stringent KPI tracking (e.g. share of automation, visits per customer, average handling time per call and share of first-time fixes/resolution), regular follow-up meetings and reporting to top management.

Successful realization of our anticipated cost savings is subject to a number of assumptions. See "*Risk Factors—Risks Related to Our Business and Industry—We are subject to increasing operating costs and inflation risk which may adversely affect our earnings, and we may not be able to successfully implement our comprehensive cost savings program, FOG*."

Branding

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

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

In 2009, we developed the proprietary Verisure brand to complement Securitas Direct as part of our long-term branding strategy. In the long term, we plan to continue developing our Verisure brand to be associated with cutting-edge, user-friendly technology that can seamlessly integrate with a customer's other hardware. This approach is characterized by our development of the MyPages web application and Verisure App for smartphones. Our goal is for Verisure, with its brand and technological capabilities, to provide us a competitive advantage in the relevant markets in which we compete. We position Verisure alongside Securitas Direct so that our customers equate Verisure with the same quality offerings as Securitas Direct.

Regulation

Our operations are subject to a variety of laws, regulations and licensing requirements in the markets in which we operate. Thus, most regulations we encounter are country or municipality specific regulations. We do, however, encounter country or local regulations that apply specifically to the alarm industry in all the markets in which we operate.

Sales and Marketing

Some jurisdictions regulate the method of retail sales by restricting door-to-door sales, cold-calls or direct mailing. With the exception of Swedish legislation regulating when unsolicited sales-based emails may be sent, we do not currently encounter these regulations in our largest markets, such as Spain, Sweden, France, Portugal and Norway. However, Denmark does prohibit door-to-door sales. In this market, we have had to alter our sales approach to rely more on advertising our products in public forums. Additionally, other markets, such as Spain and Sweden, may in the future seek to introduce these sorts of regulations. If we continue to encounter these regulations, it may require us to change our sales approach with potential customers. See "*Risk Factors—Risks Related to Our Business and Industry—Our business operates in a regulated industry, and noncompliance with regulations could expose us to fines, penalties and other liabilities and negative consequences*." All of our markets also have regulations protecting consumers in their dealings with a company's sales force. Typically these regulations may either provide a customer with a guaranteed trial period or limit the length of a contract that a customer may sign.

Alarm Verification

We are subject to regulations covering the dispatching of emergency personnel and false alarms. An increasing number of local governmental authorities have adopted laws, regulations or policies aimed at reducing the perceived costs to them of responding to false alarm signals. For example, in France police will only respond to an alarm they have been forwarded once that alarm has been verified. Spain, our largest market, has recently enacted a ministerial order requiring that alarms be verified either through video, audio or personal verification steps. Otherwise, emergency personnel will not respond unless three sequential alarms are triggered within 30 minutes. If emergency personnel are dispatched to a false alarm, some jurisdictions allow for penalties to be imposed on either the alarm owner or the alarm provider. In France, police are allowed to penalize the alarm provider for a false alarm that has been forwarded. Likewise, in Spain, emergency responders have discretion to impose penalties for frequent false alarms as high as 330,000 per incident. These changes will require security alarm providers to use third-party guard services to verify alarms, install new monitoring equipment or upgrade existing equipment, and as a result we incurred additional expenditures during 2011 and 2012, which were in part passed on to our customers. See "*Risk Factors—Risks Related to Our*

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

Monitoring

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

Equipment and Installation

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

Employees and Pension Obligations

As of December 31, 2014, we had a total of 7,947 employees, of which approximately 42% were located in Spain. After Spain, the highest concentrations of employees were in France and Sweden, with 16% and 7% of our employees, respectively. In Sweden and, to a lesser extent, Norway, Finland and Denmark, we work closely with partners to sell and install our products instead of using our own employees.

Our employees in Norway, Denmark, Sweden, France, Belgium and the Netherlands have a pension plan, whereas our employees in Chile, Brazil, Spain, Portugal, Italy, UK, Finland and Peru do not. We offer both defined contribution and defined benefit pension plans. Defined contribution plans are post-employment benefit schemes under which we pay fixed contributions into a separate legal entity and have no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period. Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For these plans, amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings or years of service. All pension plans in foreign units are classified as defined contribution plans. All pension liabilities in Sweden are classified as defined contribution plans, except pensions for office-based staff which are through a national multi-employer pension plan, which is funded in the same manner as a defined contribution plan. The level of contribution is dependent upon, among other things, the level of employee participation and salaries in each country.

Our Facilities

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

Location	Approximate Area (square meters)	Use of Facility
Malmö, Sweden	3,000	Global headquarters and R&D center
Madrid, Spain	13,700	Monitoring center and R&D center
Paris, France	5,300	Monitoring center
Linköping, Sweden	4,600	Monitoring center
Oslo and Trondheim, Norway	3,700	Monitoring center
Köge, Denmark	2,300	Monitoring center
Lisbon, Portugal	2,000	Monitoring center
Sao Paulo, Brazil	2,000	Monitoring center
Rome, Italy	1,600	Monitoring center
Helsinki, Finland	1,100	Monitoring center
Santiago, Chile	1,100	Monitoring center
Brussels, Belgium	1,000	Monitoring center
Lima, Peru	450	Monitoring center

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

Insurance

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

Legal Proceedings

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

In December 2014, the Spanish tax authorities finalized an audit of the financial years 2008 to 2011. The tax cost for the finalized period, as well as the years ended December 31, 2012 and 2013, is 331.2 million and was provided for in our accounts for the 2014 financial year.

MANAGEMENT

Management of the Issuer

The Issuer is a public limited liability company organized under the laws of Sweden and is indirectly wholly owned by Topholding, which, following the completion of the Acquisition on October 21, 2015, is ultimately controlled by H&F through its shareholding and ability to appoint board members.

The Issuer has a board of directors composed of four directors. The directors are Austin Lally, Lars Nordmark, Stefan Goetz and Cecilia Hultén. The board is responsible for managing the Issuer in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meetings. The principal functions of the board are to carry out the day-to-day business of the Issuer and to legally represent the Issuer in its dealings with third parties. Austin Lally is the managing director of the Issuer. The managing director does not have any additional voting rights.

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

Name	Age	Position
Austin Lally	49	Chief Executive Officer, Director
Lars Nordmark	49	Chief Financial Officer, Deputy CEO, Director
Luis Gil	54	President of Expansion, Acquisitions and Business Development
Antonio Anguita	49	President of Iberia and Latin America
Olivier Allender	46	General Manager France, Belgium and the Netherlands
Marta Panzano	38	Chief Human Resources Officer
Benedict O'Halloran	49	Chief Legal Officer
Erwin Wieffering	43	Chief Marketing Officer
Mattias Ringqvist	43	General Manager Sweden and Finland
Tore Staveland	48	General Manager Norway and Denmark
Cecilia Hultén	51	Group Financial Controller, Director
Stefan Goetz	44	Director
Philip Sternheimer	36	Director

Lars Nordmark, our current Chief Financial Officer, will be transitioning from the company by mutual agreement during the first quarter of 2016. We have launched a search process for a new Chief Financial Officer and anticipate a smooth transition.

Austin Lally joined our company as Chief Executive Officer on August 1, 2014. Mr. Lally was previously at Procter & Gamble, where he spent 25 years building and growing leading consumer businesses in Europe, the US and Asia. Most recently, Mr. Lally acted as President of Global Braun and Appliances and was a member of the company's Global Leadership Council. Mr. Lally holds a Bachelor of Science from the University of Glasgow.

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

Luis Gil has served as the President of Expansion, Acquisitions and Business Development since 2014. Mr. Gil joined our company in 1993 and established our business in Spain in 1993, in Portugal in 2001 and Chile in 2009. Prior to joining our company, he worked with Esabe Ingeniería de Seguridad SA, where he served as President. Mr. Gil holds a Master's degree in Industrial Engineering.

Antonio Anguita joined the company as Managing Director for Spain in 2013. Before joining the company, he was a partner and co-founder of Alana Partners, a start-up incubator and accelerator based in Madrid. Prior to this, Mr. Anguita was responsible for all the fixed line and internet services activities at Orange worldwide. He has also held various senior positions at France Telecom Spain, Hewlett Packard and McKinsey & Co. Mr. Anguita holds a Bachelor of Arts and Political Science from Brown University and a Masters of Business Administration from Harvard University.

Olivier Allender joined the company as Managing Director for France in 2012. Prior to joining the company he was Commercial Director at Cofidis France from 2007 to 2012. He has also acted as General Manager for CBB-Paris, a subsidiary of the l'Oréal Group, in the US and Japan and has held various senior positions in the direct marketing industry in France and Germany.

Marta Panzano joined the company as Chief HR Officer in 2014. Prior to joining the company, Ms. Panzano acted as HR Director for Orange Spain. Previously, she led the Human Resources team for CEMEX in Spain, Mexico and Australia. Ms. Panzano has also held various positions at BCG and Hewlett Packard relating to finance and strategy. Ms. Panzano has a Bachelor's degree from the Colegio Nuestra Senora del Recuerdo and a degree in Business Administration and Economics from the Universidad Carlos III Madrid. She also attended various courses at Stanford University and Harvard University.

Benedict O'Halloran joined the company as group Chief Legal Officer in 2015. Prior to joining the company, Mr. O'Halloran was a partner at Jones Day LLP. Before this, he acted as General Counsel with respect to European transactions at General Electric from 2003 until 2014. Mr. O'Halloran is a member of the Law Society of England & Wales and the Law Society of Upper Canada and holds a Bachelor's degree from Harvard University and a Master of Business Administration from INSEAD and a L.L.B from Dalhousie University.

Erwin Wieffering joined our company as Chief Marketing Officer in 2015. For the last 18 years, Mr. Wieffering has worked for Gillette and Proctor & Gamble specializing in marketing and commercial management. Mr. Wieffering holds a Bachelor's degree in Economics from the Haagsche Hoogeschool and a Master of Science in Business from Nijenrode University.

Mattias Ringqvist joined the company as Managing Director for Verisure Holding in Sweden in 2013. Prior to joining the company, he acted as head of the consumer division at Telenor Denmark from 2011 to 2013. Mr. Ringqvist has also acted as head of the mobile consumer business at Telenor Sweden and spent 13 years at McKinsey & Co in Scandinavia and the United States. Mr. Ringqvist holds a MSc. in Industrial Engineering and Management from Chalmers University of Technology and participated in the INSEAD Executive Management Course.

Tore Staveland joined the company as Managing Director for Norway in 2009 after serving as divisional director at ISS from 2001 to 2009. Prior to this, he held various leadership positions in the Norwegian Army. Mr. Staveland graduated from the Military Academy in 1994.

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

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

Philip Sternheimer joined H&F in 2007. He is active in H&F's investment in our company and was previously active in H&F's investment in Goodman Global, Inc. Prior to joining H&F, Mr. Sternheimer was employed by BC Partners in Hamburg and worked as a management consultant at Bain & Company in Boston and New York. Mr. Sternheimer holds a Bachelor of Science from the Wharton School of the University of Pennsylvania.

Board Committees

Audit Committee

The primary function of the Audit Committee is to monitor the company's financial reporting, internal controls and risk management. The audit committee is required to hold at least three meetings per year, which are attended by the CFO, the CEO and the company's external auditors. The Audit Committee held four meetings during 2014, the chief focus of which was the review of reports delivered by the company's external auditors as well as accounting, tax matters and internal controls. Stefan

Goetz is a member of the Audit Committee and meetings are attended by Philip Sternheimer, Austin Lally, Lars Nordmark, Fredrik Östman and Cecilia Hultén.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the board regarding the Group's framework for executive remuneration and the accompanying costs, reviewing and determining, on behalf of the supervisory board, the remuneration and incentive packages of Group Management to ensure that they are appropriately rewarded for their individual contributions to the Group's overall performance, and formulating the remuneration policy with respect to strategic objectives and operational performance of the Group. The members of the Remuneration Committee are Stefan Goetz, Austin Lally and Marta Panzano.

Executive Compensation

Our executive compensation program has the following objectives:

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

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

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

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

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

Equity Ownership Plans and Incentive Awards. In connection with the Acquisition, the Sponsor entered into the Subscription and Securityholders' Agreement (the "SSA") with certain members of management (the "Executives" and together with H&F, the "Investors") and our indirect parent companies. The SSA provides, among other things, for the subscription of securities by the Executives or entities acting on their behalf (such securities being the "Executive Securities") and the ability of H&F Newco, an indirect parent company of the Issuer or its designee to repurchase such Executive Securities if the Executive is no longer employed or engaged by a group company. Executive Securities include approximately €2,050 million in aggregate subscription amount of preference shares and €27 million in aggregate subscription amount of Class A Shares. The SSA provides certain restrictions on transfers of Executive Securities. Pursuant to the SSA, the holders of Executive Securities receive customary pre-emptive rights as well as tag-along rights entitling each such holder to participate in a transfer of securities by the Sponsor, other than certain specified transfers. Under the SSA, the Sponsor may require the holders of Executive Securities to participate in certain transfers by the Sponsor by transferring an equivalent proportion of their Executive Securities. In addition, we may grant certain members of management securities that allow such managers to subscribe for (in aggregate) up to 10% of the ordinary share capital of H&F Newco.

The above-referenced management incentive arrangements are designed to promote our interests by providing eligible persons with the opportunity to acquire a proprietary interest in us or one of our affiliates as an incentive for them to remain in our employment or service, as applicable. We anticipate that a portion of the awards will vest based on the length of such employees service.

PRINCIPAL SHAREHOLDERS

Following the completion of the Acquisition on October 21, 2015, H&F indirectly holds approximately 93% of the outstanding share capital of Dream Luxco, which indirectly holds all the outstanding equity interests in the Issuer. Members of our management team indirectly hold approximately 7% of our outstanding equity interests. See "*Management—Executive Compensation—Equity Ownership Plans and Incentive Awards.*" The directors of the Issuer who are affiliated with H&F may be deemed to beneficially own shares owned by entities affiliated with H&F. Each such individual disclaims beneficial ownership of any such share in which such individual does not have a pecuniary interest.

RELATED PARTY TRANSACTIONS

In addition to the management arrangements including the SSA described in "*Management,*" we are party to the following transactions with related parties.

Consulting Services Agreement and Transaction Services Agreements

Historically, we have been party to a consulting services agreement with Bain Capital and H&F (the "Consulting Services Agreement"), pursuant to which Bain Capital and H&F provided us with management and consulting services and financial and other advisory services. Pursuant to the Consulting Services Agreement, we paid Bain Capital and H&F an aggregate advisory fee of SEK 30 million per annum (which was split pro rata in accordance with the respective equity holding of each sponsor at such time) plus reimbursement for reasonable out-of-pocket expenses. For the year ended December 31, 2014, this advisory fee amounted to €4.5 million.

We were also party to a transaction services agreement and an advisory agreement (the "Transaction Services Agreements") with Bain Capital and H&F pursuant to which we received certain advice and services related to transaction-specific functions.

There are currently no plans to renew or otherwise continue these arrangements going forward.

Existing Shareholder Funding Instruments

In connection with the acquisition of our business by Bain Capital and H&F, in 2012, the Issuer issued 45,000,000,000 preferred equity certificates subscribed by Holdco.

In connection with the Transactions, all of such preferred equity certificates were repaid in full on the Completion Date. See "*Use of Proceeds*" and "*Capitalization.*"

DESCRIPTION OF CERTAIN INDEBTEDNESS

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

Private Senior Notes

On the Completion Date, Cayman 1 issued €700 million (equivalent) in aggregate principal amount of floating rate senior notes due 2023, of which €400 million are denominated in euro ("Euro Private Senior Notes") and € 300 million (equivalent) are denominated in Swedish krona ("SEK Private Senior Notes" and, together with the Euro Private Senior Notes, the "Private Senior Notes"). Upon consummation of the Transactions on the Completion Date, Cayman 1 assigned the proceeds of the Private Senior Notes to Holdco and Holdco assumed all of Cayman 1's obligations under the Private Senior Notes and the Private Senior Notes Indenture.

In connection with the Transactions, the proceeds of the Private Senior Notes were on-lent to the Issuer by way of the Private Senior Notes Proceeds Loan.

The Private Senior Notes benefit from security interests ranking behind the security interests granted in favor of the lenders under the Senior Credit Facilities and the security interests that will be granted in favor of the holders of the Notes over (i) the Private Senior Notes Proceeds Loan (as well as any other receivable from Holdco to the Issuer or its subsidiaries, if any) and (ii) the shares of capital stock of the Issuer. The Private Senior Notes benefit from guarantees granted by the Issuer and its subsidiaries that guarantee the Notes and the Senior Credit Facilities, in each case, on a senior subordinated basis.

The interest on the Private Senior Notes is payable quarterly in arrears. The Private Senior Notes will mature on October 21, 2023. The interest on the Private Senior Notes will be paid, at the option of Holdco, in cash or payment-in-kind, through the issuance of additional Private Senior Notes or by increasing the principal amount of such Private Senior Notes. Interest accrues at a rate of EURIBOR or STIBOR (subject to a 1% floor), as applicable, plus (i) 7.25% per annum (in the case of cash interest) and (ii) 8.00% per annum (in case of PIK interest). Holdco may not exercise the PIK toggle option more than four times (i.e. in more than four quarterly interest periods) and not in consecutive quarters.

Until October 20, 2017, the Private Senior Notes will only be callable at a make-whole premium calculated based on the applicable bund/Swedish Government bond rate plus 50 basis points. From October 21, 2017 to October 20, 2018, the Private Senior Notes will be callable at 104% of the principal amount thereof plus accrued interest. From October 21, 2018 to October 20, 2019, the Private Senior Notes will be callable at 102% of the principal amount thereof plus accrued interest. From October 21, 2019, the Private Senior Notes will be callable at par. In addition, prior to October 21, 2017, up to 40% of the original principal amount of the Private Senior Notes may be redeemed from the proceeds of certain public equity offerings by Holdco or a parent of Holdco at a redemption price equal to the lesser of (i) par plus 100% of the coupon and accrued interest, if any, and (ii) the applicable call premium so long as at least 60% of the aggregate original principal amount of such Private Senior Notes remains outstanding.

Pursuant to the Private Senior Notes Indenture, Holdco and its restricted subsidiaries are required to observe certain covenants which are substantially similar in nature to the covenants set out under the Indenture. In addition, the Private Senior Notes Indenture includes, in addition to the fixed charge coverage ratio included in the Indenture, a consolidated leverage ratio for incurrence of ratio debt. In case of a change of control (including, among others, if all or substantially all of the properties or assets of Holdco and certain of its subsidiaries taken as a whole are sold, transferred or otherwise disposed of, or if any person acquires the majority of voting power of Holdco), holders of the Private Senior Notes have the right to require Holdco to repurchase all or any part of their Private Senior Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The Private Senior Notes Indenture contains events of default that are substantially similar to those set out in the Indenture, except that such events of default are also applicable to Holdco, as the issuer of the Private Senior Notes, in addition to the Issuer and its restricted subsidiaries.

The Private Senior Notes have been privately placed with certain investors. The Private Senior Notes have not and will not be registered under the Securities Act or any U.S. state securities laws. The Private Senior Notes may be listed on a recognized stock exchange.

Senior Facilities Agreement

"**Euro Term Loan Facility**": The €1,020 million term loan facility established under the Senior Facilities Agreement.

"**Group**": means the Issuer and each of its Restricted Subsidiaries for the time being.

"**SEK Term Loan Facility**": The SEK equivalent €280 million term loan facility established under the Senior Facilities Agreement.

"**Senior Term Loans**": The Euro Term Loan Facility and the SEK Term Loan Facility.

Overview and Structure

The Senior Facilities Agreement provides for (i) the Euro Term Loan Facility in a principal amount of €1,020 million and the SEK Term Loan Facility in a principal SEK equivalent amount of €280 million, both of which were drawn on the Completion Date and (ii) a Revolving Credit Facility in a principal amount of €300 million.

Although the Senior Facilities Agreement was originally entered into by Cayman 2, all rights and obligations of Cayman 2, including as borrower of the Senior Credit Facilities, were assumed by the Issuer on the Completion Date.

On the Completion Date, the Senior Credit Facilities as set out in the Senior Facilities Agreement were made available pursuant to which drawings under the Senior Term Loans were used to partially finance the Acquisition, pay Transaction fees and expenses and refinance the Existing Securitas Indebtedness, as set out under the caption "*—Use of Proceeds*."

The Revolving Credit Facility may be utilized by the Issuer (and certain wholly-owned restricted subsidiaries of the Issuer who accede as additional borrowers) in euro, U.S. dollars, pound sterling, Swedish krona, Norwegian krone and any other currency approved by the lenders under the Revolving Credit Facility, by the drawing of cash advances, the issuance of letters of credit and by way of ancillary facilities. Subject to certain exceptions and conditions, amounts under the Revolving Credit Facility that have been repaid or prepaid may be reborrowed. The Revolving Credit Facility may be used for the working capital and general corporate purposes of the Group including, directly or indirectly, financing any acquisitions or investments or refinancing certain financial indebtedness of the Group or of any acquisition target which is owed to third parties and all fees, costs and expenses related thereto.

The Issuer may add one or more facilities either as new facilities or tranches under the Senior Facilities Agreement or under separate agreements up to an aggregate amount which does not exceed the sum of €200 million and an unlimited amount by reference to a senior secured net leverage ratio and a fixed charge cover ratio (in each case calculated pro forma for the incurrence of such indebtedness) in accordance with the terms of the Senior Facilities Agreement, plus an amount equal to all voluntary prepayments of any of the Senior Credit Facilities. The additional facilities may be guaranteed, secured or unsecured and may rank *pari passu* or junior to the Senior Credit Facilities.

The Senior Facilities Agreement provides that subject to certain conditions, certain creditors of secured and/or unsecured indebtedness will be required to accede to the Intercreditor Agreement.

The Revolving Credit Facility may be utilized from the date of the Senior Facilities Agreement until the date which is one month prior to the maturity date applicable to the Revolving Credit Facility.

Maturity and Repayment Requirements

The Revolving Credit Facility matures on the date falling six years after the Completion Date and the Senior Term Loans mature on the date falling seven years after the Completion Date.

Each advance of the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to rollover cash drawings. All outstanding amounts under the Senior Credit Facilities must be repaid in full on or prior to the maturity date for the relevant Senior Credit Facility.

Interest and Fees

As of the date of this offering memorandum, loans under the Senior Term Loans and the Revolving Credit Facility bear interest at rates per annum initially equal to (a) 4.25% plus EURIBOR in respect of the Euro Term Loan Facility, (b) 4.25% plus STIBOR in respect of the SEK Term Loan Facility and (c) 3.75% plus EURIBOR, LIBOR, STIBOR or NIBOR, as applicable, in respect of the Revolving Credit Facility that, in each case, following a period of at least 12 months from the Completion Date, will be subject to margin ratchet step downs based on the Group's senior secured net leverage ratio as set out in the Senior Facilities Agreement.

In respect of loans under the Euro Term Loan Facility, the EURIBOR element of the interest calculation shall be determined as the higher of EURIBOR and 1.00% per annum. In respect of loans under the SEK Term Loan Facility, the STIBOR element of the interest calculation shall be determined as the higher of STIBOR and 1.00% per annum. If EURIBOR or where applicable LIBOR, STIBOR or NIBOR is less than zero, EURIBOR, LIBOR, STIBOR or NIBOR (as applicable) shall be deemed to be zero in respect of loans under the Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) the Completion Date to (and including) the last day of the availability period for the Revolving Credit Facility. The commitment fee is equal to 35% of the margin applicable at that time, and is payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date on which a lender's commitment is cancelled.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Senior Facilities Agreement and/or the Intercreditor Agreement, arrangement fees to the arrangers, and fronting fees to the issuing bank under the Senior Facilities Agreement and letter of credit fees to the lenders in an amount equal to the margin of the Revolving Credit Facility with respect to an issuance of a letter of credit.

Borrowers and Guarantors

The borrower under the Senior Term Loans is the Issuer. The original borrower under the Revolving Credit Facility is the Issuer but the Senior Facilities Agreement includes a mechanism to enable any of the Issuer's wholly owned restricted subsidiaries in Norway, Sweden, Spain, France, the U.K. or otherwise with the consent of all of the lenders under the Revolving Credit Facility, to accede as an additional borrower under the Revolving Credit Facility, subject to certain conditions.

The Senior Credit Facilities are guaranteed by Holdco and the Issuer and, not later than 90 days after the Completion Date, will be guaranteed on a senior basis by Securitas Direct, Verisure Sverige AB, Securitas Direct Sverige AB, Verisure AS, Verisure Holding AS, ESML SD Iberia Holding S.A.U, Securitas Direct España, S.A.U, Securitas Direct Portugal Unipessoal Lda and Securitas Direct S.A.S. (together with any members of the Group that accede to the Senior Facilities Agreement as additional guarantors, the "Guarantors").

If any of the Issuer's restricted subsidiaries (i) is or becomes a Material Company under the Senior Facilities Agreement or (ii) any Material Company is acquired, such Material Company shall, subject to the Agreed Security Principles, become a guarantor of the Senior Facilities Agreement and shall grant security and shall accede to the Intercreditor Agreement, in each case as soon as reasonably practicable and no later than the date falling 90 days after the Completion Date and thereafter no later than the date falling 45 days after the delivery of the annual financial statements (as relevant), in the case of (i) above, and no later than the date falling 90 days after the completion of the relevant permitted acquisition in the case of (ii) above. The Issuer shall also ensure that, subject to the Agreed Security Principles, after the date falling 90 days after the Completion Date (tested by reference to the Original Interim Financial Statements under the Senior Facilities Agreement) and thereafter tested quarterly by reference to the relevant quarterly or annual financial statements of the Issuer (as relevant) and accompanying compliance certificate, the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA is calculated under the Senior Facilities Agreement) of the Guarantors and the aggregate gross assets of the Guarantors (in each case calculated on an unconsolidated basis and excluding all intra-group items and investments in subsidiaries) represents not less than (i) 80% of Consolidated EBITDA and (ii) 80% of the consolidated gross assets of the Group respectively (the "Guarantor Coverage"). As a condition to a third party disposal, immediately following a third party disposal the Guarantor Coverage is required to be met (tested on a pro forma basis taking account of such disposition).

Security

The liabilities of the Group arising under the Senior Facilities Agreement are and will be secured by the Collateral.

Representations and Warranties

The Senior Facilities Agreement contains certain customary representations and warranties, subject to certain agreed customary materiality, actual knowledge and other qualifications, exceptions and baskets as applicable (with certain representations and warranties being repeated on the date of each utilization, on the first day of each interest period and at certain other times), including: (i) status and due incorporation; (ii) power and authority; (iii) legal, valid and binding documentation; (iv) no conflict; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) insolvency; (viii) no filing or stamp taxes; (ix) taxation; (x) no default; (xi) no breach of laws; (xii) the accuracy of financial statements; (xiii) no litigation; (xiv) compliance with environmental laws; (xv) intellectual property; (xvi) the accuracy of Group structure chart; (xvii) pensions; (xviii) insurance; (xix) good title to assets; (xx) legal and beneficial ownership; (xxi) shares fully paid up; (xxii) centre of main interests and establishments; (xxiii) money laundering, sanctions and anti corruption; and (xxiv) information memorandum and base case model.

Undertakings and Covenants

The Senior Facilities Agreement contains certain of the incurrence covenants, information undertakings and related definitions (with, in each case, certain adjustments) that apply to the Notes, including: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on liens; (iv) restrictions on distributions from Restricted Subsidiaries; (v) limitations on sale of assets and Subsidiary stock; (vi) limitation on affiliate transactions; (vii) merger and consolidation; (viii) suspension of covenants on achievement of investment grade status; (ix) impairment of security interests; (x) additional facility guarantees; (xi) additional intercreditor agreements; (xii) business activities; and (xiii) limitation on holding company activities. In addition, the Senior Facilities Agreement also contains certain additional affirmative and negative covenants and a financial covenant. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions and baskets (as applicable).

Additional Covenants

The additional covenants include, among others: (i) provision of a compliance certificate with each set of the Issuer's annual audited and quarterly financial statements; (ii) maintenance of the Guarantor Coverage; (iii) authorizations; (iv) compliance with laws; (v) preservation of assets; (vi) pari passu ranking; (vii) further assurance; (viii) sanctions; and (ix) no change of "centre of main interest"; and (x) obtaining and maintaining a corporate rating.

Financial Covenant

Solely for the benefit of the lenders participating in the Revolving Credit Facility, if on a testing date the aggregate amount of utilizations under the Revolving Credit Facility exceeds 33⅓% of the total commitments under the Revolving Credit Facility on the Completion Date (the "Revolving Test Condition") (for these purposes, only (i) the outstanding principal amount of loans under the Revolving Credit Facility, (ii) all issued and outstanding letters of credit (and ancillary outstandings in respect of guarantees, bonds and letters of credit issued and outstanding under an ancillary facility) under the Revolving Credit Facility (to the extent the same have not been cash collateralised), less €20 million (provided the remainder shall never be less than zero); and (iii) the outstanding principal amount of all loans drawn under any ancillary facility, shall be taken into account in determining whether the Revolving Test Condition has been met), the Senior Facilities Agreement also requires compliance with a leverage ratio (consolidated net leverage to portfolio services adjusted EBITDA), which ratio is set at 7.10:1 for the quarter ending March 31, 2016 and steps down in equivalent increments to 5.00:1 for the quarter ending December 31, 2017 and thereafter.

The Senior Facilities Agreement contains an equity cure provision enabling the shareholders of the Issuer to make shareholder injections by way of debt and/or equity to the Issuer (via Holdco) to (i) increase the consolidated adjusted EBITDA under the Senior Facilities Agreement or (ii) prepay the Revolving Credit Facility so that the Revolving Test Condition is no longer satisfied. The equity cure right may not be exercised on more than five occasions during the term of the Senior Credit Facilities and may not be utilized in consecutive quarters.

Prepayments

Upon a change of control under the Senior Facilities Agreement, each lender under the Senior Facilities Agreement will have the right to require prepayment of all or, if the relevant lender so elects, any part of the principal amount of such lender's utilizations, together with accrued interest, and any other amounts accrued under the Senior Facilities Agreement and the related finance documents.

Additional mandatory prepayments of the Senior Term Loans are required to be made out of, among other things, the following proceeds received by the Group:

- net cash proceeds in relation to certain disposals and insurance claims, to the extent that such net cash proceeds exceed certain agreed thresholds and subject to various exclusions; and
- net proceeds from a listing subject to step-downs in the required percentage of such listing proceeds to be prepaid based on the ratio of consolidated net leverage to consolidated EBITDA at that time.

A percentage of excess cash flow generated by the Group during each financial year will (commencing with the first full financial year following the Completion Date) be applied in prepayment of the Senior Term Loans subject to step-downs in the required percentage of excess cash flow to be prepaid based on the ratio of consolidated senior secured leverage to consolidated EBITDA at that time.

A borrower may voluntarily prepay amounts outstanding under the Senior Credit Facilities, without penalty or premium (other than in the case of any prepayment of the Senior Term Loans within the first six months after the Completion Date which (subject to certain exceptions) shall be subject to a prepayment fee in accordance with the terms of the Senior Facilities Agreement), at any time in whole or in part, subject to agreed minimum amounts and multiples, on not less than three business days' notice to the agent.

Events of Default

The Senior Facilities Agreement provides for events of default, the occurrence and continuance of which would allow, unless otherwise indicated below, the majority (being 66⅔%) of the lenders by commitment under the Senior Credit Facilities to (among other things) accelerate all outstanding loans and terminate their commitments, including (subject in certain cases to customary materiality, actual knowledge and other qualifications, exceptions, baskets and/or grace periods, as appropriate). The Senior Facilities Agreement provides for the following events of default: (i) breach of financial covenant (subject to certain equity cure rights and provided further that in the event of such breach only a majority (being 66⅔%) of the lenders by commitment under the Revolving Credit Facility may be entitled to take enforcement action); (ii) misrepresentations; (iii) cross default to certain indebtedness; (iv) unlawfulness, invalidity, rescission and repudiation of finance documents; (v) breach of the Intercreditor Agreement; (vi) non payment of amounts due under the finance documents; (vii) non-compliance with other obligations under the finance documents; (viii) insolvency and insolvency proceedings; and (ix) cross default in respect of interest payments on the Notes.

Governing Law

The Senior Facilities Agreement and any non contractual obligation arising out of or in connection with it are governed by, and shall be interpreted in accordance with, English law although the restrictive covenants, the information undertakings and the events of default, which are scheduled to the Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with such schedules, shall be interpreted in accordance with the laws of the State of New York (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Senior Secured Notes Issuer (as defined below), the Senior Issuer (as defined below) and each of the Guarantors (together with any Subsidiary of the Issuers which accedes to the Intercreditor Agreement as a debtor, (the "Debtors" and, for the purposes of this section, the Issuers and their Restricted Subsidiaries are hereinafter referred to as the "Group") and together with any members of the Group that provide any financial accommodation to a Debtor or Debtors in excess of a *de minimis* amount and/or subject to other exceptions (the "Intra-Group Lenders") have entered into the Intercreditor Agreement with, among others, the Security Agent, the Trustee, the lenders under our Senior Credit Facilities and the facility agent under our Senior Credit Facilities ("Senior Agent"). The Intercreditor Agreement is governed by English law and sets out, among other things, the turnover provisions, the relative ranking of certain debt of the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that debt and the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events.

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions contained in the Intercreditor Agreement which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the holders of the Notes.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Debtors to creditors under the Senior Credit Facilities, the Notes and certain hedging obligations (the creditors of such hedging obligations, the "Hedge Counterparties"), any holders of Senior Notes (the "Senior Notes") as may be issued from time to time by Holdco (the "Senior Notes Issuer") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- *first*, the liabilities owed to the lenders, issuing banks and ancillary lenders under the Senior Credit Facilities (each a "Senior Lender" and such liabilities the "Senior Lender Liabilities"), the liabilities owed to the holders of the Senior Secured Notes (and together with liabilities owed under any high yield notes, exchange notes, securities or other debt instruments (not being the Senior Secured Notes) or any facility agreement (not being the Senior Credit Facilities) which are permitted to rank *pari passu* to the Senior Secured Notes, the "Senior Secured Notes Liabilities" and the noteholders and, as applicable, lenders to whom such Senior Secured Notes Liabilities are owed, the "Senior Secured Noteholders," and the Senior Secured Notes Trustee(s) and any other trustee or facility agent which accedes to the Intercreditor Agreement in connection with the issue of new Senior Secured Notes or the entry into such facility agreement, the "Senior Secured Notes Trustee(s)"), the liabilities in relation to certain permitted hedging (the "Hedging Liabilities") and amounts due to the Senior Secured Notes Trustee(s), to any trustee in respect of the Senior Notes (the "Senior Notes Trustee"), to the Senior Agent and the Security Agent (the "Agent Liabilities") *pari passu* and without any preference between them;
- *second*, the liabilities in relation to the Senior Notes (the "Senior Notes Liabilities") *pari passu* between themselves and without any preference between them;
- *third*, the liabilities owed by the Debtors to the Intra-Group Lenders excluding the Parent Liabilities (as defined below) (the "Intra-Group Liabilities"), the liabilities owed by the Senior Secured Notes Issuer to the Senior Notes Issuer (including any liabilities owed to Holdco from the Senior Secured Notes Issuer in respect of any proceeds loan borrowed by it in relation to any issuance of Senior Notes ("Senior Proceeds Loan Liabilities")) (the "Parent Liabilities") *pari passu* between themselves and without any preference between them; and
- *fourth*, the liabilities owed to any investor or any affiliate or an investor which is not a member of the Group by any Debtor (but excluding any amounts due to an affiliate of an investor which is not

a member of the Group in the ordinary course of trade) (the "Investor Liabilities") *pari passu* between themselves and without any preference between them,

save that in respect of liabilities owed by the Senior Notes Issuer to the Primary Creditors (being creditors of the liabilities ranked first and second above), the arrangers under the Senior Credit Facilities, the Senior Agent, the Intra-Group Lenders and the Investors:

- *first*, the Senior Lender Liabilities, the Agent Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities, amounts due to the Trustee and the Senior Notes Liabilities shall rank *pari passu* between themselves and without any preference between them; and
- *second*, any Investor Liabilities and the Intra-Group Liabilities shall rank *pari passu* between themselves and without any preference between them.

Priority of Security

The security shall rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

Prior to the date on which all Senior Lender Liabilities with respect to all term facilities under the Senior Credit Facilities have been fully and finally discharged (but where the Senior Lender Liabilities continue to exist with respect to the Revolving Credit Facility) (the "Senior Term Lender Discharge Date"):

- *first*, the Agent Liabilities, the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Hedging Liabilities *pari passu* and without any preference between them; and
- *second*, to the extent of any Senior Notes shared security, the Senior Notes Liabilities; and

on and from the Senior Term Lender Discharge Date:

- *first*, the Agent Liabilities, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities in respect of interest rate and cross currency risks in relation to any of the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Senior Notes Liabilities ((the "Super Senior Hedging Liabilities") and the Hedging Liabilities which are not Super Senior Hedging Liabilities (the "*Pari Passu* Hedging Liabilities") *pari passu* and without any preference between them; and
- *second*, the Senior Notes Liabilities.

Intra-Group Liabilities and Parent Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities and the Parent Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

Investor Liabilities

The Intercreditor Agreement provides that the Investor Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors, the Parent Liabilities and the Intra-Group Lenders.

Restrictions Relating to the Senior Secured Notes

The Debtors may make payment in respect of the Senior Lender Liabilities and the Senior Secured Notes Liabilities (other than Hedging Liabilities) at any time in accordance with the provisions of the applicable documents governing the terms of the Senior Lender Liabilities (the "Senior Finance Documents") and the Senior Secured Notes Liabilities (the "Senior Secured Notes Finance Documents").

The Intercreditor Agreement provides that the terms of the Senior Secured Notes Finance Documents may not be waived or amended without the consent of the Majority Senior Lenders (under and as defined in the Senior Credit Facilities) if such amendment or waiver would conflict with the provisions of the Intercreditor Agreement or create a Default or Event of Default under (and as defined in) the relevant Senior Secured Notes Finance Document with respect to any action or event that is permitted under the Intercreditor Agreement.

Security and Guarantees: Senior Secured Creditors

The Senior Lenders and the Senior Secured Noteholders may take, accept or receive the benefit of:

- any security from any member of the Group in respect of the Senior Lender Liabilities or the Senior Secured Note Liabilities in addition to the shared security if and to the extent legally possible and subject to certain agreed security principles, the other senior secured parties already benefit from such security or, at the same time, it is also offered either:
- to the Security Agent as agent or trustee for the other senior secured parties in respect of their secured obligations; or
- in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the other senior secured parties:
  - to the other senior secured parties in respect of their secured obligations; or
  - to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the other senior secured parties,

  and ranks in the same order of priority as set out under the caption "*—Priority of Security*," provided that all amounts received by any Senior Lenders, any Hedge Counterparty and the Senior Secured Noteholders (together, the "Senior Secured Creditors") with respect to such security are immediately paid to the Security Agent and held and applied in accordance with the provisions set out under the caption "*—Application of Proceeds*"; and
- any guarantee, indemnity or other assurance against loss from any member of the Group regarding the Senior Lender Liabilities or the Senior Secured Notes Liabilities in addition to those in:
  - the original form of the Senior Credit Facilities or the Indenture (and, for the purposes of this section "Indenture" shall include a reference to each indenture and, as the case may be, facility agreement, pursuant to which any Senior Secured Notes Liabilities are incurred);
  - the Intercreditor Agreement; or
  - any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the senior secured parties in respect of their senior secured liabilities,

  if and to the extent legally possible, and subject to certain agreed security principles, the other senior secured parties already benefit from such a guarantee indemnity or other assurance against loss or, at the same time, it is also offered to the other senior secured parties in respect of their liabilities and ranks in the same order of priority as set out under the caption "*—Ranking and Priority*" and all amounts received by any Senior Secured Creditor with respect to such security are immediately paid to the Security Agent and held and applied in accordance with the provisions set out under the caption "*—Application of Proceeds*."

This provision does not require any security or guarantee to be granted in respect of the Senior Notes Liabilities.

Restriction on Enforcement: Senior Lenders and Senior Secured Noteholders

The Intercreditor Agreement provides that the Senior Lenders and the Senior Secured Noteholders may not take any action to enforce the transaction security without the prior written consent of an Instructing Group (as defined below).

An "Instructing Group" means at any time:

- if the Senior Term Lender Discharge Date has not occurred, the Majority Senior Secured Creditors; and
- at any time on or after the Senior Term Lender Discharge Date and:
  (a) prior to the Senior Secured Discharge Date, the Majority Senior Creditors and the Majority Pari Passu Creditors, *provided* that, in relation to instructions relating to enforcement of the security securing the Senior Finance Documents, the Senior Secured Notes Finance

Documents, the documents governing the terms of the Senior Notes Liabilities (the "Senior Notes Finance Documents") and any hedging agreement entered into in relation to floating interest rate exposures or currency exposures as set out in the Intercreditor Agreement (the "Hedging Agreements") (the "Security"), the Instructing Group shall be the group of Primary Creditors entitled to give such instructions under the caption "*Instructions to Enforce—On or following the Senior Term Lender Discharge Date*"; and

(b) on or after the Senior Secured Discharge Date but before the Senior Notes Discharge Date, the Majority Senior Notes Creditors.

"Majority Pari Passu Creditors" means, on or after the Senior Term Lender Discharge Date, those Senior Secured Noteholders and Pari Passu Hedge Counterparties whose Pari Passu Credit Participations at any time aggregate more than 50% of the total Pari Passu Credit Participations at that time.

"Majority Senior Creditors" means, at any time, Senior Creditors whose Senior Credit Participations at any time aggregate more than 66⅔% of the total Senior Credit Participations at that time.

"Majority Senior Secured Creditors" means, at any time, Senior Secured Creditors whose Senior Secured Credit Participations at any time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

"Majority Senior Notes Creditors" means, those holders of Senior Notes whose Senior Notes outstanding at the time aggregate more than 50% of the total principal amount Senior Notes outstanding at that time (but not, in relation to instructions relating to enforcement of the Security, Senior Notes outstanding, in respect of any Senior Notes that do not receive the benefit of any guarantees or security).

"Pari Passu Credit Participations" means, on or after the Senior Term Lender Discharge Date (i) in relation to a holder of any Senior Secured Notes, the aggregate outstanding principal amount of the Senior Secured Notes held by it, if any and any outstanding principal amount of Senior Secured Notes Liabilities in respect of which it is the creditor, if any, (ii) in relation to a Senior Secured Noteholder in respect of any facility agreement (not being the Senior Credit Facilities) which is permitted to rank *pari passu* to the Notes, its drawn and undrawn commitments under such facility agreement and (iii) in relation to any Pari Passu Hedge Counterparty, amounts payable for terminated or closed out hedging obligations and amounts that would be payable in respect of hedging obligations if they were terminated or closed out at that time.

"Pari Passu Hedge Counterparty" means a Hedge Counterparty in respect of Pari Passu Hedging Liabilities.

"Senior Creditors" means (i) prior to the Senior Term Lender Discharge Date, the Senior Lenders and the Hedge Counterparties and (ii) on or after the Senior Term Lender Discharge Date, the Senior Lenders and the Super Senior Hedge Counterparties.

"Senior Credit Participations" means, (i) prior to the Senior Term Lender Discharge Date, drawn and undrawn commitments under the Senior Credit Facilities, amounts payable for terminated or closed out hedging obligations and amounts that would be payable in respect of hedging obligations if they were terminated or closed out at that time and (ii) on or after the Senior Term Lender Discharge Date, means drawn and undrawn commitments under the Senior Credit Facilities, amounts payable for terminated or closed out obligations under any hedging agreement constituting Super Senior Hedging Liabilities and amounts that would be payable in respect of those Super Senior Hedging Liabilities if they were terminated or closed out at that time.

"Senior Notes Discharge Date" means the first date on which all Senior Notes Liabilities have been fully and finally discharged.

"Senior Secured Creditors" means the Senior Secured Noteholders, the Senior Creditors and the Senior Secured Notes Trustee(s).

"Senior Secured Credit Participations" refers to Senior Credit Participations and, in relation to holders of Senior Secured Notes, the principal amount of outstanding Senior Secured Notes held.

"Senior Secured Discharge Date" means the date on which all of the Senior Secured Liabilities have been fully and finally discharged.

"Senior Secured Liabilities" means prior to the Senior Term Lender Discharge Date, the Senior Secured Notes Liabilities and the Senior Lender Liabilities and on and from the Senior Term Lender Discharge Date, the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Pari Passu Hedging Liabilities.

"Super Senior Discharge Date" means the date on which all of the Super Senior Liabilities have been fully and finally discharged.

"Super Senior Hedge Counterparty" means the Hedge Counterparties in respect of Super Senior Hedging Liabilities.

"Super Senior Liabilities" means following the Senior Term Lender Discharge Date, the Senior Lender Liabilities and the Super Senior Hedging Liabilities.

Option to Purchase Senior Liabilities and transfer Hedging Liabilities: Senior Secured Noteholders

Upon acceleration under the Senior Credit Facilities, the Senior Secured Notes or the Senior Notes, or enforcement of the transaction security, Senior Secured Noteholders may elect to purchase the lenders' liabilities under the Senior Credit Facilities for the amount that would have been required to prepay such liabilities on such date plus certain costs and expenses. Senior Secured Noteholders must also elect for the Hedge Counterparties to transfer their Hedging Liabilities to them at the same time in exchange 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.

Restrictions Relating to Senior Notes

Restriction on Payment and Dealings

The Intercreditor Agreement provides that, until the Senior Secured Discharge Date, except with the prior consent of the Senior Agent and (to the extent not permitted or prohibited under the Senior Secured Notes Indenture) the Senior Secured Notes Trustee(s), the Debtors shall not (and the Parent shall ensure that no member of the Group will):

(i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Notes Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Notes Liabilities except as permitted by the provisions set out below under the captions "*—Permitted Senior Note Payments*," "*—Permitted Senior Notes Enforcement*," and the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Senior Notes as permitted by the Intercreditor Agreement;

(ii) exercise any set-off against any Senior Notes Liabilities, except as permitted by the provisions set out in the caption "*—Permitted Senior Note Payments*" below, the provisions set out in the caption "*—Restrictions on Senior Notes Enforcement*" below or the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below; or

(iii) create or permit to subsist any security over any assets of any member of the Group or give any guarantee from any member of the Group for, or in respect of, any Senior Notes Liabilities other than (i) guarantees given by members of the Group which are permitted by the terms of the Senior Finance Documents and the Senior Secured Notes Finance Document to be given with respect to the Senior Notes Liabilities and (ii) any shared security granted over the shares in the Senior Notes Issuer, and shareholder debt instruments issued by the Senior Notes Issuer or the on-loan of the Senior Notes proceeds.

Permitted Senior Notes Payments

Prior to the Senior Secured Discharge Date, the Debtors may make payments to the holders of the Senior Notes (the "Senior Noteholders") in respect of the Senior Notes Liabilities then due in accordance with the Senior Notes Finance Documents (such payments, collectively, "Permitted Senior Note Payments"):

(i) if:

(A) the payment is of:

(I) any of the principal amount of the Senior Notes Liabilities which is either (1) expressly permitted or not prohibited to be paid by the Senior Credit Facilities and is not prohibited from being paid by the Senior Secured Notes Indenture or (2) paid on or after a maturity date of the Senior Notes Liabilities that complies with the terms of the Senior Secured Notes Finance Documents, the Senior Finance Documents and the Hedging Agreements (together, the "Senior Secured Finance Documents"); or

(II) any other amount which is not an amount of principal or capitalized interest or a corresponding amount under the on-loan of the Senior Notes proceeds (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages)) and default interest on the Senior Notes Liabilities accrued due and payable in cash in accordance with the terms of the relevant Senior Notes Finance Documents (as at the date of issue of the same or as amended in accordance with the terms of the Intercreditor Agreement and the relevant Senior Notes Document), additional amounts payable as a result of the tax gross-up provisions relating to the relevant Senior Notes Liabilities and amounts in respect of currency indemnities in the Senior Notes Indenture and/or, as applicable, the on-loan of the Senior Notes proceeds (to the extent such amounts are utilized to fund such interest payments));

(B) no Senior Notes payment stop notice is outstanding; and

(C) no payment default under the Senior Credit Facilities or the Senior Secured Notes (subject to a *de minimis* threshold) ("Senior Secured Payment Default") has occurred and is continuing;

(ii) if the Majority Senior Creditors and the Senior Secured Notes Trustee(s) give prior consent to that payment being made;

(iii) if the payment is of certain amounts due to the Senior Notes Trustee for its own account or in respect of certain defined note security costs;

(iv) if the payment is of certain defined permitted administrative costs;

(v) if the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Notes in compliance with the Intercreditor Agreement and the Senior Credit Facilities; or

(vi) if the payment is by the Senior Notes Issuer of any of its obligations under the Senior Notes finance documents from its own assets if such payment is not financed by a payment to the Senior Notes Issuer that was prohibited by the Senior Credit Facilities or the Senior Secured Notes finance documents.

On or after the Senior Secured Discharge Date, the Debtors may make payments to the Senior Noteholders in respect of the Senior Notes Liabilities in accordance with the Senior Notes Finance Documents.

Payment Blockage Provisions

Until the Senior Secured Discharge Date, except with the prior consent of the Senior Agent, (to the extent otherwise prohibited under the Senior Secured Notes Indenture) the consent of the Senior Secured Notes Trustee(s) and subject to the provisions set out under the caption "*—Effect of Insolvency Event; Filing of Claims*" below, the Senior Notes Issuer shall not make (and shall procure that its subsidiaries shall not), and neither the Senior Notes Trustee nor the holder of Senior Notes (the "Senior Noteholder") may receive from the Senior Notes Issuer or any of its subsidiaries, any Permitted Senior Note Payment (other than certain amounts due to the Senior Notes Trustee for its own account, although this excludes any amounts for services provided by the Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof, in each case in respect of restructuring advice that exceeds a *de minimis* threshold) if:

- a Senior Secured Payment Default is continuing; or
- an event of default under the Senior Credit Facilities or the Senior Secured Notes Indenture (a "Senior Secured Event of Default") (other than a Senior Secured Payment Default) is continuing,

from the date which is one business day after the date on which the Senior Agent or the Senior Secured Notes Trustee(s) (as the case may be) delivers a payment stop notice specifying the event or circumstance in relation to that Senior Secured Event of Default to the Senior Notes Issuer, the Security Agent and the Senior Notes Trustee until the earliest of:

- the date falling 179 days after delivery of that payment stop notice;
- in relation to payments of Senior Notes Liabilities, if a Senior Notes standstill period is in effect at any time after delivery of that payment stop notice, the date on which that standstill period expires;
- the date on which the relevant Senior Secured Event of Default has been remedied or waived in accordance with the Senior Credit Facilities or the Senior Secured Finance Documents (as applicable);
- the date on which the Senior Agent or the Senior Secured Notes Trustee(s) (as applicable) delivers a notice to the Senior Notes Issuer, the Security Agent and the Senior Notes Trustee cancelling the payment stop notice;
- the Senior Secured Discharge Date; and
- the date on which the Security Agent or the Senior Notes Trustee takes Enforcement Action (as defined below) permitted under the Intercreditor Agreement against a Debtor.

Unless the Senior Notes Trustee waives this requirement (i) a new payment stop notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior payment stop notice and (ii) no payment stop notice may be delivered in reliance on a Senior Secured Event of Default more than 60 days after the date the Senior Agent and the Senior Secured Notes Trustee(s) (as applicable) received notice of that Senior Secured Event of Default.

The Senior Agent and the Senior Secured Notes Trustee(s) may only serve one payment stop notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agent or the Senior Secured Notes Trustee(s) to issue a payment stop notice in respect of any other event or set of circumstances. No payment stop notice may be served by the Senior Agent or the Senior Secured Notes Trustee(s) in respect of a Senior Secured Event of Default which had been notified to the Senior Agent or the Senior Secured Notes Trustee(s) at the time at which an earlier payment stop notice was issued.

Any failure to make a payment due under the Senior Notes Indenture as a result of the issue of a payment stop notice or the occurrence of a Senior Secured Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in the Senior Notes Indenture) as a consequence of that failure to make a payment in relation to the relevant Senior Notes Indenture or (ii) the issue of an enforcement notice with respect to the relevant Event of Default on behalf of the Senior Noteholders.

No payment stop notice will prevent the Senior Notes Issuer from making a payment from its own assets if that payment is of the Senior Notes Issuer's obligations under the Senior Notes and such payment is not financed by a payment to the Senior Notes Issuer from a member of the Group that was prohibited by the Senior Credit Facilities, the Senior Secured Notes Finance Documents.

Payment Obligations and Capitalization of Interest Continue

No Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Senior Notes Finance Document (including the Senior Notes Indenture) by the operation of the provisions set out under each section above under the caption "*—Restrictions Relating to Senior Notes*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Notes Finance 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 payment stop notice or the occurrence of a Senior Secured Payment Default, that payment stop notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default ceases to be continuing; and

(ii) the relevant Debtor then promptly pays to the Senior Noteholders an amount equal to any payments which had accrued under the Senior Notes Indenture and which would have been Permitted Senior Note Payments but for that payment stop notice or Senior Secured Payment Default,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Senior Notes enforcement notice which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Noteholders.

Restrictions on Amendments and Waivers

The Intercreditor Agreement provides that the Senior Noteholders may amend or waive the terms of the Senior Notes finance documents (other than the Intercreditor Agreement or any security document) in accordance with their terms at any time, provided that the terms of the Senior Notes Finance Documents may not be amended or waived if such amendment or waiver would breach the terms of the Senior Secured Finance Documents.

Restrictions on Senior Notes Enforcement

Until the Senior Secured Discharge Date, except with the prior consent of or as required by an Instructing Group:

(i) neither the Senior Notes Trustee nor any Senior Noteholders shall direct the Security Agent to enforce, or otherwise (to the extent applicable) require the enforcement of, any transaction security; and

(ii) neither the Senior Notes Trustee nor any Senior Noteholders shall take or require the taking of any Enforcement Action in relation to the guarantees of the Senior Notes in respect of any member of the Group,

except as permitted under the provisions set out under the caption "*—Permitted Senior Notes Enforcement*" below, *provided*, *however*, that no such action required by the Senior Agent need be taken except to the extent the Senior Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

"Enforcement Action" is defined as:

- in relation to any liabilities:
  - the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Lender, a Senior Secured Noteholder or a Senior Noteholder to perform its obligations under, or of any voluntary or mandatory prepayment arising under, the debt documents);
  - the making of any declaration that any liabilities are payable on demand;
  - the making of a demand in relation to a liability that is payable on demand;
  - the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;
  - the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Credit Facilities or any similar provisions in the Senior Secured Notes Finance Documents or the Senior Notes Finance Documents and excluding any mandatory offer arising as a result of a change of control or asset sale

(howsoever described) as set out in the Senior Secured Notes Finance Documents or the Senior Notes Finance Documents);

- the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:
  - as close-out netting by a hedge counterparty or by a hedging ancillary lender;
  - as payment netting by a hedge counterparty or by a hedging ancillary lender;
  - as inter-hedging agreement netting by a Hedge Counterparty;
  - as inter-hedging ancillary document netting by a hedging ancillary lender; and
  - which is otherwise permitted by or not prohibited under the Senior Credit Facilities, the Senior Secured Notes Finance Documents or the Senior Notes Finance Documents to the extent that the exercise of that right gives effect to a permitted payment under the Intercreditor Agreement; and
- the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;
- the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;
- the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security);
- the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities of the Group 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
- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any member of the Group which owes any liabilities of the Group owed to a creditor under the Intercreditor Agreement, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- the taking of any action falling within the seventh paragraph of the first bullet point above or the bullet point immediately above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods;
- any discussions or consultations between, or proposals made by, any of the Primary Creditors with respect to instructions to enforce the transaction security;
- to the extent entitled by law, the taking of action against any creditor (or any agent, trustee or receiver acting on behalf of such creditor) to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security documentation;
- an ancillary lender, Hedge Counterparty, issuing bank or the Trustee in respect of the Senior Notes bringing legal proceedings against any person solely for the purpose of (A) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no

claim for damages, and (C) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages;

- bringing legal proceedings against any person in connection with any securities violation, securities or listing relations or common law fraud or to restrain any actual or putative breach of the Senior Unsecured Note finance documents or the senior secured finance documents or for specific performance with no claims for damages; or
- allegations of material misstatements or omissions made by a Primary Creditor in connection with the offering materials related to the Senior Secured Notes Liabilities or the Senior Notes Liabilities or in reports furnished to the Senior Secured Noteholders, the Senior Secured Notes Trustee and the Security Agent in its capacity as creditor in connection with the Senior Secured Notes Liabilities (the "Senior Secured Notes Creditors") or the Senior Noteholders, the Trustee with respect to the Senior Notes and the Security Agent in its capacity as creditor in connection with the Senior Notes Liabilities (the "Senior Notes Creditors") or any exchange on which the Senior Secured Notes or the Senior Notes is listed by a member of the Group pursuant to information and reporting requirements under the Senior Secured Notes Finance Documents or the Senior Notes Finance Documents.

Permitted Senior Notes Enforcement

The restrictions set out under the caption "*—Restrictions on Senior Notes Enforcement*" above will not apply in respect of the Senior Notes Liabilities or the security documents (if any) which secure the Senior Notes Liabilities as permitted by paragraph (iii) set out under the caption "*—Restriction on Payment and Dealings*" above, if:

(i) an Event of Default (as defined in the Senior Notes Indenture) (the "Relevant Senior Note Default") is continuing;

(ii) the Senior Agent has received a notice of the Relevant Senior Note Default specifying the event or circumstance in relation to the Relevant Senior Note Default from the Senior Unsecured Note Trustee(s);

(iii) a Senior Note Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Note Default is continuing at the end of the relevant Senior Note Standstill Period;

provided, *however*, that no such action may be taken by a Senior Notes Finance Party if the Security Agent is enforcing security over shares of a Debtor in accordance with the instructions of the Instructing Group and such action (by the Senior Notes Finance Party) might be reasonably likely to adversely affect the enforcement being undertaken on the instructions of the Instructing Group or the amount of proceeds to be derived therefrom.

Promptly upon becoming aware of an Event of Default (as defined in the Senior Notes Indenture) (a "Senior Note Default"), the Senior Notes Trustee may by notice (a "Senior Note Enforcement Notice") in writing notify the Senior Agent and the Senior Secured Notes Trustee(s) of the existence of such Senior Note Default.

Senior Note Standstill Period

In relation to a Senior Note Default, a Senior Note Standstill Period shall mean the period beginning on the date (the "Senior Note Standstill Start Date") the Senior Notes Trustee serves a Senior Note Enforcement Notice on the Senior Agent and the Senior Secured Notes Trustee(s) in respect of such Senior Note Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Senior Note Standstill Start Date (the "Senior Note Standstill Period");

(ii) the date the Senior Secured Creditors take any Enforcement Action in relation to a particular guarantor of the Senior Notes (a "Senior Note Guarantor"), *provided*, *however*, that:

    (A) if a Senior Note Standstill Period ends pursuant to this paragraph, the Senior Noteholders may only take the same Enforcement Action in relation to the Senior Note Guarantor as the

Enforcement Action taken by the Senior Secured Creditors against such Senior Note Guarantor and not against any other member of the Group; 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 below) in relation to a particular Senior Note Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Note Standstill Period outstanding at the date such first mentioned Senior Note Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the Senior Agent and the Senior Secured Notes Trustee (as applicable) consent to an enforcement in respect of the Relevant Senior Note Default by the relevant Senior Notes Creditor; and

(vi) a failure to pay the principal amount outstanding on the Senior Notes at the final stated maturity of the Senior Notes.

Subsequent Senior Note Defaults

The Senior Note finance parties may take Enforcement Action under the provisions set out in caption "*—Permitted Senior Note Enforcement*" above in relation to a Senior Note Default even if, at the end of any relevant Senior Note Standstill Period or at any later time, a further Senior Note Standstill Period has begun as a result of any other Senior Note Default.

Transfer of Hedging Liabilities: Senior Noteholders

The Senior Noteholders may elect for the Hedge Counterparties to transfer their Hedging Liabilities to the Senior Noteholders in exchange 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.

Effect of Insolvency Event; Filing of Claims

An "Insolvency Event" occurs in relation to any member of the Group if:

- any resolution is passed or order made for its winding up, dissolution, administration or reorganization, a moratorium is declared in relation to any of its indebtedness or an administrator is appointed to it;
- any composition, compromise, assignment or arrangement is made with creditors generally;
- a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer is appointed in respect of that member of the Group or any of its assets;
- a Portuguese insolvency event in respect of any Portuguese Debtor; or
- any analogous procedure or step to those described above in respect to the member of the Group is taken in any jurisdiction.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group (in the case of a Primary Creditor on or after the Senior Term Lender Discharge Date, only to the extent such amount constitutes proceeds of an enforcement of transaction security) in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "*—Application of Proceeds*" below.

Generally, to the extent that any member of Group's liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group, any creditor which benefited from that set-off shall (in the case of a Primary Creditor on or after the Senior Term Lender Discharge Date, only to the extent such amount constitutes proceeds of an enforcement of the Security) 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 in the caption "—*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 of the liabilities owed to them by a member of the Group, 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.

After the occurrence of an Insolvency Event in relation to any member of Group, each creditor irrevocably authorizes the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities owed to the creditors under the debt documents;

(iii) collect and receive all distributions on, or on account of, any or all of that member of Group's liabilities owed to the creditors under the debt documents; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of Group's liabilities owed to the creditors under the debt documents.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters disclosed under this section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although no trustee shall be under any obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Subject to certain exceptions, the Intercreditor Agreement provides that if any Primary Creditor receives or recovers from any member of the Group:

- prior to the Senior Term Lender Discharge Date:
    - (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 which is not either (x) a payment permitted under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under the caption "—*Application of Proceeds*";
    - (ii) any amount by way of set-off in respect of any of the liabilities owed to it 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 security; or
            - (II) as a result of any other litigation or proceedings against a member of the Group (other than after the occurrence of an Insolvency Event in respect of that member of the Group); 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 security,

        other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "—*Application of Proceeds*";
    - (iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "—*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 member of Group which is not in accordance with the provisions set out in the caption "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of Group; or

- on or after the Senior Term Lender Discharge Date, the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "*—Application of Proceeds*,"

that Primary Creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) promptly pay 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.

Subject to certain exceptions, the Intercreditor Agreement provides that if any creditor party to the Intercreditor Agreement other than a Primary Creditor receives or recovers from any member of the Group:

(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 which is not either (x) a payment permitted under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under the caption "*—Application of Proceeds*";

(ii) any amount by way of set-off in respect of any of the liabilities owed to it 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 security; or

(II) as a result of any other litigation or proceedings against a member of the Group (other than after the occurrence of an Insolvency Event in respect of that member of the Group); 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 security,

other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "*—Application of Proceeds*";

(iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "*—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 member of Group which is not in accordance with the provisions set out in the caption "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of Group,

that creditor which is not a Primary Creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) promptly pay 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.

Enforcement of Security—Prior to the Senior Term Lender Discharge Date

Enforcement Instructions—Prior to the Senior Term Lender Discharge Date

The Security Agent may refrain from enforcing the security unless instructed otherwise by (i) the Instructing Group or (ii) if required under the third paragraph of this section, the Senior Notes Trustee (acting on the instructions of the Majority Senior Notes Creditors).

Subject to the security having become enforceable in accordance with its terms (i) the Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the shared security prior to the Senior Lender Liabilities and the Hedging Liabilities having been discharged under the provisions set out under the caption "*—Permitted Senior Notes Enforcement*" above, the Senior Notes Trustee (acting on the instructions of the Majority Senior Notes Creditors) may give, or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the shared security as they see fit.

Prior to the Senior Secured Discharge Date, (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from the Instructing Group, and, in each case, if the Instructing Group has not required any to make a Distressed Disposal (as defined below), the Security Agent shall give effect to any instructions to enforce the security which the Senior Notes Trustee is then entitled to give to the Security Agent under the provisions under the caption "*—Permitted Senior Notes Enforcement*" above respectively. Notwithstanding the preceding sentence, if at any time the Senior Notes Trustee is then entitled to give the Security Agent instructions to enforce the security pursuant to the preceding sentence and the Senior Notes Trustee either gives such instruction or indicates any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Senior Notes Trustee under the provisions set out under the caption "*—Permitted Senior Notes Enforcement*" above and the Security Agent shall act on such instructions received from the Instructing Group.

No secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of Enforcement

If the security is being enforced as set forth above under the caption "*—Enforcement Instructions*" or other action as to enforcement is being taken, the Security Agent shall enforce the security or take such other action as to enforcement in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as:

- the Instructing Group; or
- prior to the Senior Secured Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph of the preceding section, received instructions given by the Senior Notes Trustee to enforce the security and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

Enforcement of Security—On or after the Senior Term Lender Discharge Date

Enforcement Instructions—On or after the Senior Term Lender Discharge Date

If either the Majority Senior Creditors or the Majority Pari Passu Creditors wish to issue enforcement instructions, the creditor representative representing the Majority Senior Creditors or the Majority Pari Passu Creditors, as applicable, shall deliver a copy of the proposed enforcement instructions to the Security Agent ("an Initial Enforcement Notice") which instructions the Security Agent will promptly forward to the other Primary Creditors.

The Security Agent will act in accordance with enforcement instructions received from the Majority Pari Passu Creditors save that where:

(i) within three months of the Initial Enforcement Notice, the Majority Pari Passu Creditors have not either:

(A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue, or

(B) appointed a financial adviser to assist them in making such a determination;

and the Majority Senior Creditors determine in good faith that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a distressed disposal or on the expected realized proceeds of enforcement and deliver enforcement instructions to the Security Agent they deliver enforcement instructions which they reasonably believe are necessary or advisable in enhancing the prospects of achieving a prompt and expeditious realization of the value of transaction security; or

(ii) the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice; or

(iii) an Insolvency Event (other than an Insolvency Event directly caused by any Enforcement Action taken by or at the request or direction of a Senior Lender) is continuing with respect to a Debtor,

then the Security Agent will act in accordance with enforcement instructions received from the Majority Senior Creditors until the Super Senior Discharge Date has occurred.

Enforcement Instructions—On or Following the Senior Term Lender Discharge Date

The Security Agent may refrain from enforcing the security unless instructed otherwise by the Instructing Group as set out under the provisions set out under the above caption "*—Instructions to Enforce—On or after the Senior Term Lender Discharge Date*."

Prior to the Senior Secured Discharge Date, (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal (as defined below), the Security Agent shall give effect to any instructions to enforce the security which the Senior Notes Trustee (acting on the instructions of the Majority Senior Notes Creditors) are then entitled to give to the Security Agent under the provisions under the caption "*—Permitted Senior Notes Enforcement*" above respectively. Notwithstanding the preceding sentence, if at any time the Senior Notes Trustee is then entitled to give the Security Agent instructions to enforce the security pursuant to the preceding sentence and the Senior Notes Trustee either gives such instruction or indicates any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Senior Subordinated Representative(s) under the provisions set out under the caption "*—Permitted Senior Notes Enforcement*" above and the Security Agent shall act on such instructions received from the Instructing Group (and the Security Agent shall immediately cease any conflicting actions pursued or taken pursuant to the instructions of the Senior Notes Trustee without any liability to any Senior Creditors for any loss, cost, damages and/or expenses that may arise as a result of it ceasing any such conflicting actions (whether or not the Security Agent is aware that such loss, costs, damages and/or expenses may arise)).

No secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of Enforcement

If the security is being enforced as set forth above under the caption "*—Enforcement Instructions—Prior to the Senior Term Lender Discharge Date*," or as set forth above under the caption "*—Enforcement Instructions—On or Following the Senior Term Lender Discharge Date*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as:

- the Instructing Group; or
- prior to the Senior Secured Discharge Date, if (i) the Security Agent has, pursuant to the penultimate paragraph of the preceding section, received instructions given by the Majority Senior

Notes Creditors to enforce the security and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Notes Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

Exercise of Voting Rights

Each creditor (other than a primary creditor) agrees (to the fullest extent permitted by law at the relevant time) with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group.

Waiver of Rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Duties Owed

Pursuant to the Intercreditor Agreement, each of the secured parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the Senior Secured Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Senior Notes finance party in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

Alternative Enforcement Action

After the Security Agent has commented Enforcement, it shall not accept any subsequent instructions from anyone other than the Instructing Group that instructed it to commence such enforcement of the transaction security.

Security Held by Other Creditors

If any security is held by a creditor other than the Security Agent, then creditors may only enforce that security in accordance with instructions given by an Instructing Group in accordance with the Intercreditor Agreement.

Proceeds of Disposals

Non-Distressed Disposals

In this section, “Disposal Proceeds” means the proceeds of a Non-Distressed Disposal (as defined below).

If, in respect of a disposal (a “Non-Distressed Disposal”) of (a) an asset by a Debtor, (b) an asset which is subject to the security or (c) any merger, consolidation, amalgamation, reorganization or other transaction or a combination of the foregoing whereby a release of an asset is required to effect such disposal, merger, consolidation, amalgamation, reorganization or other transaction or combination of the foregoing, and, in each case, such disposal, merger, reorganization or transaction is not prohibited by the Senior Finance Documents, the Senior Secured Notes Finance Documents or the Senior Notes Finance Documents:

(i) (prior to the Senior Lender Liabilities having been discharged) the Senior Agent notifies the Security Agent that that disposal is permitted (which it shall do as soon as practicable on request by the Parent);

(ii) (prior to the Senior Secured Notes liabilities having been discharged) Holdco certifies for the benefit of the Security Agent that that disposal is permitted under or is not prohibited by the Senior Secured Notes Finance Documents or the Senior Secured Notes Trustee(s) authorizes the release in accordance with the terms of the Senior Secured Notes Finance Documents;

(iii) (prior to the Senior Notes Discharge Date) Holdco certifies for the benefit of the Security Agent that that disposal is permitted under or is not prohibited by the Senior Notes Finance Documents or the Senior Notes Trustee authorizes the release in accordance with the terms of the Senior Notes Finance Documents; and

(iv) that disposal is not a Distressed Disposal (as defined below),

the Security Agent is irrevocably authorized (at the reasonable cost of the relevant Debtor or Holdco and without any consent, sanction, authority or further confirmation from any creditor or Debtor) but, in the case of a Non-Distressed Disposal subject to the following paragraph and subject to certain requirements in respect of the release of assets in Sweden:

- to release the security and any other claim (relating to a debt document) over that asset;
- where that asset consists of shares in the capital of a Debtor, to release the security and any other claim, including without limitation any guarantee liabilities or other liabilities (relating to a debt document) over that Debtor or its assets and (if any) the subsidiaries of that Debtor and their respective assets; and
- to execute and deliver or enter into any release of the security or any claim described in the preceding two bullets and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may be reasonably requested by Holdco.

If that Non-Distressed Disposal is not made, each release of security or any claim described in the paragraph above shall have no effect and the security or claim subject to that release shall continue in such force and effect as if that release had not been effected (and, in the case of any Swedish security, Holdco shall, if requested by the Security Agent, procure that the relevant pledger or assignor enter into a new security document in respect of the relevant asset).

Distressed Disposals

A “Distressed Disposal” is a disposal of an asset or shares of a member of the Group which is (a) being effected at the request of an Instructing Group in circumstances where the transaction security has become enforceable, (b) being effected by enforcement of the transaction security or (c) , such asset or shares are subject to the Security (and, for the avoidance of doubt, is any such disposal) and which is being effected, subsequent to an acceleration event or the enforcement of any transaction security, by a Debt or to a person which is not a member of the Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or Holdco and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that 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 considered 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 liabilities, its guarantee liabilities and its other liabilities;

    (B) any 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, an investor, or another Debtor over that Debtor’s assets or over the assets of any subsidiary of that Debtor,

    on behalf of the relevant creditors, Senior Agent, senior arrangers, Debtors, the Senior Secured Notes Trustee(s) and the Senior Notes Trustee(s);

(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 liabilities, its guarantees liabilities and its other liabilities;

(B) any security granted by that holding company and any subsidiary of that holding company over any of its assets; and

(C) any other claim of an intra-group lender, and investor or another Debtor over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant creditors, Senior Agent, senior arrangers, Debtors, and the Trustee;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company 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 or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "Transferee") will be treated as a Primary Creditor or 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 or Debtor liabilities, provided that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a 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 Primary Creditor or 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 Primary Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors 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 any subsidiary of that Disposed Entity in respect of: the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities 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 senior secured liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set out under the caption "*—Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor 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 (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though 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 Senior Notes 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 guarantor liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantor 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 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 debt would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Parent (or its immediate holding company after the relevant Distressed Disposal), in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or Holdco (or its immediate holding company after the relevant Distressed Disposal) 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 Senior Notes Discharge Date, a Distressed Disposal is being effected such that the guarantees under the Senior Notes Finance Documents (the "Senior Guarantees" and each party granting such Senior Guarantees is a "Senior Notes Guarantor") and security granted over the shares in the Senior Notes Issuer or the on-loan of the Senior Notes proceeds or assets of a Senior Notes Guarantor will be released pursuant to the Intercreditor Agreement, it is a further condition to the release that either:

- the Senior Notes Trustee has approved the release; or
- where shares or assets of a Senior Notes Guarantor or assets of the Senior Notes Issuer are sold:

  (A) the proceeds of such sale or disposal:

    (I) are in cash (or substantially in cash) and/or other marketable securities; or

    (II) (only if the consideration in respect of each other cash offer received for those shares or assets is less than the aggregate par value of the outstanding Senior Secured Liabilities) not in cash (or substantially in cash) and/or other marketable securities, provided that the requirements of paragraph (C)(III) below are satisfied;

  (B) all claims of the Senior Secured Creditors against a member of the Group (if any), all of whose shares are pledged in favor of the senior finance 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 security under the security documents 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) the Senior Agent and Senior Secured Notes Trustee(s) determine, acting reasonably and in good faith, that the senior finance parties and the Senior Secured Notes finance parties (respectively) will recover more than if such claim was released or discharged; and

    (II) the Senior Agent and Senior Secured Notes Trustee(s) 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

  (C) such sale or disposal (including any sale or disposal of any claim) is made:

    (I) pursuant to a public or private auction or other competitive process in which the Senior Noteholders (or a representative acting on their behalf) shall be entitled to participate as bidder or financier to the potential purchaser and shall be provided equal information rights as any other bidder, subject to applicable securities law (and for the avoidance of doubt, such competitive process being one in which the Senior Secured Creditors or a representative acting on their behalf are also entitled to participate);

    (II) pursuant to any process or proceedings approved or supervised by or on behalf of any court of law where there is a determination of value by or on behalf of the court; or

(III) where an independent investment bank or an internationally recognized firm of accountants or a reputable independent third party professional firm which is regularly engaged in providing valuations in respect of the relevant type and size of the assets concerned selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith 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 or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

For the purposes of clauses (ii), (iii), (iv), (v) above and the immediately preceding clause (C), the Security Agent shall act:

- if the relevant Distressed Disposal is being effected by way of enforcement of the security, prior to the Senior Term Lender Discharge Date, in accordance with the provisions set out under the caption "*—Manner of Enforcement—Prior to the Senior Term Lender Discharge Date*" or following the Senior Term Lender Discharge Date, in accordance with the provisions set out under the caption "*—Manner of Enforcement—On or following the Senior Term Lender Discharge Date*" above; and
- in any other case, (a) on the instructions of the Instructing Group or (b) in the absence of any such instructions, as the Security Agent sees fit.

Application of Proceeds

The Intercreditor Agreement provides that secured parties may only benefit from Group Recoveries (as defined below) to the extent that the liabilities of such secured parties has the benefit of the guarantees or security under which such Group Recoveries (as defined below) are received and provided that, in all cases, the rights of such secured parties shall in any event be subject to the priorities set out in this section, and provided further, however, that this shall not prevent the Trustee in respect of the Senior Secured Notes from claiming and being paid the amounts due to it in respect of the Senior Secured Notes or the Senior Notes Trustee from claiming and being paid the amounts due it in respect of the Senior Notes. This shall not prevent a Senior Secured Creditor benefiting from such Group Recoveries where it was not legally possible for the Senior Secured Creditor to obtain the relevant guarantees or security.

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document (other than recoveries from the Senior Notes Issuer other than pursuant to the security documents) or in connection with the realization or enforcement of all or any part of the security (for the purposes of this section, the "Group Recoveries") shall be held by the Security Agent on trust, to the extent legally permitted, to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

(i) in discharging any sums owing to the Senior Agent (in respect of the amounts due to the Senior Agent), Security Agent, any receiver or any delegate and any amounts due to the Senior Secured Notes Trustee(s) or the Senior Notes Trustee on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Senior Term Lender Discharge Date has occurred, in payment to:

(A) the Senior Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and

(B) the Super Senior Hedge Counterparties,

for application towards the discharge of:

(I) the liabilities of the arrangers under the Senior Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents); and

(II) 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 (I) and (II) above;

(iv) if the Senior Term Lender Discharge Date has occurred and the distributions have been made under paragraph (iii) above, in payment to:

(A) the Senior Secured Notes Trustee(s) on its own behalf and on behalf of the Senior Secured Noteholders; and

(B) the Pari Passu Hedge Counterparties,

for application towards the discharge of:

(I) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents); and

(II) the Pari Passu Hedging Liabilities (on a *pro rata* basis between the Pari Passu Hedging Liabilities of each Hedge Counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (I) and (II) above:

(v) if the Senior Term Lender Discharge Date has not occurred and no distribution has been made under paragraphs (iii) and (iv) above in payment to:

(A) the Senior Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and

(B) the Senior Secured Notes Trustee(s) on its own behalf and on behalf of the Senior Secured Noteholders; and

(C) the Hedge Counterparties,

for application towards the discharge of:

(I) the liabilities of the arrangers under the Senior Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the senior finance documents);

(II) the Senior Secured Notes Liabilities (in accordance with the terms of the Indenture); and

(III) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each hedge counterparty),

on a *pro rata* basis and ranking *pari passu* between paragraphs (I), (II) and (III) above;

(vi) to the extent paid out of proceeds recovered from the Senior Notes Issuer or enforcement proceeds resulting from the enforcement of Senior Notes shared security or the Senior Guaranteess, in payment to the Senior Unsecured Note Trustee(s) on its own behalf and on behalf of the Senior Noteholders (other than any such Senior Noteholders which do not receive the benefit of any guarantees or security) for application (in accordance with the terms of the Senior Note Indenture) towards the discharge of obligations under the Senior Notes; and

(vii) the balance, if any, in payment to the relevant Debtor.

Equalization of the Senior Secured Creditors

The Intercreditor Agreement provides that if:

(i) an enforcement date occurs prior to the Senior Term Lender Discharge Date and if, for any reason, any Senior Secured Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date, the Senior Secured Creditors (subject, in the case of amounts owing to the Senior Secured Notes Trustee(s)s, to the terms of the Intercreditor Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(ii) an enforcement date occurs after the Senior Term Lender Discharge Date and:

(A) if, for any reason, any Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Lenders and the Super Senior Hedge Counterparties in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Creditors at the enforcement date, the Senior Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(B) if, for any reason, any Senior Secured Notes Liabilities and/or any Pari Passu Hedging Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Noteholders and Pari Passu Hedge Counterparties in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Noteholders and Pari Passu Hedge Counterparties at the enforcement date, the Senior Secured Noteholders (subject, in the case of amounts owing to the Senior Secured Notes Trustee(s), to the terms of the Intercreditor Agreement) and the Pari Passu Hedge Counterparties will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Noteholders and Pari Passu Hedge Counterparties in such a position that (after taking into account such payments) those losses are borne in those proportions.

Refinancing of Primary Creditor Liabilities

The Intercreditor Agreement provides for the refinancing, restructuring, replacement or increase of liabilities under the Senior Secured Notes and the Senior Credit Facilities, in each case in whole or in part. Where the terms of such refinancing, replacement or increase require the release of any security by the Security Agent in order to ensure that the ranking of security in respect of the relevant liabilities is as contemplated by the Intercreditor Agreement (and provided such release is permitted or not prohibited by the terms of the Senior Secured Notes, Senior Credit Facilities or the Senior Notes, as applicable), the Security Agent shall, subject to compliance with certain Swedish law matters, release (and the relevant secured parties expressly authorize the Security Agent to release on their behalf, to the extent necessary) such security which has been granted to it provided that such release occurs on the date of such refinancing, restructuring, replacement or increase. The Intercreditor also provides for the discharge or exchange of Senior Notes in whole or in part.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it may be amended or waived only with the consent of the agents (including the Senior Agent), the Majority Senior Lenders, the Senior Secured Note Senior Secured Notes Trustee(s), the Senior Notes Trustee and the Security Agent.

Other than in respect of the implementation of a structural adjustment under (and as defined in) the Senior Credit Facilities to the extent it does not confer an ability to make more extensive changes, than a structural adjustment, an amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other things, the provisions set out under the caption "—*Application of Proceeds*" and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of:

(i) the Senior Agent, the Security Agent, the Senior Secured Notes Trustee(s) and any Senior Notes Trustee;

(ii) the Senior Lenders;

(iii) the Senior Secured Note holders (to the extent that the amendment or waiver would materially and adversely affect such creditors);

(iv) the Senior Noteholders (to the extent that the amendment or waiver would materially and adversely affect such creditors);

(v) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the hedge counterparty); and

(vi) the Security Agent.

Clauses 5(e) (which requires that there are no scheduled or principal repayments under certain Senior Secured Notes until or after the termination date in respect of Facility B (under and as defined in the Original Senior Facilities Agreement (as defined in the Intercreditor Agreement)) and Clause 6.1(f) (which requires that there are no scheduled or principal repayments under certain Senior Notes until the date falling at least 6 months after the termination date in respect of Facility B (under and as defined in the Original Senior Facilities Agreement (as defined in the Intercreditor Agreement)) of the Intercreditor Agreement may be amended with just the consent of the Senior Lenders and without the consent of any other party.

The Intercreditor Agreement may be amended by the agent (including the Senior Agent), the Senior Secured Notes Trustee(s), the Senior Notes Trustee and the Security Agent, without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise prescribed by the relevant finance documents.

The Senior Secured Notes Trustee(s) and any Senior Notes Trustee shall, to the extent consented to by the requisite percentage of noteholders in accordance with the relevant indenture, act on such instructions in accordance therewith unless to the extent any amendments so consented to relate to any provision affecting the rights and obligations of a Senior Secured Notes Trustee(s) in its capacity as such.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless permitted or not prohibited by the provisions of any debt document, the Security Agent may, if authorized by an Instructing Group, and if Holdco consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned "—*Exceptions*" below, the prior consent of the Primary Creditors is required to authorize any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed.

Exceptions

Subject to the two paragraphs immediately below, if the amendment, waiver or consent may impose new or additional obligations on, or withdraw or reduce the rights of, any party other than:

(i) in the case of a Primary Creditor, in a way which affects, or would affect, Primary Creditors of that party's class generally; or

(ii) in the case of a Debtor, to the extent consented to by Holdco under the Intercreditor Agreement,

the consent of that party is required.

Subject to the two paragraphs immediately below, an amendment, waiver or consent which relates to the rights or obligations of the Senior Secured Notes Trustee(s), any Senior Notes Trustee, the Senior Agent, a senior arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under the Intercreditor Agreement) or a hedge counterparty may not be effected without the consent of that agent or, as the case may be, that Senior Secured Notes Trustee(s), agent, senior arranger, the Security Agent or that hedge counterparty.

Neither of the two immediately preceding paragraphs shall apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption "—*Proceeds of Disposals*" above.

Snooze/Lose

If in relation to a request for a consent, a request to participate in a vote of a class of creditors, a request to approve any action or a request for a confirmation or notification, in each case, under the Intercreditor Agreement, a Primary Creditor fails to respond to the request within 10 business days or fails to provide details of its credit participation, such Primary Creditor will be disregarded or be deemed to have zero participation or outstandings in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

Local Facilities

As of September 30, 2015, we had €36.8 million in facilities borrowed by our operating companies, which we intend to leave in place *pro forma* for the Transactions. The debt is borrowed by both Guarantor and non-Guarantor subsidiaries and, with respect to debt borrowed by Guarantors, is secured on assets that will not secure the Notes.

DESCRIPTION OF NOTES

Verisure Holding AB (publ) (the "Issuer") will issue €700 million in aggregate principal amount of 6.00% Senior Secured Notes due 2022 (the "Notes") under an indenture to be dated as of October 28, 2015 (the "Indenture"), between, *inter alios*, itself, Verisure Midholding AB (publ), ESML SD Iberia Holding S.A.U. and Securitas Direct España S.A.U. (together, the "Initial Guarantors"), Wilmington Trust, National Association, as trustee (the "Trustee"), and Wilmington Trust (London) Limited, as security agent (the "Security Agent").

The proceeds of the Notes sold on the Issue Date are expected to be used to repay amounts outstanding under the Senior Secured Bridge Facility. The proceeds of the Senior Secured Bridge Facility were used on the Completion Date, together with (i) proceeds of the Senior Notes, (ii) proceeds borrowed under the Senior Credit Facilities and (iii) the equity contribution made by H&F in connection with the Acquisition, to (a) repay the Existing Securitas Indebtedness including related break fees, call premia and unpaid interest, (b) fund the consideration payable for the Acquisition and (c) pay the fees and expenses in connection with the Transactions. See "*Use of Proceeds*". For purposes of this "*Description of Notes*," references to the "Issue Date" shall be to the date on which the Notes are first issued, and references to "Completion Date" shall be to October 21, 2015.

On the Completion Date, (A) Verisure Cayman 1 assigned the proceeds of the Senior Notes to Verisure Midholding AB (publ) ("Holdco") and Holdco assumed all of Verisure Cayman 1's obligations under the Senior Notes and the Senior Notes Indenture pursuant to an accession agreement; (B) Verisure Cayman 2 transferred the proceeds of the Senior Credit Facilities to the Issuer, and, in return, the Issuer assumed, by way of novation, the obligations of Verisure Cayman 2, under the Senior Facilities Agreement; (C) Verisure Cayman 2 transferred the proceeds of the Senior Secured Bridge Facility to the Issuer, and, in return, the Issuer assumed, by way of novation, the obligations of Verisure Cayman 2 under the Senior Secured Bridge Facility; (D) the Security Documents governing the Initial Collateral (as defined herein) were entered into by the relevant security providers; and (E) the Issuer, the Initial Guarantors and certain other parties entered into, or otherwise acceded to, the Intercreditor Agreement.

For purposes of this "*Description of Notes*," "Issuer" means Verisure Holding AB (publ) (not including any of its Subsidiaries) and any and all successors thereto.

The Indenture will be unlimited in aggregate principal amount, of which €700 million aggregate principal amount of Notes will be issued on the Issue Date. After the Issue Date, we may issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the "Additional Notes"). We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*"). The Notes issued on the Issue Date and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "*Description of Notes,*" references to the "Notes" include the Notes issued on the Issue Date and any Additional Notes that are actually issued from time to time.

This "*Description of Notes*" is intended to be an overview of the material provisions of the Notes, the Guarantees and the Indenture. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Guarantees and the Indenture for complete descriptions of the obligations of the Issuer and your rights. In addition, the following description refers to the Security Documents and the Intercreditor Agreement. Copies of such documents are available from us upon request.

The Indenture and the Guarantees thereunder 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 terms and ranking of the Liens on the Collateral securing the Notes and the Guarantees. Please see "*Description of Certain Indebtedness—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

The registered holder (a "Holder") of a Note will be treated as the owner of it for all purposes. Only Holders will have rights under the Indenture. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions. In addition, the Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

General

The Notes

The Notes will, on the Issue Date:

- be general senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under the Senior Credit Facilities and certain Hedging Obligations, if any);
- rank senior in right of payment to any existing or future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under the Senior Notes Proceeds Loan and its guarantee of the Senior Notes);
- be secured as set forth below under "*—Security*";
- be guaranteed by the Guarantors as described under "*—The Guarantees*";
- be effectively subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Issuer 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 Subsidiaries of the Issuer that do not guarantee the Notes; and
- be represented by one or more Notes in registered global form, which in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry, Delivery and Form*").

The Guarantees

The Notes will be guaranteed, as of the Issue Date, by the Initial Guarantors.

In addition, the Indenture will provide that the Issuer will use its commercially reasonable efforts, and will cause its Subsidiaries to use their commercially reasonable efforts, subject to Agreed Security Principles, to cause each of Securitas Direct AB (publ), Securitas Direct Sverige AB, Verisure Sverige AB, Securitas Direct Portugal Unip. LDA, Verisure Holding AS, Verisure AS and Securitas Direct SAS (the "Post-Completion Guarantors" and, together with the Initial Guarantors, the "Guarantors") to provide a guarantee in favor of the Notes pursuant to the terms of the Indenture no later than the earlier of (i) the date on which the relevant Post-Completion Guarantor guarantees the Senior Credit Facilities and (ii) 90 days following the Completion Date; *provided* that the Issuer shall not be obligated to cause any Post-Completion Guarantor to guarantee the Notes to the extent and for so long as such Guarantee 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); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses; or (4) any contravention of the provisions of the Indenture.

Each Guarantee of the Notes will, at the time a Guarantor grants such Guarantee:

- be a general senior obligation of the relevant Guarantor;
- rank *pari passu* in right of payment with any existing or future Indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee (including, in the case of (i) the Senior Notes Issuer, its obligations under the Senior Notes, and (ii) in the case of all Guarantors, the senior guarantee given in favor of the Senior Credit Facilities and certain Hedging Obligations, if any));

- rank senior in right of payment to any existing or future Indebtedness of that Guarantor that is expressly subordinated in right of payment to the Notes (including the guarantee of the Senior Notes by that Guarantor (other than the Senior Notes Issuer));
- be secured as set forth below under "*—Security*";
- be effectively subordinated to any existing or future Indebtedness of that Guarantor that is secured with property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of such Guarantor that do not guarantee the Notes.

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be guaranteed by reference to the net assets and legal capital of the relevant Guarantor. Additionally, the Guarantees will be subject to certain corporate law procedures being complied with. See "*Limitation on Validity and Enforceability of the Guarantees and the Security Interests.*" The Guarantees will be further limited as required under the Agreed Security Principles that will apply to, and restrict the granting of guarantees and security in favor of obligations under the Senior Credit Facilities and the Notes, which will provide, among other things, that no guarantees or security will be required if any such grant would be restricted by general statutory or other legal limitations or requirements. 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.

All of the operations of the Issuer are conducted through its Subsidiaries and, therefore, the Issuer will depend on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. Not all Subsidiaries of the Issuer will guarantee the Notes. As of June 30, 2015, on a *pro forma* basis giving effect to the Transactions, the Guarantors (other than the Senior Notes Issuer) held 86.2% of our consolidated assets. For the six months ended June 30, 2015, on a *pro forma* basis giving effect to the Transactions, the Issuer's Subsidiaries that do not, and will not, guarantee the Notes generated 14.5% of our revenue and 2.8% of our EBITDA.

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 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 Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries of the Issuer (other than the Guarantors) and minority stockholders of non-Guarantor Restricted Subsidiaries (if any). As of June 30, 2015, after giving *pro forma* effect to the Transactions, the Issuer and its consolidated Subsidiaries would have had €2,733.8 million of Indebtedness (as well as €300.0 million of availability under the revolving credit facility under the Senior Credit Facilities), of which €9.8 million would be Indebtedness of the non-Guarantor Subsidiaries. Although the Indenture will limit the Incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Principal, Maturity and Interest

The Issuer will issue €700 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on November 1, 2022. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at the rate of 6.00% per annum and will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on November 1 and May 1, commencing on May 1, 2016;
- be payable to the holder of record of such Notes on October 15 and April 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of Holders to receive the payments of interest on such Notes will be subject to applicable procedures of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest, 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 Holder or Holders thereof (being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest, 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 the City of London. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes.*"

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes each of (i) in the City of London (the "Principal Paying Agent") and (ii) Luxembourg for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require. The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of 26 and 27 November 2000 regarding the taxation of savings income (the "Directive"), or any law implementing or complying with or introduced in order to conform to, such Directive. The initial Principal Paying Agent will be Citibank N.A., London Branch.

The Issuer will also maintain a registrar (the "Registrar") and a transfer agent (the "Transfer Agent"). The initial Registrar will be Citibank N.A., London Branch and the initial Transfer Agent will be Citibank N.A., London Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and, together with the Transfer Agent, will facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Releases of the Guarantees

The Guarantee of a Guarantor will terminate:

- other than in respect of the Guarantee granted by the Senior Notes Issuer, upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon payment in full of principal, interest and all other obligations under the Notes Documents or upon defeasance or discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and Waivers*";
- so long as no Default or Event of Default has occurred and is continuing, to the extent that such Guarantor is not a Significant Subsidiary and (i) is unconditionally released and discharged from its liability with respect to the Senior Credit Facilities provided that Indebtedness will remain outstanding under the Senior Credit Facilities after such release and discharge and (ii) such Guarantor would not otherwise be required at the time of such release to provide a Guarantee pursuant to the covenant described under "*—Certain Covenants—Additional Guarantees*";
- as described in the first paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*"; or
- as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation.*"

The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders or any action on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes").

The Regulation S Global Notes will, upon issuance, 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") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of the United States and any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions.*"

Subject to the restrictions on transfer referred to above, the Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and 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 Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes and upon the occurrence of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries.

However, in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary,*" the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

On the Issue Date, the Notes and the Guarantees will be secured by first-ranking Liens over (i) all of the issued shares of Capital Stock of the Issuer, (ii) the Senior Notes Issuer's receivables owing from the Issuer under the Senior Notes Proceeds Loan; (iii) all of the issued shares of Capital Stock of Securitas Direct AB (publ); and (iv) the Issuer's receivables owing from convertible preferred equity certificates issued by, and certain intercompany loans made to, Securitas Direct AB (publ) (collectively, the "Initial Collateral").

In addition, the Issuer will use its commercially reasonable efforts, and will cause its Subsidiaries to use their commercially reasonable efforts, subject to Agreed Security Principles, to grant Liens over the Post-Completion Collateral (as defined below) to the Security Agent on behalf of and for the benefit of the Holders pursuant to the Security Documents, creating an effective Security Interest over such Post-Completion Collateral no later than the earlier of (i) the date on which the Senior Credit Facilities are secured by Liens over the relevant Post-Completion Collateral and (ii) 90 days following the Completion Date; *provided that* the Issuer shall not be obligated to cause any Post-Completion Collateral to secure the Notes to the extent and for so long as such Lien 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); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses; or (4) any contravention of the provisions of the Indenture.

The Post-Completion Collateral is expected to consist of: (i) 100% of all issued and outstanding shares of capital stock of the Guarantors (other than Holdco); (ii) bank accounts of certain Guarantors; (iii) fixed and current assets of certain Guarantors; (iv) receivables of certain Guarantors (including, in certain cases, intercompany loans and assignments of rights under certain contracts and insurance policies); and (v) material intellectual property of certain Guarantors (collectively, the "Post-Completion Collateral" and, together with the Initial Collateral, the "Collateral"). The security interests in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Guarantees and the Indenture are herein referred to as "Security Interests."

Subject to certain Permitted Collateral Liens, the Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including (i) on a first-priority basis, the Holders, the lenders under the Senior Credit Facilities and the counterparties under certain Hedging Obligations, if any, and (ii) with respect to the Shared Collateral (as defined below) only, on a lower-priority basis, the holders of Senior Notes.

On or about the Issue Date, subject to the terms of the Security Documents, the following assets are expected to be secured on a lower-priority basis for the benefit of the Holders of the Senior Notes: (i) all of the issued shares of Capital Stock of the Issuer; and (ii) the Senior Notes Issuer's receivables owing from the Issuer under the Senior Notes Proceeds Loan (collectively, the "Shared Collateral").

Subject to certain conditions, including compliance with the covenants described under "*—Impairment of Security Interests*" and "*—Liens,*" the Issuer is permitted to pledge the Collateral in connection with future issuances of its Indebtedness. Any such additional Security Interests that are in the future pledged to secure obligations under the Notes, the Guarantees and the Indenture will also constitute "Collateral." In particular, the Indenture and the Intercreditor Agreement permit the future Incurrence of Indebtedness pursuant to a super priority revolving credit facility agreement, as well as certain super priority Hedging Obligations, subject to the satisfaction of certain conditions. If Incurred, any liabilities in respect of obligations under such super priority revolving credit facility agreement and such Hedging Obligations would receive priority over the Notes and the Guarantees with respect to any proceeds received from the enforcement of the Collateral or certain distressed disposals. Any proceeds received upon any such enforcement would, after all obligations under such super priority revolving credit facility agreement have been repaid and such Hedging Obligations have been discharged in full, would be applied *pro rata* in repayment of all obligations under the Notes and any other Indebtedness that is secured by the Collateral on a *pari passu* basis. See "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*—Certain Covenants—Limitation on Indebtedness.*"

The Collateral will be contractually limited to reflect limitations under applicable law with respect to fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be secured by reference to the net assets and legal capital of the relevant Guarantor. For a description of such contractual limitations, see "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*" In addition, and notwithstanding the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes. No appraisals of the Collateral have been made in connection with the Transactions. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors— Risks Related to Our Financing Arrangements and the Notes—The Notes and the Guarantees will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.*"

Priority

The relative priority among the lenders under the Senior Credit Facilities, counterparties under certain Hedging Obligations, if any, secured by the Collateral, the Trustee, the Security Agent, the Holders of the Notes and the holders of the Senior Notes with respect to Security Interests is or will be established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Senior Credit Facilities, such Hedging Obligations and the Senior Notes, which provide, among other things, that:

(1) the obligations under the Notes, the Senior Credit Facilities and such Hedging Obligations will be secured equally and ratably by first-priority Security Interests in the Collateral; and

(2) the obligations under the Senior Notes will be secured by second-priority Security Interests in the Shared Collateral (subject to certain exceptions).

See "*Description of Certain Indebtedness—Intercreditor Agreement*," "*Description of Certain Indebtedness—Senior Facilities Agreement*" and "*Description of Certain Indebtedness—Private Senior Notes.*" In addition, in connection with the Incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer may enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See "*—Certain Covenants—Impairment of Security Interests" and "—Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound.*"

In addition, subject to certain conditions, the Indenture and the Intercreditor Agreement permit the Incurrence of Indebtedness with super priority status pursuant to a super priority revolving credit facility agreement which, if Incurred, together with certain Hedging Obligations, if any, would receive priority with respect to any proceeds received from the enforcement of the Collateral and certain distressed disposals. For a description of enforcement of Security Interests upon the Incurrence of such Indebtedness, see "*Description of Certain Indebtedness—Intercreditor Agreement.*"

Security Documents

Under the Security Documents, the Senior Notes Issuer, the Issuer and the Guarantors will grant security over the Collateral to secure the payment when due of the Issuer's and each of the Guarantor's payment obligations under the Notes, the Guarantees and the Indenture. The Security Documents will be entered into by, among others, the relevant security provider and the Security Agent. When entering into the Security Documents, the Security Agent will act in its own name but for the benefit of the Holders from time to time. The Security Agent will also act on behalf of the lenders under the Senior Credit Facilities, the counterparties under certain Hedging Obligations and the Holders of the Senior Notes in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by the Security Interest in the Collateral until all obligations under the Notes, the Guarantees and the Indenture have been discharged. However, the Security Interests with respect to the Notes may be released under certain circumstances as provided under "*—Release of Liens*." The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations described in "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*"

The Security Documents will provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee, who will instruct the Security Agent in accordance with the terms of the Indenture.

In the event that the Issuer 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. Please see "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes*."

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Senior Notes Issuer, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and noncash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement 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 lenders under the Senior Facilities Agreement, counterparties under certain Hedging Obligations and Holders of the Senior Notes. These limitations are described under "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral.*" The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured by the Collateral in compliance with the Indenture and the Intercreditor Agreement.

As a result of the voting provisions set forth in the Intercreditor Agreement, the lenders under the Senior Facilities Agreement will initially have effective control of whether to enforce the Collateral. Subject to certain limited exceptions, the Security Agent will act with respect to Collateral only at the direction of a simple majority of the senior secured creditors (including, for this purpose, both drawn and undrawn uncanceled commitments under the Senior Facilities Agreement, Hedging Obligations and Indebtedness under the Indenture). The Holders of the Notes will not have separate rights to enforce the Collateral. As a result, the Holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, so long as any amounts under any other senior secured debt (including, for this purpose, both drawn and undrawn uncanceled commitments under our Senior Facilities Agreement, Hedging Obligations and Indebtedness under the Notes) remain outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total senior secured debt. In addition, the Indenture and the Intercreditor Agreement permit the Incurrence of Indebtedness with super priority status pursuant to a super priority revolving credit facility agreement which, if Incurred, together with certain Hedging Obligations, would receive priority with respect to any proceeds received from the enforcement of the Collateral and certain distressed disposals. For a description of enforcement of Security Interests upon the Incurrence of such Indebtedness, see "*Description of Certain Indebtedness—Intercreditor Agreement.*"

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) consented and agreed to be bound by the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Additional Intercreditor Agreements*" (including, without limitation, the provisions providing for foreclosure and release of the Guarantees and the Security Interests, including upon an enforcement);

(2) authorized the Trustee and the Security Agent, as applicable, to act on its behalf to enter into the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Additional Intercreditor Agreements*" and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith; and

(3) appointed and authorized the Trustee and the Security Agent to give effect to the provisions in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Additional Intercreditor Agreements*."

Release of Liens

Security Interests in respect of the Collateral will be released under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than the Security Interests in respect of the shares of Capital Stock of the Issuer (the "Issuer Collateral")) to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary *provided that* this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable to a Restricted Subsidiary (other than in connection with a Qualified Receivables Financing) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal; *provided that*, nothing in this clause (1) shall restrict the release of Security Interests in respect of the Issuer Collateral to the extent substantially concurrently with such release, Liens over the Issuer Collateral having equivalent ranking as prior to such release are granted for the benefit of the Holders of the Notes;

(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 under the Notes Documents or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) as permitted by "*—Certain Covenants—Impairment of Security Interests*" or "*—Merger and Consolidation*";

(7) in the case of the Security Interest in respect of the Issuer Collateral, in connection with a Public Offering of the Issuer; or

(8) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Security Agent and the Trustee will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Notwithstanding the foregoing, any release of Collateral over shares (or equivalent) in any Guarantor incorporated in Sweden and any release of Collateral over any assets and/or business under any Security Document governed by Swedish law, shall always be subject to and made in accordance with Clause 15.7 (*Release of assets in Sweden*) of the Intercreditor Agreement.

Furthermore, pursuant to Swedish law requirements relating to the granting of security, the following additional restrictions will apply to assets subject to certain Swedish law security arrangements: (i) the right to sell or otherwise dispose of the security assets will be subject to the consent of the Security Agent; (ii) repayment of the principal amount under intra-group loans may only be made to the extent payments are made with the consent of the Security Agent or made to the Security Agent and applied in repayment of the secured liabilities under the relevant Security Document; and (iii) payment of yield, dividends under any share security or principal amount (subject to the restrictions set out in clause (ii) above) or interest under intra-group loans will only be allowed *provided that* no acceleration event has occurred and that no Event of Default would result from such payment.

Optional Redemption

Except as described below and except as described under "*Redemption for Taxation Reasons*," the Notes are not redeemable until November 1, 2018.

On and after November 1, 2018, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 1 of the years indicated below:

Year	*Redemption Price*
2018	103.000%
2019	101.500%
2020 and thereafter	100.000%

Prior to November 1, 2018, the Issuer may on any one or more occasions redeem the Notes up to 40% of the original principal amount of the Notes (including the principal amount of any Additional Note), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount (the "Redemption Amount") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 106.00% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided that*:

(1) at least 60% of the original principal amount of the Notes (including the original principal amount of any Additional Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

Prior to November 1, 2018, the Issuer may redeem during each twelve-month period commencing with the Issue Date up to 10% of the original principal amount of the Notes at its option, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date.

In addition, prior to November 1, 2018, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*Selection and Notice*" below.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On November 1, 2022, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Registrar will select Notes for redemption in accordance with the procedures of Euroclear and Clearstream (as applicable), unless otherwise required by law or applicable stock exchange or depository requirements; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. The Registrar will not be liable for any selections made by it in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in accordance with the prevailing rules of the Luxembourg Stock Exchange and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be delivered in accordance with the rules and procedures of Euroclear or Clearstream, as applicable, in lieu of the aforesaid mailing.

If the Notes are to be redeemed in part only, the notice of redemption that relates to such Notes shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (with the copy to the Trustee and the Paying Agent) of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "Withholding Taxes"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Board of Directors or a member of Senior Management determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, protocols, or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in position regarding the official application, administration or written interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer or any Guarantor (including, in each case, any successor entity) with respect to any Guarantee, as the case may be, is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts (but in the case of any Guarantor, only if such amount payable cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must not have been publicly announced before and must become effective on or after the Issue Date. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice.*" Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer or Guarantor, as the case may be, has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by the Issuer or any of the Guarantors or a successor of the Issuer or Guarantor (a "Payor") on the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or Guarantee is made by or on behalf of a Payor, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by or on behalf of the Payor of the Paying Agent with respect to any Note or Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the

"Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding, deduction or imposition (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising merely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or the Indenture or any Guarantee in respect thereof;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 30 days before any such withholding is payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in the rate of deduction or withholding of all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest, if any, on or with respect to the Notes or any Guarantee;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to European Council Directive 2003/48/EC, European Council Directive 2014/48/EU or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income or any law implementing, or introduced in order to conform to, such directive;

(6) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union;

(7) any Taxes withheld or deducted pursuant to sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, any current or future regulations thereunder, official interpretations thereof or agreements (including any intergovernmental agreement or any laws, rules or practices implementing such intergovernmental agreement) entered into in connection therewith; or

(8) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent.

The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which ease the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of Notes*" there is mentioned, in any context:

(1) the payment of principal,

(2) purchase prices in connection with a purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee, such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar Taxes, charges or levies (including penalties, interest and any other reasonable expenses related thereto) that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Guarantees, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (other than a transfer of the Notes after the Issue Date) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such Taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control,*" each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or 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) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this heading, "*Change of Control,*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of

Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided that* each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer or repurchase any Notes as described under this heading "Change of Control" upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given pursuant to the Indenture as defined above under the caption "*—Optional Redemption,*" unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Senior Credit Facilities. The occurrence of a Change of Control under the Indenture would also require the Senior Notes Issuer to make an offer to holders thereof to repurchase any Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources, including financial resources of its Restricted Subsidiaries. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to Our Financing Arrangements and the Notes—We may not be able to finance a change of control offer and the occurrence of certain important corporate events will not constitute a change of control.*"

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any of the Guarantors may Incur Indebtedness (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) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is Incurred, the Fixed Charge Coverage Ratio for the Issuer would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("Permitted Debt"):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and guarantees in respect of such Indebtedness in a maximum aggregate

principal amount at any time outstanding not exceeding (i) €1,800.0 million, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, *less* (iii) the aggregate amount of all Net Available Cash from Asset Dispositions since the Issue Date applied by the Issuer or any Restricted Subsidiary pursuant to the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" to repay any Indebtedness under any Credit Facility Incurred pursuant to this clause (1) (and in respect of any revolving credit facility, to permanently reduce commitments thereunder);

(2) (a) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness being guaranteed is permitted to be Incurred by another provision of this covenant; *provided that*, if the Indebtedness being guaranteed is subordinated to the Notes or a Guarantee, then the guarantee must be subordinated to the Notes or such Guarantee to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "*—Limitation on Liens,*" Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the creditor is neither the Issuer nor a Restricted Subsidiary that is a Guarantor, such Indebtedness is unsecured and, if the aggregate principal amount of such Indebtedness of the Issuer or such Guarantor exceeds €10.0 million ((i) except in respect of intercompany current liabilities Incurred in the ordinary course of business in connection with the cash management operations of the Issuer and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)), expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, or the applicable Guarantee, in the case of a Guarantor, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(c) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and the related Guarantees, (b) any guarantees of the Senior Notes and the Senior Notes Proceeds Loan, in each case, outstanding on the Issue Date, (c) any Indebtedness (other than Indebtedness Incurred under the Senior Credit Facilities or described in clauses (3), (4)(a) and (4)(b) of this paragraph) outstanding on the Issue Date after giving *pro forma* effect to the refinancing of the Senior Secured Bridge Facility with the proceeds from the Offering of the Notes on such date, (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4)(a), (4)(b), (4)(c) and clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (e) Management Advances;

(5) Indebtedness (a) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide

all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio of the Issuer would not be less than it was immediately prior to giving effect to such acquisition or other transaction and Incurrence of Indebtedness pursuant to this clause (5); provided further that, the aggregate outstanding principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to clause (5)(b) will not exceed at any time outstanding an amount of €30 million;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of 1.4% of Total Assets or €40.0 million; so long as the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business;

(9) Indebtedness arising from the Acquisition Agreement and Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided that*, in connection with such disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €50.0 million and 1.8% of Total Assets; *provided that* the aggregate outstanding principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to this clause (11) will not exceed at any time outstanding an amount of €30 million;

(12) Indebtedness Incurred in a Qualified Receivables Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness was Incurred; and

(15) Indebtedness Incurred under local overdraft and other local Credit Facilities in a maximum aggregate principal amount at any time outstanding not to exceed the greater of €50.0 million and 1.8% of Total Assets.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Senior Credit Facilities shall be deemed initially Incurred on the Issue Date under clause (1) of the second paragraph of this covenant and

not the first paragraph or clause (4)(c) of the second paragraph of this covenant, and may not be reclassified;

(3) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (13) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) 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; and

(7) the amount of Indebtedness (a) 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 (b) shall be the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

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.*"

In any case where the amount of Indebtedness that may be Incurred pursuant to any clause of this covenant is or may be based on Total Assets, the amount that may be Incurred under such clause shall be deemed to include all amounts necessary to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to such clause. Notwithstanding any other provision of this covenant, the maximum amount that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to such Incurrence, due solely to the result of fluctuations in the amount of Total Assets (and, for the avoidance of doubt, such Indebtedness will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue).

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness,*" the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided that* (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, 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 in any Person;

(any such dividend, distribution, payment, 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 Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Completion Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11), (12) and (18) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal financial statements are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph, (y) Excluded Contributions and (z) any Parent Debt Contribution);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph, (y) Excluded Contributions and (z) any Parent Debt Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value (as determined in accordance with the last paragraph of this covenant) of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a

Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clause (iv), (v) or (vi).

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent or any Special Purpose Vehicle to permit any Parent or any Special Purpose Vehicle to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided that* such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a) €15.0 million, plus €7.5 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (b) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (b), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant; and *provided further* that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management, directors or employees of any Parent, the Issuer or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Issuer or any Parent 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 to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances, repayments or distributions to any Parent or any Special Purpose Vehicle, or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

   (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

   (b) amounts constituting or to be used for purposes of making payments of (i) fees and expenses incurred in connection with (x) the Transactions or (y) fees, expenses, principal, interest or other amounts disclosed in the Offering Memorandum under the section "Use of Proceeds" (other than for the avoidance of doubt, amounts payable on the Senior Notes or any guarantee thereof) or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization *provided that* in the case of this clause (i) after giving *pro forma* effect to such loans,

advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.75 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization *provided that* in the case of this clause (ii) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 5.0 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €80.0 million and 2.8% of Total Assets;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of cash Excluded Contributions, or an amount equal to the fair market value of non-cash Excluded Contributions, or Restricted Payments in exchange for or using as consideration Restricted Payments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of receivables and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (b) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (a) and (b), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or a Parent Debt Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends, loans, distributions, advances or other payments in amounts required for a direct or indirect Parent of the Issuer to service substantially concurrent interest payments on Indebtedness, the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*" above (including, in the case of the Senior Notes Issuer, payments under the Senior Notes Proceeds Loan); and

(18) so long as no Default or Event of Default has occurred and is continuing (or would result from), any Restricted Payments; *provided that*, on the date of such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 4.25 to 1.0 on a *pro forma* basis after giving effect thereto.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the assets or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or an Officer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted

Subsidiary of the Issuer), 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 obligations under the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured, equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock, or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary; *provided that* (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Credit Facilities, the Indenture, the Notes, the Senior Notes and the Senior Notes Indenture), the Intercreditor Agreement, the Security Documents and the security documents relating to the Senior Credit Facilities and the Senior Notes), (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date (including, without limitation, the Acquisition Agreement), or (c) any other agreement or instrument with respect to the Issuer and its Subsidiaries, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or was designated as a Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided that*, for the purposes of this clause (2), if another Person is the Successor Company (as defined under “—*Merger and Consolidation*”), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an “Initial Agreement”) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the

encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (C) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Senior Credit Facilities, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors) or (B) the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or a member of Senior Management, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens.*"

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Board of Directors or an Officer); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

  (i) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

  (ii) Cash Equivalents;

  (iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness or Indebtedness owed to the Issuer or a Restricted Subsidiary), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obliged in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness as a result of such Asset Disposition;

  (iv) Replacement Assets;

  (v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

  (vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

  (vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of 0.7% of Total Assets and €20.0 million (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

  (viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; (ii) unless included in (1)(i), prepay, repay, purchase or redeem *Pari Passu* Indebtedness of the Issuer or any Guarantor that is secured by a Lien on the Collateral on a senior or *pari passu* basis with the Notes at a price of no more than 100% of the principal amount of such Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem (x) any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or (y) any Indebtedness of the Issuer or a Restricted Subsidiary that is secured on assets which do not constitute Collateral; *provided that*,

the Issuer shall prepay, repay, purchase or redeem *Pari Passu* Indebtedness that is Public Debt pursuant to clause (ii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of the Notes outstanding bears to (y) the sum total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *Pari Passu* Indebtedness (other than the Notes);

(2) (A) purchase the Notes pursuant to an offer to all Holders of the Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or (B) redeem the Notes in accordance with the redemption provisions of the Indenture;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clause (1), (3), (4), (5) or (6) of this paragraph (or any combination of the foregoing); *provided that* a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment if consummated and (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "Excess Proceeds." Pending the final application of any such Net Available Cash, the Issuer or any Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition (or the 546th day if a binding commitment as described in clause (8) above has been entered into), or such earlier time as the Issuer elects, if the aggregate amount of Excess Proceeds exceeds €50.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("Asset Disposition Offer") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such *Pari Passu* Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of Notes.

To the extent that the aggregate amount of Notes and such *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for any other purpose, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be repaid or repurchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “Asset Disposition Offer Period”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “Asset Disposition Purchase Date”), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased by it pursuant to this covenant (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer’s Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer’s Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided that* each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an “Affiliate Transaction”) involving aggregate value in excess of €10.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm’s-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €30.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the Board of Directors resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments,*" any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the second paragraph of the covenant described under "*—Limitations on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (14) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors, in each case in the ordinary course of business;

(3) any Management Advances or Parent Expenses and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (a) the Transactions; (b) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, 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, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect; and (c) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement or payment pursuant to which the Issuer or any Affiliate of the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated or combined 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;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided that* the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board

of Directors in their reasonable determination; (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; and (c) entering into the Senior Notes Proceeds Loan or any other proceeds of any issuance of Senior Notes or the pledging of such proceeds loan or any Capital Stock of the Issuer and any transactions relating thereto;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €3.0 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11)(b) are approved by a majority of the Board of Directors in good faith;

(12) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (a) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (b) that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate;

(13) investments by any of the Investors in securities of any of the Issuer's Restricted Subsidiaries (and the payment of reasonable out-of-pocket expenses of the Investors in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities;

(14) pledges of Capital Stock of Unrestricted Subsidiaries; and

(15) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ended December 31, 2015, annual reports containing: (i) an operating and financial review of the audited financial statements, including a discussion of the financial condition and results of operations, and a discussion of liquidity and capital resources, material commitments and contingencies and critical accounting policies of the Issuer; (ii) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (other than the Acquisition) (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided that* such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year with comparative balance sheet information as at the end of the prior fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years with comparative income statement and cash flow statement information for the applicable prior fiscal year, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material risk factors and material subsequent events; and (vi) consolidated EBITDA; *provided that* the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarter ending September 30, 2015, 75 days) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ending September 30, 2015, quarterly financial statements containing the following

information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter end year-to-date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided that* such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided that* the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction (other than the Acquisition) that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, to the extent not satisfied by the foregoing, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the listing agent in Luxembourg.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, would (if it were restricted) constitute a Significant Subsidiary of the Issuer, 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 Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section

13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

The Issuer may comply with any requirement to provide reports or financial statements of the Issuer under this covenant by providing any financial statements or reports of the Senior Notes Issuer, in which case references to the Issuer in clauses (1), (2) and (3) of the first paragraph hereof will be deemed to be references to the Senior Notes Issuer; *provided that* to the extent comparable prior period consolidated or condensed financial information of the Senior Notes Issuer does not exist, the comparable prior period combined financial information of the Issuer may be provided in lieu thereof; *provided further* that such report or financial statements shall include a reasonably detailed description of the financial condition and results of operations of the Senior Notes Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Issuer and its Restricted Subsidiaries.

Delivery of any reports, information and documents to the Trustee pursuant to this section will be for informational purposes only, and the Trustee's receipt thereof shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related thereto.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, 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 Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four quarter period, either (a) the Issuer or the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving *pro forma* effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any is required in connection with such transaction) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company under the supplemental indenture (in each case, reasonably satisfactory to the Trustee), *provided that* in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness.*"

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*—Merger and Consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new Subsidiary as a Restricted Subsidiary of the Issuer.

The Guarantors

None of the Guarantors (other than a Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless

  (A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

  (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of that Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; and

    (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

  (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibition in clauses (1), (2) and (3) of this covenant shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Restricted Subsidiary that is a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Restricted Subsidiary that is a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Restricted Subsidiary that is a Guarantor; (iii) any consolidation or merger of the Issuer into any Restricted Subsidiary that is a Guarantor; *provided that*, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, if any, to which it is a party, and clauses (1) and (4) under the heading "—*The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; provided, however, that clauses (1), (2) and (4) under the heading "—*The Issuer*" and clause (3) (other than clause (3)(B)(2)) under the heading "—*The Guarantors*" shall apply to any such transaction.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes: "—*Limitation on Restricted Payments*," "—*Limitation on Indebtedness*," "—*Limitation on Restrictions on Distributions from Restricted Subsidiaries,*" "*Certain Covenants—Limitation on Affiliate Transactions,*" "—*Limitation on Sales of Assets and Subsidiary Stock,*" the provisions of clause (3) of the first paragraph of the covenant described under "—*Merger and Consolidation*" and "—*Impairment of Security Interests*" and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(c) of the second paragraph of the covenant described under "—*Limitation on Indebtedness.*" In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status.

Impairment of Security Interests

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral), and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (1) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens; (2) the Collateral may be discharged or released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement; and (3) the applicable Security Documents may be amended from time to time (i) to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein, (ii) to comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iii) to add Collateral, (iv) to evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, in each case, including in accordance with "—*Certain Covenants—Merger and Consolidation*," (v) to evidence and provide for the acceptance of the appointment of a successor

Trustee or Security Agent or (vi) in any manner that does not adversely affect the Holders in any material respect; *provided, however*, that, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement (including for the avoidance of doubt, clause (3) 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 Issuer delivers to the Trustee, either (i) a solvency opinion reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the relevant Person 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, (ii) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (iii) an Opinion of Counsel reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Issuer or the relevant Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall guarantee the Indebtedness of the Issuer or a Guarantor outstanding under any Credit Facility that is Incurred pursuant to (i) the first paragraph or clauses (1) and (5)(b) of second paragraph of the covenant entitled "—*Limitation on Indebtedness,*" or any Refinancing Indebtedness in respect thereof, (ii) clause (13) of the second paragraph of the covenant entitled "—*Limitation on Indebtedness*" or (iii) that is Public Debt, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which such guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to Agreed Security Principles 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 Issuer, 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 "—*Releases of the Guarantees.*" A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Insolvency Considerations and Limitations on Validity and Enforceability of the Guarantees and the Collateral.*"

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness, 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 or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "Additional Intercreditor Agreement") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of Security Interests; *provided that* such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement or 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 Issuer 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. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or any 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 Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or the Security Agent, as applicable, 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 the offices of the Trustee.

Business Activities

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Similar Businesses, except to the extent that would not be material to the Issuer and its Restricted Subsidiaries taken as a whole.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, which continues for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its agreements contained in the Indenture (other than a default in performance or breach of a covenant or agreement which is specifically dealt with in clauses (1) or (2) above);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €30.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €30.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than (i) in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture or (ii) caused by the action or inaction of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €25.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or

unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days.

However, a Default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the Default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such Default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the applicable Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any, which shall require the consent of each Holder affected thereby unless Holders of not less than 90% in then outstanding principal amount waives such Default or Event of Default) 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 Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default or Event of Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture provides for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of such Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such 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, the Notes). Without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes then outstanding (or, alternatively, the consent of each Holder affected thereby), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) 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*;"

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to receive payment of principal of, and interest or Additional Amounts, if any, on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all of the Security Interest granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on such Notes (except pursuant to a rescission of acceleration of such Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release all or substantially all of the Guarantors from any of their obligations under their respective Guarantees or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, any Guarantor, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" 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 (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Guarantees, the Security Documents or the Notes to any provision of this "*Description of Notes*" to the extent that such provision in this "*Description of Notes*" was intended to be a verbatim recitation of a provision of the Indenture, a Guarantee, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Lien in favor of the Security Agent for the benefit of the Holders or parties to the Senior Credit Facilities, in any property which is required by the Security Documents or the Senior Credit Facilities (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Lien is required to be granted to the Security Agent, or to the extent necessary to grant a Lien in the Collateral for the benefit of any Person; *provided that* the granting of such Lien 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 Interests*" is complied with; or

(10) as provided in "*Certain Covenants—Additional Intercreditor Agreements*" or "*Certain Covenants—Impairment of Security Interests*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the rights of the Trustee and the Holders under the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of "*Certain Covenants—Merger and Consolidation*") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions (other than with respect to the Issuer and Significant Subsidiaries), the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5) (other than with respect to the Issuer and Significant Subsidiaries), (6), (7) or (8) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for this purpose) money in euros or euro-denominated European Government Obligations or a combination thereof in an amount sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all such Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all such Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the 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; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of such Notes at Stated Maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided that* any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)). If requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the Holders prior to Stated Maturity or the redemption date, as the case may be.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, and Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under or any Guarantor 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 and Certain Agents

Wilmington Trust, National Association is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes of the Issuer will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, such notices will be posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer in accordance with the rules and procedures of Euroclear and Clearstream, as applicable, in lieu of the aforesaid mailing.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided that*, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint 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 Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the 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, 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, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent) or made, as the case may be.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. The Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation, 111 Eighth Avenue, 13th Floor, New York, NY 10011 U.S.A., as their 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.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture, the Notes and the Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales. The Security Documents will be governed by the applicable local laws of the jurisdiction under which the Liens over the Collateral are granted.

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 such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means the purchase and redemption by the Purchaser or Dream Luxco S.C.A. (as applicable) of the securities comprising the Vendor's entire economic interest in Dream Luxco S.C.A., Dream Luxco GP S.à r.l and Verisure Midholding AB (publ) pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the purchase and redemption agreement, dated October 2, 2015, entered into between the Purchaser, Dream Luxco S.C.A., Dream Luxco GP S.à r.l and the Vendor in respect of the Acquisition, as amended from time to time.

"*Additional Notes*" means the additional Notes having identical terms and conditions as the Notes and issued under the Indenture.

"*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*" the agreed security principles appended to the Senior Facilities Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, with respect to any Note the greater of:

(1) 1% of the principal amount of such Note and

(2) as of any redemption date, the excess (to the extent positive) of:

  (A) the present value at such redemption date of (1) the redemption price of such Note at November 1, 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued and unpaid interest to the redemption date)), plus (2) all required interest payments due on such Note to and including November 1, 2018 (excluding accrued but unpaid interest to the redemption date), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

  (B) the outstanding principal amount of such Note, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance or transfer of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer) of less than the greater of 0.4% of Total Assets and €10.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (2) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock,*" asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing, sub-licensing or assignment of intellectual property or other general intangibles, licenses, sub-licenses, leases, subleases or assignments of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables and related assets in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors or a member of Senior Management shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed €10 million;

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by the covenant described above under "*—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided that* any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Limitation on Sales of Assets and Subsidiary Stock*" covenant; and

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Board of Directors*" means (1) with respect to the Issuer, the Senior Notes Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of this Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). References to "Board of Directors" shall be construed to mean "Board of Directors" of the Issuer unless expressly stated otherwise.

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Board of Directors or a member of Senior Management in good faith)) most nearly equal to the period from the redemption date to November 1, 2018; *provided, however*, that if the period from the redemption date to November 1, 2018, 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 November 1, 2018, 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.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, Sweden, London, United Kingdom, or New York, New York, United States are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the United Kingdom, the United States or Canadian governments, a member state of the European Union, Switzerland or Norway 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), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Senior Facilities Agreement or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof by Moody's or at least "F-2" or an equivalent thereof by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P, at least "P-2" or the equivalent thereof by Moody's or at least "F-2" or an equivalent by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if each of the three named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United Kingdom, the United States, any state of the United States of America, Canada or any province of Canada, any member state of the European Union, Switzerland, Sweden or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB–" or higher from S&P, "Baa3" or higher from Moody's or "BBB–" or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United Kingdom, the United States, Canada, a member state of the European Union, Switzerland, Sweden, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (8) above; and

(10) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means:

(1) the Issuer becoming 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, is or being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided that* for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, a *société anonyme*, or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Guarantee.

"*Commodity Hedging Agreement*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income of the Issuer for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense including goodwill;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments, including earn-outs), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, expenses, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items and the amount of any restructuring charges, accruals, or reserves and any integration costs, less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by the Issuer in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing or any other receivables financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings;

(5) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any guarantee of Indebtedness or other obligation of any other Person;

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Indebtedness (including, without limitation, under any Credit Facility), which is included in interest expenses under IFRS, (iv) any interest expense related to a Guarantee of Indebtedness of a Parent Incurred in compliance with the Indenture to the extent that the interest expense of any proceeds loan (including, for the avoidance of doubt, the Senior Notes Proceeds Loan) related thereto is included in the calculation of Consolidated Interest Expense in an equal or greater amount, (v) any payments on any operating leases, including without limitation any payment on any lease, sublease, rental or license of property (or guarantee thereof) which would be considered an operating lease under IFRS in effect as of the Issue Date and (vi) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding).

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually

distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments,*" any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer or a Guarantor that holds the equity interests in such Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture, the Senior Notes, the Senior Notes Indenture and the Senior Facilities Agreement, (c) contractual restrictions in effect on the Issue Date (including pursuant to the Senior Facilities Agreement and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions permitted under the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*"), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary (including by way of a loan) during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or loan to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of Senior Management);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development cost, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means Consolidated Leverage *less* the amount of cash and Cash Equivalents that is stated on the consolidated balance sheet of the Issuer as of such date in accordance with IFRS.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available, multiplied by 2.0. If the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period. Whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations shall be as determined in good faith by a responsible accounting or financial officer of the Issuer (and may include anticipated expense and cost reduction and synergies), including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Issuer or any Restricted Subsidiary, including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, Investment, acquisition, disposition, restructuring, corporate reorganization or otherwise.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period.

"*Consolidated Senior Secured Leverage*" means the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available, multiplied by 2.0, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—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.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Senior Credit Facilities or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Senior Credit Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or an Officer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*"

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments.*"

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments.*" For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer or a Restricted Subsidiary (other than to the Issuer or its Subsidiaries) (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person (other than to the Issuer or its Subsidiaries), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Debt Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or a member of Senior Management) on the date of such determination.

"*Euroclear*" means Euroclear Bank S.A./N.V. or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means the European Union as of the Issue Date, consisting of Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means the Net Cash Proceeds or fair market value of property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "*Description of Notes*" or the Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*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, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA for the period of the two most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available multiplied by 2.0 to (y) the Consolidated Interest Expense of the Issuer for the four most recent fiscal quarters ending prior to such date of determination for which internal financial statements are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness and Indebtedness Incurred under any revolving credit facility (unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable fourquarter reference period; *provided, however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*." Whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations shall be as determined in good faith by a responsible accounting or financial officer of the Issuer (and may include anticipated expense and cost reduction and synergies), including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Issuer or any Restricted Subsidiary, including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, Investment, acquisition, disposition, restructuring, corporate reorganization or otherwise.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by an Officer of the Issuer responsible for accounting or financial reporting to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided, however,* that the term "guarantee" will not include endorsements for

collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"*Guarantee*" means the guarantee by each Guarantor of any obligations of the Issuer under the Notes and the Indenture.

"*Guarantor*" means the Initial Guarantors, the Post-Completion Guarantors and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. All ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date.

"*Incur*" means issue, create, assume, enter into any guarantee of, Incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, 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 (the amount of such Indebtedness being equal to the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer) and (b) the amount of such Indebtedness of such other Persons);

(8) guarantees by such Person of the principal component of Indebtedness of other Persons to the extent guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) (a) Contingent Obligations Incurred in the ordinary course of business, (b) obligations under or in respect of Qualified Receivables Financings and (c) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however,* that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means:

(1) any funds or limited partnerships directly or indirectly managed or advised by Hellman & Friedman LLC or its affiliated advisory entities; or

(2) such partnerships' respective Affiliates or direct or indirect Subsidiaries or entities, in respect of which, such partnerships individually or in the aggregate directly or indirectly control a majority of the issued voting rights, or any trust, fund, company or partnership directly or indirectly owned, controlled, managed or advised by Hellman & Friedman LLC or any of its affiliated advisory entities; or

(3) any entity directly or indirectly controlled by all or substantially all of the managing directors of such fund or Hellman & Friedman LLC from time to time or formed pursuant to the alternative investment vehicle provisions in the Hellman & Friedman fund partnership documentation for Hellman & Friedman Capital Partners VII, L.P. and its affiliated fund vehicles, and shall, for the avoidance of doubt, include any Special Purpose Vehicle.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated on or about the Completion Date by and among, *inter alios*, the Issuer, the Senior Notes Issuer, the Security Agent and the Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however,* that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*Certain Covenants—Limitation on Restricted Payments.*"

For purposes of "*Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB–" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when all of the Notes receive any two of the following:

(1) a rating of "BBB–" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB–" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €10.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*" means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means the offering memorandum dated October 23, 2015 relating to the issuance of the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Debt Contribution*" means a contribution to the equity of the Issuer or any of its Restricted Subsidiaries or the issuance or sale of Subordinated Shareholding Funding of the Issuer pursuant to which dividends or distributions may be paid pursuant to clause (17) of the second paragraph under "*—Limitation on Restricted Payments.*"

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses, audit and accounting costs) incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person or applicable law to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence

and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, directors, officers and employees of such Parent, (d) customary salary, bonus, severance and other benefits payable to current or former directors, officers, members of management, managers, employees or consultants (or any immediate family member thereof) of any Parent *plus* any reasonable and customary indemnification claims made by current or former directors, officers, members of management, managers, employees or consultants of any Parent, to the extent such salary, bonuses, severance and other benefits or claims in respect of any of the foregoing are directly attributable and reasonably allocated to the ownership or operations of such Parent, (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent and (f) insurance premiums to the extent relating to such Parent, the Notes or any of its Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €2.0 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries;

(8) expenses incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness: (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary, (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) costs and expenses equivalent to those set out in clauses (1) to (8) above with respect to a Special Purpose Vehicle.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium and Additional Amounts, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (13), (14), (17), (18), (19), (20), (21), (23) and (24) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(2) Liens on the Collateral to secure (a) any Notes (excluding any Additional Notes), (b) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness,*" *provided* that if such Lien is *pari passu* with the Liens securing the Notes or the relevant Guarantee, after giving *pro forma* effect to such Incurrence on that date and the application of proceeds therefrom, the Consolidated Senior Secured Leverage Ratio would have been no more than 5.25 to 1.00; (c) Indebtedness permitted to be Incurred by the Issuer or a Guarantor under clause (5) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness"; provided* that, after giving *pro forma* effect to such Incurrence at the time of the acquisition or other transaction pursuant to which such Indebtedness was Incurred, (i) the Consolidated Senior Secured Leverage Ratio would have been no more than 5.25 to 1.0 or (ii) Consolidated Senior Secured Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or transaction on a *pro forma* basis; (d) Indebtedness that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4) (other than sub-clauses (a), (d) and (e) of such clause), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; and (e) any Refinancing Indebtedness in respect of Indebtedness referred to in the

foregoing clause (a), (b), (c) or (d); *provided* that (A) except as set forth in the following proviso, any such Lien shall rank *pari passu* with, or junior to, the Liens securing the Notes or the Guarantees and (B) 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; *provided further* that Liens on the Collateral securing Indebtedness with super priority status may be Incurred (x) pursuant to this clause (2) with respect to a super priority credit facility (limited to an aggregate principal amount not to exceed the greater of €300.0 million and 50% of Consolidated EBITDA (measured at the time of Incurrence of such facility) and *provided that* such Indebtedness is Incurred pursuant to clause (1) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and (y) Hedging Obligations secured pursuant to sub-clause (d) of this clause (2);

(3) solely with respect to the Shared Collateral, Indebtedness issued or borrowed by the Senior Notes Issuer and the Guarantees; *provided that* such Liens rank junior to the Liens on the same Collateral securing the Notes and Guarantees in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(4) Liens Incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed €5.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money or business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) Management Investors, (3) any Related Person of any Persons specified in clause (1) or (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided that*, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that 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, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables made in connection with any Qualified Receivables Financing, including Investments held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary' course of business;

(6) Management Advances and any advances or loans not to exceed €4.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Issuer or a Parent of the Issuer;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided that* the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 2.8% of Total Assets and €80.0 million; *provided that*, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments,*" such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*Certain Covenants— Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8), (9) and (12) of that paragraph);

(15) guarantees not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(16) Investments in loans under the Senior Credit Facilities, the Notes and any Additional Notes and any other Indebtedness of the Issuer and/or its Restricted Subsidiaries.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided that* appropriate reserves or provisions required pursuant to IFRS have been made in respect thereof;

(5) Liens (a) in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business and (b) securing obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments permitted to be Incurred pursuant to the second paragraph of the covenant entitled "*—Certain Covenants—Limitations on Indebtedness*";

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clauses (7) or (13) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, Incurred or assumed in connection with, or in contemplation of such

acquisition or transaction; *provided*, that such Liens are limited to the assets, property or shares of stock acquired (including those of a Person that becomes a Restricted Subsidiary) plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Guarantor;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on receivables and other assets of the type described in the definition of "*Qualified Receivables Financing*" Incurred in connection with a Qualified Receivables Financing;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash to prefund any interest or other costs associated with such Indebtedness;

(23) Liens securing or arising by reason of any netting or setoff arrangement entered into in the ordinary course of banking or other trading activities, or Liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) any security granted over the marketable securities portfolio described in clause (10) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Guarantees; (b) Liens pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Senior Credit Facilities; (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor

Agreement or an Additional Intercreditor Agreement; and (d) Liens securing Indebtedness Incurred under clause (1) of the second paragraph of the covenant entitled "*—Limitation on Indebtedness*" to the extent the Agreed Security Principles would permit such Lien to be granted to such Indebtedness and not to the Notes;

(31) Liens *provided that* the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed €100.0 million; and

(32) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (31) (other than Liens described in clause (31) of this definition); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

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

"*Preferred Stock,*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Purchaser*" means H&F Project Luxco 1 S.à r.l., a private limited company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg under registered number B 185670, whose registered address is at 4, rue Charles VI, L-1327, the Grand Duchy of Luxembourg.

"*Qualified Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations, receivable sale facilities, factoring facilities or invoice discounting facilities involving receivables.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a wholly owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (c) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however,* that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced, or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle controlled, directly or indirectly, managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

  (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

  (b) issuing or holding Subordinated Shareholder Funding;

  (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

  (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

  (e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the sum of the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries and the amount actually received in cash from its Unrestricted Subsidiaries.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or Senior Management are reasonably related.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, confirmed, supplemented or otherwise modified from time to time, creating the Liens in the Collateral as contemplated by the Indenture.

"*Security Interest*" means the interest in the Collateral that is created by the Security Documents and secures obligations under the Notes or the Guarantees and the Indenture.

"*Senior Credit Facilities*" means the credit facilities made available under the Senior Facilities Agreement.

"*Senior Facilities Agreement*" means the €1,600.00 million (equivalent) senior facilities agreement dated October 10, 2015, between, among others, the Issuer as an original borrower and the lenders named therein, as the same may be amended from time to time.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or the Senior Notes Issuer.

"*Senior Notes*" means the private senior notes issued by the Senior Notes Issuer under the Senior Notes Indenture.

"*Senior Notes Indenture*" means the indenture pursuant to which the Senior Notes Issuer issued the Senior Notes, dated October 21, 2015, as the same may be amended from time to time.

"*Senior Notes Issuer*" means Verisure Midholding AB (publ) and all successors thereto.

"*Senior Notes Proceeds Loan*" means the loan made under one or more promissory notes issued on or about the Completion Date by the Issuer, as Issuer, the Senior Notes Issuer, as creditor, as amended, accreted or partially repaid from time to time; *provided* that such loan shall be subordinated to the Notes and the Guarantees in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement.

"*Senior Secured Bridge Facility*" means the €700.0 million senior secured bridge facility under the Senior Secured Bridge Facility Agreement, which was drawn in full on the Completion Date.

"*Senior Secured Bridge Facility Agreement*" means the senior secured bridge facility agreement dated October 10, 2015 by and among Verisure Cayman 2, Bank of Merrill Lynch International Limited, as agent, the mandated lead arrangers and bookrunners named therein and the Security Agent, as the same may be amended from time to time.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is Incurred under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4)(a), (5), (11), (13) or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (and any Refinancing Indebtedness in respect thereof), in each case secured by a Lien on the Collateral (excluding Indebtedness to the extent secured on a junior priority basis to the Notes or any Guarantee).

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) the home and business security business and (c) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Special Purpose Vehicle*" means an entity established by any Parent for the purposes of maintaining an equity incentive or compensation plan for Management Investors.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Qualified Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Limitation on Sales of Assets and Subsidiary Stock,*" to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any guarantee pursuant to a written agreement, including (x) the guarantees of the Senior Notes by the Issuer and the Guarantors and (y) the obligations of the Issuer under the Senior Notes Proceeds Loan.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the

payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Parent Liabilities" (as defined therein),

provided that the Senior Notes Proceeds Loan shall not constitute Subordinated Shareholder Funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

  (a) direct obligations of, or obligations guaranteed by, (i) the United Kingdom, the United States or Canada, (ii) any other European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

  (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P, "A-1" or "A" by Fitch or by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch 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 that is an institution authorized to operate as a bank under the Senior Facilities Agreement,

(b) any lender that is an institution authorized to operate as a bank in any of the countries or member states referred to in subclause (7) below, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose longterm debt is rated at least "A–" by S&P, "A-3" or "A" by Fitch or by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of or "A" by Fitch, Moody's or S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clause (2) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(4) 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;

(5) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) 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 Kingdom, United States, Canada, any other European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB–" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) 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 Cooperation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P, "A2" by Moody's or "A" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(9) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (8) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(10) investments in money market funds (a) 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 or (b) rated "AAA" by S&P, "Aaa" by Moody's or "AAA" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of the Issuer prepared on the basis of IFRS.

"*Transactions*" shall have the meaning assigned to such term in the Offering Memorandum under the caption "*Summary—The Transactions.*"

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*Certain Covenants—Limitation on Restricted Payments.*"

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Vendor*" means Bain Capital Dream Cayman L.P, a limited partnership organized under the laws of the Cayman Islands under registered number 50289.

"*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.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to QIBs in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold outside the United States to non-US persons in offshore transactions in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons 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, the Book-Entry Interests will not be issued in definitive form.

The 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 in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we, the Trustee, the Paying Agent nor the Registrar will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, *provided,* however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent, which will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. We will make payments of all such amounts and all payments 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 and as described under "*Description of Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made, then, to the extent described under "*Description of Notes—Withholding Taxes,*" we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding, or deduction (including any such deduction or withholding from such additional amounts), will not be less than the amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we, the Trustee, the common depositary, the Paying Agent and the Registrar will treat the registered holders of the relevant Global Notes (i.e., Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Paying 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;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the relevant Global Notes for definitive registered notes in certificated form (the "definitive registered notes"), and to distribute such definitive registered notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of definitive registered notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the relevant 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 144A or any other exemption (if available under the U.S. Securities Act).

In connection with transfers involving an exchange of a Rule 144A Book-Entry Interest for a Regulation S Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Rule 144A Global Note and a corresponding increase in the principal amount of the Regulation S Global Note.

Definitive registered notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of 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*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive Notes in registered form:

- if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuers within 120 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under such Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding second bullet point, their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

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 us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such definitive registered notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying 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 Clearstream.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we, the Trustee, the Paying Agent, the Registrar nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledges such interest to persons or entities 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 Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof. 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 are expected to 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 us, 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 on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving 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 Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who 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 Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

References in this discussion to Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the book-entry interests held by purchasers in the Notes in global form deposited with, and registered in the name of a common depositary for Euroclear or Clearstream.

U.S. Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, purchased in the Offering at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash, excluding to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. Holder (as defined below), except for discussions under "*—Fungible issue*" and "*—FATCA*." This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the Internal Revenue Service ("IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the U.S. federal income tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special treatment under the U.S. federal income tax laws, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, grantor trusts, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and who hold the Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address any tax consequences other than U.S. federal income tax consequences and does not address the Medicare tax on certain investment income.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, foreign or other tax laws.

Characterization of the Notes

In certain circumstances we may be obligated to make payments on the Notes in excess of stated principal and interest. We intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments. Assuming such position is respected, a U.S. Holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. Our position is binding on a Holder, unless the Holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. Holders could be required to accrue interest income at a rate higher than their yield to maturity, to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement or redemption of a Note, and to recognize foreign currency exchange gain or loss with respect to such income. This disclosure assumes that the Notes will not be considered contingent payment debt instruments. U.S. Holders are urged to consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of interest

Payments of stated interest on the Notes (including any non-U.S. tax withheld on such payments and any Additional Amounts) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest will be required to include in ordinary income the U.S. dollar value of the euro interest payment (translated at the "spot rate" on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars. A cash method U.S. Holder will not recognize exchange gain or loss with respect to the receipt of such payment, but may have exchange gain or loss attributable to the actual disposition of the euros so received.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income the U.S. dollar value of the amount of interest income in euros that has accrued with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the portion of the accrual period within each taxable year. Additionally, if payment of the accrued interest is received within five business days of the last day of an accrual period, a U.S. Holder may instead translate such interest at the "spot rate" on the date of actual receipt. The above election will apply to other obligations held by the U.S. Holder and may not be changed without the consent of the IRS. An accrual basis U.S. Holder will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the "spot rate" on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars. Such gain or loss will generally constitute U.S. source ordinary income or loss.

Foreign tax credit

Subject to the discussion of exchange gain or loss above, interest income, on a Note generally will constitute foreign source income and be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by a U.S. Holder at a rate applicable to such holder may be eligible for foreign tax credits (or, at such holder's election, a deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits.

Sale, exchange, redemption, retirement or other taxable disposition of notes

Generally, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the disposition (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such U.S. Holder's adjusted tax basis in the Note. If a U.S. Holder receives foreign currency on such a sale, exchange, redemption, retirement or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of the foreign currency translated at the "spot rate" on the date of disposition. In the case of a Note that is traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the amount realized by translating such amount at the "spot rate" on the settlement date of the disposition. If an accrual-basis U.S. Holder does not make such election, such U.S. Holder will determine the U.S. dollar value of the amount realized by translating such amount at the "spot rate" on the trade date of the disposition.

A U.S. Holder's adjusted tax basis in a Note will initially equal the cost of such Note to such U.S. Holder and will be decreased by any principal payments previously received by such U.S. Holder. If a U.S. Holder uses foreign currency to purchase a Note, the cost of the Note will generally be the U.S. dollar value of the foreign currency purchase price by translating such amount at the "spot rate" on the date of purchase. However, in the case of a Note that is traded on an established securities market, a cash basis U.S. Holder, and, if it so elects, an accrual basis U.S. Holder, will generally determine the U.S. dollar value of the cost of such Note by translating the amount paid at the "spot rate" on the settlement date of the purchase.

If a Note is not traded on an established securities market (or, if a Note is so traded, but a U.S. Holder is an accrual basis taxpayer that has not made the settlement date election), a U.S. Holder will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) to the extent that the U.S. dollar value of the foreign currency received (based on the "spot rate" on the settlement date of the disposition) differs from the U.S. dollar value of the amount realized (based on the "spot rate" on the trade date of the disposition).

The special election available to accrual basis U.S. Holders in regard to the purchase and sale of Notes traded on an established securities market, which is discussed in the preceding paragraphs, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the discussion of exchange gain or loss below, gain or loss recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note (i) generally will be U.S. source gain or loss and (ii) generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement or other taxable disposition the Note has been held by such U.S. Holder for more than one year. Long-term capital gain realized by a non-corporate U.S. Holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation.

Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale, exchange, redemption or other taxable disposition of the Notes.

A U.S. Holder may recognize exchange rate gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price for the Note (i) on the date such Note is disposed of and (ii) on the date on which the U.S. Holder acquired the Note. Such gain or loss will be treated as ordinary income or loss and generally will be treated as U.S. source income or as an offset to U.S. source income, respectively. In addition, exchange gain or loss may be realized with respect to accrued interest as discussed above under "*—Payments of interest*." However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder will realize exchange gain or loss with respect to principal and accrued interest only to the extent of the total gain or loss realized on the disposition.

Reportable transactions

Under 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 any such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. U.S. Holders should consult their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any reporting requirements.

Certain information reporting requirements with respect to foreign financial assets

Certain U.S. Holders who are individuals 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). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisors regarding the effect, if any, of these requirements on their ownership and disposition of the Notes. Penalties may apply for failure to comply with these reporting requirements.

Fungible issue

The Issuer may, without the consent of the holders of outstanding Notes, issue additional notes with identical terms. These additional notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional notes may be considered to have been issued with OID for U.S. federal income tax purposes. These differences may affect the market value of the original Notes if the additional notes are not otherwise distinguishable from the original Notes.

Backup withholding and related information reporting requirements

In general, payments of interest and the proceeds from sales or other dispositions (including retirements or redemptions) of Notes held by a U.S. Holder may be required to be reported to the IRS unless the U.S. Holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

FATCA

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain passthru payments made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. 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 U.S. federal income tax purposes after the expiration of this grandfathering period. However, if additional notes are issued after the expiration of the grandfathering period, have the same ISIN or other identifier as the Notes issued hereby and payments on such additional notes are subject to withholding under FATCA, then withholding agents may treat all payments on the notes in such series, including the Notes issued hereby, as subject to withholding under FATCA. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. 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.

Sweden Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Notes and to payments under the Guarantees. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address, inter alia, situations where Notes are held in an investment savings account (*investeringssparkonto*) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties) of Notes in their particular circumstances.

Holders not tax resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, *provided that* such a holder (i) is not resident in Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in Sweden to which the Notes are effectively connected.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except for certain payments of interest (and other return on Notes) to a private individual (or an estate of a deceased individual) who is resident in Sweden for Swedish tax purposes (see "*—Holders tax resident in Sweden*" below).

Holders tax resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example, life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realizes a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

EU Savings Directive

Under the Savings Directive, a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within the jurisdiction of the first Member State to an individual, or certain other persons, resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The ending of such transitional period is dependent on the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures.

INSOLVENCY CONSIDERATIONS AND LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE COLLATERAL

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in some of the jurisdictions in which Guarantees or Collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in Spain, Sweden, Norway and Portugal.

European Union

The Issuer and the Guarantors in Spain, Sweden and Portugal are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated to have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. To date, no final decisions have been made in cases that have been brought before the European Court of Justice in relation to questions of interpretation of the effects of the EU Insolvency Regulation throughout the European Union.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "centre of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its "centre of main interests," any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its "centre of main interests" have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's "centre of main interests" is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no territorial proceedings have been opened there. The liquidator appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's "centre of main interests" is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

A new Council Regulation (EC) no. 2015/848 of May 20, 2015 on insolvency proceedings (the "New EU Insolvency Regulation") came into force on 26 June 2015 and will gradually replace the EU Insolvency Regulation, but its main provisions will only become effective on 26 June 2017. One of the main changes introduced by the New EU Insolvency Regulation consists in an increased scrutiny in situations where there has been a recent COMI shift. Where a company's COMI has shifted in the preceding 3 months the rebuttable presumption that its COMI is at the place of its registered office will no longer apply. Also, the opening of secondary proceedings in another EU Member State – which will no longer be limited only to "winding-up proceedings" – will be possible not only if the debtor has an establishment in such EU Member State at the time of the opening of main insolvency proceedings, but also if the debtor had an establishment in such EU Member State in the 3-month period prior to the request to commence main insolvency proceedings.

Sweden

Applicable insolvency law

The Issuer (as well as several of the Guarantors) is incorporated in Sweden. Any insolvency proceedings applicable to the Issuer (or each such Guarantor) including any and all of its assets (in Sweden and abroad) will, as a starting point and by virtue of Article 4 of the EU Insolvency Regulation (as defined below), be governed by Swedish insolvency law (*lex concursus*).

Under Swedish law, a debtor company may be subject to one of two types of insolvency proceedings, bankruptcy pursuant to the Swedish Bankruptcy Act (*konkurslagen (1987:672)*), as amended (the "Swedish Bankruptcy Act"), and reorganisation pursuant to the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*), as amended (the "Swedish Reorganisation Act").

The insolvency laws of Sweden may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors' claims, the ability to obtain post-petition interest and the duration of insolvency proceedings, and hence may limit the ability of creditors to recover payments due on the Notes and the Guarantees to an extent exceeding the limitations arising under the insolvency laws of other jurisdictions. The following is a brief description of certain aspects of the insolvency laws of Sweden applicable to Swedish limited liability companies (*aktiebolag*), such as the Issuer (as well as several of the Guarantors).

Bankruptcy proceedings

Pursuant to the Swedish Bankruptcy Act, if a company is unable to rightfully pay its debts as they fall due and such inability is not merely temporary, it is deemed insolvent and can be declared bankrupt following a bankruptcy petition filed with the court by the debtor or by a creditor of the debtor.

When declared bankrupt, a receiver in bankruptcy (*konkursförvaltare*) who is appointed by the competent court will work in the interest of all creditors with the objective of realizing the debtor's assets and distributing the proceeds amongst the creditors. The purpose of Swedish bankruptcy proceedings is to wind up a Swedish company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is considered best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the debtor as soon as possible and to distribute the proceeds in accordance with mandatory priority rules (see below under the heading "*—Priority of Certain Creditors*"). In the interim, the receiver will take over the management and control of the company and its directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets.

The declaration of bankruptcy does not automatically terminate existing contracts; instead, the receiver in bankruptcy may, under certain circumstances, in its discretion, choose to have the bankruptcy estate itself step into any such existing contracts. A clause in a contract which provides that the contract is terminated by reason of a bankruptcy may be unenforceable.

Enforcement Process

In case of enforcement outside of bankruptcy proceedings, an enforcement process is initiated by the creditor obtaining an enforcement order from the Swedish Enforcement Authority (*Kronofogden*) or a court judgment. Upon obtaining an enforcement order or judgment against a debtor, a creditor may apply to the Swedish Enforcement Authority for enforcement of its claim. If (i) agreed between a pledgor and a secured creditor or a party acting as agent on behalf of a secured creditor and (ii) the secured creditor or its agent is in physical possession of the security assets, the secured creditor or the agent may under certain circumstances enforce the pledge without having obtained an enforcement order or court judgment. However, where a security holder seeks to enforce such security itself, certain statutory notice requirements apply and the pledgee is under a fiduciary duty to protect the interest of the pledgor when exercising its rights as a secured party or liquidating a secured asset. This duty includes, *inter alia*, an obligation to notify the pledgor of any liquidation or sale of the collateral, to account for the proceeds of such liquidation or sale, and to pay to the pledgor that portion of the proceeds of such liquidation or sale which exceeds the debt secured by such asset. There are provisions in the Swedish Contracts Act (*avtalslagen (1915:218)*) which prohibit an enforcing party from foreclosing a secured asset by assuming ownership of the secured asset without accounting for the value thereof. Certain categories of properties may however only be enforced through the Swedish Enforcement Authority.

Additionally, in respect of a pledge over shares, the secured creditor or its agent may subject to the conditions above, carry out the enforcement and sell the shares through private or public sale or auction. Such process is however subject to certain fiduciary duties and must be carried out in a manner that safeguards the interests of the pledgor. For example the process should include a reasonable notice period before enforcement. There is no set time for such notice period; instead it will depend on the circumstances at hand. Generally, the notice period should be sufficient to allow the pledgee to participate in the sales process or prevent the enforcement by settling the secured obligations and sufficient for potential buyers to be able to make an informed decision in the sales process so that they may place the best possible bid for the shares. However, when determining what is a reasonable notice period, the interests of the secured creditors must also be taken into consideration, where one aspect may be that a delay in enforcement might lead to deterioration of the value of the security. In certain circumstances the fiduciary duty will also mean that the notice period needs to be shortened in the interest of the pledgor to prevent such deterioration.

An enforcement in bankruptcy of security over, *inter alia*, shares, can in principle be carried out in the same manner as outside bankruptcy (subject to certain statutory notice requirements and mandatory fiduciary duties). A creditor having security over a specific object may demand that such object is sold by the receiver in bankruptcy without undue delay, provided the underlying claim is not disputed or has been confirmed in a non-appealable decision. This rule does not, however, apply to property that is necessary for the continuation of the debtor company's business. The receiver in bankruptcy may thus postpone such sale if the receiver in bankruptcy determines that the bankruptcy estate would either incur a considerable loss or that the implementation of a composition would become substantially more difficult, provided that a postponement is not unreasonable to the secured creditor.

Upon enforcement of security over shares, such shares may, subject to the conditions and certain fiduciary duties as set out above, be sold by the secured creditor or its agent in an auction process. Such process will be subject to certain statutory notice requirements which depend on whether or not the shares are deemed to be financial instruments. In respect of shares which are not financial instruments, the shares may not, unless the receiver in bankruptcy consents otherwise, be sold earlier than four weeks from the day of the court session where the directors testified on the veracity of the accounts (*edgångssammanträde*) and the receiver in bankruptcy shall be given no less than three weeks prior notice of the auction and be offered to acquire the shares at least one week prior to any enforcement action is taken. In respect of shares which are financial instruments, the secured creditor may sell the shares without such notice periods, provided that the auction is carried out in a commercially prudent manner and that in respect of shares in an unlisted subsidiary of the bankruptcy debtor, after notifying the receiver in bankruptcy and giving the bankruptcy estate the opportunity to acquire the shares.

Priority of certain creditors

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*) (the "Swedish Rights of Priority Act"), which states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets. However, some preferential and secured creditors, where such preference or security may arise as a consequence of law, have the benefit of payment before other creditors. There are two types of preferential rights: "Specific preferential rights" and "General preferential rights." "Specific preferential rights" apply to certain specific property and give a creditor a right to payment from such property. "General preferential rights" cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment from such property. Such preferential and secured creditors may also under certain circumstances enforce the security in accordance with the Swedish Enforcement Act (*utsökningsbalken (1981:774)*), or if the security is provided by way of a pledge on movable assets (*handpanträtt*), enforcement through private enforcement procedures as permitted pursuant to the Swedish Bankruptcy Act. Claims that do not carry any of the above mentioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are generally of equal standing as against each other.

Challengeable transactions

In Swedish bankruptcy and, if certain conditions are met, company reorganisation proceedings, transactions can (in certain circumstances and subject to different time limits) be reversed and the goods or monies can then be returned to the bankruptcy estate or the company subject to company reorganisation. Broadly, these transactions include, among others, situations where the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of one or more of its other creditors before the initiation of the relevant insolvency proceedings, created a new security interest, granted a guarantee or security that was either not stipulated at the time when the secured obligation arose or not perfected without delay after such time and the delay is not considered to be ordinary, or paid a debt that is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three or six-month periods preceding the commencement of the relevant Swedish insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor such as a subsidiary or parent company and situations where the other party to an agreement or other arrangement are aware of, *inter alia*, the insolvency of the debtor.

Limitations on enforceability due to the Swedish Reorganisation Act

The Swedish Reorganisation Act provides Swedish companies facing economic difficulties with an opportunity to resolve these difficulties without being declared bankrupt. Corporate reorganisation proceedings shall, as a main rule, terminate within three months from commencement but may under certain conditions be extended for up to one year.

An administrator (*rekonstruktör*) is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors of the debtor. However, the debtor remains in full possession of the business except that the consent of the administrator is required for important decisions such as paying a debt that has fallen due prior to the granting of a reorganisation order, granting security for a debt that arose prior to the granting of a reorganisation order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business.

The corporate reorganisation proceedings do not have the effect of terminating contracts entered into by the debtor. Further, the opening of corporate reorganisation proceedings entails, under certain circumstances, limitations in the contracting party's right to terminate a contract due to the debtor's delay with payment of performance. During the reorganisation procedure, the debtor's business activities continue as normal. However, the procedure includes a suspension of payments to creditors and the debtor may not pay a debt that fell due prior to the granting of the reorganisation order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganisation proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor (which is the case with a share pledge over the shares in a Swedish limited liability company and with a Swedish law pledge over a loan evidenced by a negotiable promissory note (*löpande skuldebrev*) provided that the share certificates of such company or such negotiable promissory note (as the case may be) has been physically delivered to the secured creditor or its agent and kept by the secured creditor or its agent).

The debtor may apply to the court requesting public composition proceedings (*offentligt ackord*) which means that the amount of a creditor's claim may be reduced. The proposal for a public composition must meet certain requirements such as that a sufficient proportion of the creditors which are allowed to vote, in respect of a sufficient proportion of the outstanding claims vote in favor of such public composition. Creditors with set-off rights and secured creditors will not participate in the composition unless they wholly or partly waive their set-off rights or priority rights. Should the security not cover a secured creditor's full claim, the remaining claim will, however, be part of a composition. A creditors' meeting is convened to vote on the proposed composition. The public composition is binding on all creditors that were entitled to participate, *i.e.* also creditors who have not attended the creditors' meeting will be bound.

Limitations on the validity and value of a guarantee or security interest

If a Swedish limited liability company provides any security interest or guarantee without receiving sufficient corporate benefit in return, such security interest or guarantee will, according to the Swedish Companies Act (*aktiebolagslagen (2005:551)*) (the "Swedish Companies Act"), in whole or in part, constitute a transfer of value from a Swedish limited liability company (a "Swedish Company") which would be unlawful if: (i) the Swedish Company would lack cover for its unrestricted equity capital after such value transfer or (ii) it would not be considered prudent by the Swedish Company to undertake the value transfer after having taken into consideration the equity requirements imposed by the nature, scope and risks relating to the Swedish Company's business or the Swedish Company's need to strengthen its balance sheet, liquidity or financial position.

This could be the case if, at the time the guarantee or security interest for the obligations of a third party is provided by a Swedish Company, such third party is deemed unable to fulfil its obligation to indemnify the Swedish Company if the guarantee is utilized or if the security is enforced. Further, this could also be the case if a Swedish Company provides any security interest or guarantee in respect of debt owed by a non-wholly-owned subsidiary of the Swedish Company without the Swedish Company receiving sufficient corporate benefit in return.

The Guarantees and the security interests provided by Securitas Direct and certain of its subsidiaries incorporated in Sweden are limited in accordance with the above restrictions relating to corporate benefit and contains limitation language limiting the liability of Securitas Direct and certain of its subsidiaries thereunder if required by the abovementioned restrictions relating to unlawful value transfers.

The Swedish Companies Act also prohibits a Swedish Company from providing a guarantee or a security interest for a loan that is provided to facilitate the acquisition of shares in the Swedish Company or the shares in any of its parent companies incorporated in Sweden. Moreover, it is generally believed that the prohibition also applies when a Swedish Company provides a guarantee or a security interest for a loan that is provided to facilitate the acquisition of a subsidiary of any of its parent companies incorporated in Sweden not being a subsidiary of the relevant Swedish Company. Additionally, a Swedish Company may not provide a guarantee or any security interest for the obligations of a parent or sister company, unless the parent company of the group, to which the Swedish Company and such parent or sister company belongs, is domiciled within the EEA.

Creation of valid security interests

In order to create a valid security interest under Swedish law, the property subject to such security interest must fulfil the following criteria: (i) there must be an underlying debtor-creditor relationship in respect of the obligations which the security purports to secure; (ii) the pledgor must grant the security interest, typically in the form of a pledge agreement; and (iii) an act perfecting the security interest must take place. The method for perfection varies depending on the asset type.

Under Swedish law, in addition to certain actions that must be taken to perfect a security interest by the secured party and the grantor, for any security to be validly created, the grantor must be effectively deprived of its right to control, deal with or dispose of the assets subject to the security interest. Any security interests purported to be created under Swedish law over assets which the security provider may remain in possession of, retain exclusive control over, freely operate or collect, invest and dispose of any income from until the occurrence of an acceleration event would therefore not be effective until an acceleration event has occurred and the security interests have been perfected. Such unperfected security interests are vulnerable under applicable provisions of Swedish law of being set aside as a preference in any Swedish insolvency proceeding affecting the security provider. Thus, a security provider must be effectively deprived of its right to control, deal with or dispose of the secured assets, and arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances would be at risk of impairing the validity of the security.

Security granted in favor of an agent

It is generally possible under Swedish law to grant security interests in favour of an agent acting on behalf of the secured parties. However, it is not established by Swedish judicial precedent or otherwise by Swedish law that a power of attorney or a mandate of agency, including the appointment of an agent, can be made irrevocable and therefore any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

Spain

Financial assistance

The obligations and liabilities of any Spanish Guarantor (also in respect of the security interests granted by it) shall not include any obligation which if incurred would constitute financial assistance within the meaning of, as applicable, article 150 or 143.2 of the Spanish Corporations Act 1/2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*).

Pursuant to these financial assistance rules, a company may not generally advance funds, grant loans, grant guarantees, provide security or grant any other financial assistance in connection with the acquisition of the shares of such company or its parent company (or, in some cases, of companies within the same group). These limitations would restrict the ability of the Spanish Guarantors to grant Guarantees or provide security over the Collateral for financing used for the Acquisition envisaged as part of the Transactions and the refinancing of acquisition debt of the relevant Spanish Guarantor or its parent companies. Therefore, as per the Spanish security documents, the Spanish Guarantors will only secure the debt not used for the Acquisition or that refinances indebtedness used to finance the acquisition of shares of the Spanish Guarantors or shares of their controlling companies.

Insolvency rules

The Spanish Insolvency Law (Law 22/2003), as amended ("Spanish Insolvency Law"), regulates mainly court insolvency proceedings, as opposed to out-of-court liquidation or proceedings (which are only available when the debtor has sufficient assets to meet its liabilities or in specific situations regulated under the Spanish Insolvency Law). The insolvency proceedings, which are called "*concursos de acreedores*," are applicable to all persons or entities (except for Public entities). These proceedings may lead either to the restructuring of the business or to the liquidation of the debtor's assets.

A debtor (and in the case of a company, its directors) is required to apply for insolvency proceedings (within a period of two months) when it is generally not able to meet its current debt obligations on a general basis, and is entitled to apply when it expects that it will be unable to meet its current obligations in the near future. Insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors. As an exception to this obligation, by means of the communication that is foreseen under article 5 bis of the Spanish Insolvency Law, a debtor can notify the court that it has started negotiations with its creditors to seek support for either an out-of-court refinancing agreement or an early composition agreement, in which case the debtor will have a three months additional grace period to reach the agreement and one more to file for insolvency, provided that (except for public entities) it files said communication within the two-month limitation period. Applications for insolvency by creditors during the three months following the filing of the pre-insolvency communication will not be accepted.

Effects of the insolvency on the debtor

If filed by the debtor, the insolvency is deemed "voluntary" (*concurso voluntario*) and, if filed by a third party, the insolvency is deemed "mandatory" (*concurso necesario*). In the case of voluntary insolvency, as a general rule, the debtor retains the management and full powers of disposal over its assets, although it is subject to the intervention (*intervención*) of the insolvency administrator (*administradores concursales*). In the case of mandatory insolvency, as a general rule, the debtor's management powers are suspended, and management's former power, including the power to dispose of assets, is conferred solely upon the insolvency administrators (*sustitución*). The time between the petition and the insolvency declaration by the court will depend upon a number of factors, including whether the filing has been made by the debtor or the creditor (and in turn whether the debtor has challenged the petition made by the creditor), whether all appropriate documentation has been submitted on a timely basis or is incomplete, and the workload of the court.

Ranking of credits

A judge's insolvency order contains an express request for creditors to declare debts owed to them within one month of the publication of the insolvency proceedings' commencement in Spanish Public Gazette ("BOE") (although there are some exceptions). Creditors must provide original documentation or electronic form thereof to justify their claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court receivers draw up a report which includes a list of the debtor's assets, and a list of acknowledged claims that are classified according to the categories established under law, which are as follows: (i) claims benefiting from special privileges, (ii) claims benefiting from general privileges, (iii) ordinary claims and (iv) subordinated claims.

- Creditors benefiting from special privileges, representing security on certain assets (essentially, *in rem* security). These privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year from the date of declaration of the insolvency, unless the relevant charged asset is not necessary for the debtor's professional or business activity. The amount of debt benefiting from special privileges is limited to the collateral assets as valued according to certain criteria described in the Spanish Insolvency Law (i.e., the amount of the value of their security, provided that such security is listed in the creditors' list (in this regard, the value of a security shall be 90% of the reasonable value of the secured asset minus those claims that hold higher ranking security over such asset)). The remainder will have the ranking that would have corresponded to it if it had not been secured by an *in rem* security. In the event of liquidation, they are the first to collect payment against the assets on which they are secured. However, the insolvency administrator has the option to halt any enforcement of the securities and pay these claims under specific payment rules. Privileged creditors are not subject to the composition agreement unless they give their express support by voting in favour of the composition agreement or, in case they do not give such express support, if creditors holding security which represent at least 60% (or 75% depending on the conditions of the composition agreement) of the total value of secured claims of the same class vote in favour of such composition agreement.
- Creditors benefiting from a general privilege, including, among others, specific labour claims and specific claims brought by public entities or authorities. Debts with public entities or authorities corresponding to tax debts and social security obligations are recognised as privileged for half (50%) of their amount, debts held by the creditor applying for the corresponding insolvency proceedings, to the extent such application has been approved, for up to half (50%) of the amount of such debt. From October 2, 2016, new funds under a refinancing arrangement entered into in compliance with the requirements set forth in Article 71.bis of the Spanish Insolvency Law in the amount not admitted as a debt against the insolvency estate (*crédito contra la masa*) will also be credits with general privileges. The holders of general privileges are not to be affected by the composition agreement if they do not agree to the said composition agreement, unless creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the conditions of the composition agreement) of the total value of claims benefiting from

general privileges of the same class (there are four classes: public, labour, finance and others) vote in favour of such composition agreement. In the event of liquidation, they are the first collecting payment, in accordance with the ranking established under the Spanish Insolvency Law.

- Ordinary creditors (non-subordinated and non-privileged claims) will be paid will be paid after claims benefiting from general privileges have been completely paid and on a *pro rata* basis *vis-à-vis* each other and together with the amount not covered by the proceeds obtained from the foreclosure of assets guaranteeing the privileged credits. If the debtor achieves a composition agreement, the ordinary credits will be affected.

- Subordinated creditors (those subordinated to all ordinary creditors by virtue of an agreement or pursuant to law), include, among others, credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated vis-à-vis all other credits of the debtor; credits relating to surcharge and unpaid interest claims (including default interest) except for those credits secured with an in rem right up to the secured amount; fines; creditors which are "specially related parties" to the insolvent debtor; claims resulting from acts that were set aside where the creditor was declared in the judgment to have acted in bad faith; and certain credits deriving from contracts with reciprocal obligations if the creditor attempts to prevent the fulfilment of the contract to the detriment of the insolvency interests. Subordinated creditors are second level creditors; they do not have the right to vote at the creditors' meeting (whereby the CVA is approved or rejected) and have very limited chances of collection, according to the ranking established by Spanish Insolvency Law.

  Notwithstanding the above, creditors who have directly or indirectly capitalised their credit rights pursuant to a refinancing arrangement entered into in compliance with the requirements set forth in Article 71.bis or the Fourth Additional Provision of the Spanish Insolvency Law shall not be deemed as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such refinancing arrangement.

  In the case of a legal entity, the following shall be deemed as "specially related parties": (i) shareholders with unlimited liability, (ii) any direct or indirect shareholders holding more than 5% (for companies which have issued securities listed on an official secondary market) or 10% (for companies which have not issued securities listed on an official secondary market) of the debtor's share capital by the time the credit right under dispute in the insolvency scenario arises, (iii) directors (including shadow directors), liquidators and those holding general powers of attorney from the insolvent company, as well as such individuals holding such positions within two years prior to the declaration of insolvency, and (iv) companies pertaining to the same group as the debtor and their common shareholders provided such shareholders meet the minimum shareholding requirements set out in (ii) above. In addition, it is established in the Spanish Insolvency Law the refutable presumption that the assignees of the above are also "specially related persons" if the assignment has occurred within two years prior to the declaration of insolvency.

Notwithstanding the above, claims against the debtor's estate (e.g., certain debts incurred by the debtor following the declaration opening the insolvency proceedings) will be generally payable when due according to their own terms. Debts against the insolvency estate, include, among others, (i) certain amounts of the employee payroll, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising from services provided by the insolvent debtor under reciprocal contracts and outstanding obligations that remain in force after insolvency proceedings are declared and deriving from obligations to return and indemnify in cases of voluntary termination or breach by the insolvent debtor, (iv) those that derive from the exercise of a claw back action within the insolvency proceedings of acts performed by the insolvent debtor and correspond to a refund of consideration received by it (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from non-contractual liability of the insolvent debtor after the declaration of insolvency and until its conclusion, (vi) certain debts incurred by the debtor following the declaration of insolvency, (vii) in case of liquidation, the credit rights granted to the debtor under a CVA in accordance with Article 100.5 of the Spanish Insolvency Law, (viii) 100% of the new funds lent under a refinancing arrangement entered into in compliance with the requirements set forth in Article 71.bis or the Fourth Additional Provision of the Spanish Insolvency Law, provided that such arrangement has been entered into after March 9, 2014 and (ix) 100% of the new funds lent by the debtor itself or by persons in a special relationship with the debtor in the context of a refinancing arrangement entered into in compliance with the requirements set forth in Article 71.bis or the Fourth Additional Provision of the Spanish Insolvency Law, provided that such arrangement has been entered into after March 9, 2014 and provided further that such new funds do not result from a share capital increase. From October 2, 2016, only 50% of the new funds referred to in subsection (a)(viii) will be considered as claims against the insolvency estate, and funds referred to in subsection (a)(ix) will no longer be considered as claims against the insolvency estate, are not considered part of the debtor's general debt and are payable when due according to their own terms (and, therefore, are paid before other debts under insolvency proceedings).

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of the debtors and creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorized to handle any enforcement proceedings or inferring measures affecting the debtor's asset (whether based upon civil, labor or administrative law).

Moratorium

The current Spanish Insolvency Law imposes a moratorium on the enforcement of secured creditor's rights (*in rem* security) over assets or rights that are considered to be necessary for the continuance of the debtor's business in the event of insolvency. The moratorium would take effect following the declaration of insolvency until the earlier of (i) one year from the declaration of the insolvency if the insolvent company has not been placed in liquidation or (ii) the date the creditors reach an agreement that does not affect the exercise of the rights granted by the security interest.

Early termination provisions

Pursuant to the Spanish Insolvency Law, early termination provisions due to the insolvency of one of the parties to a contract are unenforceable, unless the debtor or the insolvency trustee, with the approval of the court, considers that termination is in interest of the insolvency estate. In addition, the declaration of insolvency determines that interest accrual is suspended, except credit rights secured with an in rem right, in which case interest accrues up to the value of the security.

Hardening periods

There is no automatic claw back by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings but instead the insolvency administrator must expressly challenge those transactions.

In addition, creditors who have applied to exercise any claw back action (stating the specific action they aim to contest or revoke and their grounds), shall be entitled to exercise such action if the insolvency administrator does not do so within the two months following their request. Under the current Spanish Insolvency Law, upon declaration of insolvency, acts detrimental (*perjudiciales*) to the debtor's estate carried out during the two years prior to the date the insolvency is declared may be rescinded, regardless of fraudulent intention. However, in accordance with Article 71.6 of the Spanish Insolvency Law, transactions that took place earlier than two years before the insolvency declaration are subject to the general regime of avoidance set forth in the Spanish Civil Code.

The Spanish Insolvency Act does not define the meaning of "patrimonial damage." Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest or on the equality of treatment among creditors. Article 71 of the Spanish Insolvency Law contains an irrefutable presumption that those acts where no consideration is received for a disposed asset and acts which result in the early repayment or settlements of obligations which would have become due after the declaration of insolvency (unless such obligations were secured by means of an *in rem* security) are detrimental. In addition, unless the debtor or another affected party (such as a creditor) can prove otherwise to the court's satisfaction, a disposal made in favour of a related person or entity (as defined in the Spanish Insolvency Law) as well as the creation of a security interest securing a pre-existing obligation or a new obligation that replaces an existing one, and those payments or other acts extinguishing obligations which would have become due after the declaration of insolvency and which are secured by means of an *in rem* security, are presumed to be detrimental. In the case of actions not covered by the presumptions above, the burden of proof is on the person bringing the action of rescission. Some kinds of refinancing arrangements (*acuerdos de refinanciación*) meeting certain legal requirements set forth in Article 71 bis or in Forth Additional Provision of the Spanish Insolvency Law, as well as the business, acts and payments made in the ordinary course of business and the security created in connection therewith, may not be rescinded.

Accordingly, any act of disposal with a "related person or entity," as defined in the Spanish Insolvency Law, is presumed to be detrimental unless proved otherwise. Also, the general principle of "No termination effect" is established such that all agreements remain effective at the time of the insolvency.

Corporate interest

The laws of Spain may limit the ability of the Spanish Guarantors to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise from the interpretations of various provisions and from certain general principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a guarantee or grant of security on account of a parent or sister company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective. If these limitations were not observed, the Guarantees and the security over the Collateral could be subject to legal challenge.

Security Agent

There is no concept of a trust under Spanish law. If Spanish law security documents are entered into only by the Security Agent (*i.e.* and not by the creditors on account of whom it would be acting), the Security Agent will be the only party entitled to enforce the guarantees or the security interest in respect of those obligations. However, there is a risk that the Security Agent would only be able to enforce against the debt it individually holds, and not for the full amount owed to creditors for whom it is acting as security agent. This limitation may be overcome if such creditors grant formal powers of attorney in favour of the Security Agent in order for the latter to represent them in the enforcement proceedings.

Norway

Limitations on guarantees provided by guarantors incorporated in Norway

Section 8-7 of the Norwegian Private Limited Companies Act of 1997 No. 44 Norwegian Public Limited Companies Act of 1997 No. 45 (together, the "Acts" and each an "Act") restricts a Norwegian private or public limited liability company from granting credit to, or providing security for the obligations of, its shareholders (or any related party) beyond its distributable reserves (free equity) and then, further provided, that satisfactory security for repayment/recovery has been established in favor of the relevant Norwegian limited liability company (which is not very practical).

This restriction applies to granting credit and providing guarantees and security interest. The term "credit" covers loans to shareholders but could also cover sales from the company to shareholders on credit and prepayments of purchases by the company from its shareholders. The term "security" covers both asset security as well as personal security (e.g., guarantees or co-debtor arrangements). Whether a credit or security is in compliance with the Acts has to be determined at the time the credit or security is granted. If, for example, the conditions later change so that the company no longer has any distributable funds, this does not affect the status of the credit or security already granted.

The above restriction does not, however, apply to credit, guarantees or security interests for the obligations of a parent company or another company within the same "group," as defined in the Acts. This exemption must be read in conjunction with the group definition in Section 1-3 of the Acts which, broadly speaking, includes Norwegian (private or public) limited companies. A Norwegian limited liability company may also grant credit or provide guarantees and security interest for the obligations of a foreign parent or sister company, provided that such credit, guarantee or security interest serves the "financial interest of the group," as defined in the Acts. The Norwegian preparatory works to this exception of the Acts sets out that guarantees and/or security interest granted in favour of other group companies (Norwegian or foreign) should as a general rule be considered to serve the financial interest of the group, however, guarantees and/or security interest granted to enable funds being distributed to the ultimate owners of the group will most likely not fall within this exception.

Accordingly, any guarantees and/or security interests by Norwegian guarantors in favour of other obligors for funds made available under the Notes for the purpose of distributing dividends to the ultimate owners/sponsors of the group will be void and infringing the above limitation.

In addition to the restrictions with regard to, amongst others, upstream and cross-stream guarantees and security as outlined above, Section 8-10 of the Acts, restricts the ability of a Norwegian limited liability company from providing financial assistance (including to put funds at disposal, grant loans or provide security or guarantees) in connection with the acquisition of its shares or in connection with the acquisition of shares in its parent company (including any intermediate parent company).

The restrictions against financial assistance referred to above apply irrespective of whether the company in which shares are acquired is a Norwegian or foreign company. In order for a guarantee, loan or security provided by a Norwegian guarantor in favour of a purchaser of shares in the Norwegian guarantor or its parent company to be valid and binding, the financial exposure of the Norwegian guarantor must not exceed the amounts that the Norwegian guarantor has available for distribution of dividends to its shareholders, and adequate security must be deposited for the repayment or recovery claim. There is furthermore a requirement that the credit worthiness of the purchaser is evaluated by the board of directors, that the assistance is approved by the board of directors and that the assistance is approved by the general meeting of the Norwegian guarantor according to a special procedure.

The restrictions apply not only to the granting of loans, guarantees and security, but also to making assets available and other transfers which are not lawful distributions in accordance with the Acts.

The assistance is prohibited if made “in connection with” the acquisition of shares, which may also cover financial assistance after completion of the acquisition (such as the refinancing of an acquisition loan facility or the subsequent merger of the target company and the acquiring entity). There must, however, be sufficient connection both in time and as regards other circumstances surrounding such financial assistance for it to contravene Section 8-10.

Accordingly, any guarantees and/or security interests by Norwegian guarantors in favour of other obligors for funds made available under the Notes for the purpose refinancing loans used to finance the acquisition of the shares in Securitas Direct (including any intermediate parent company) or finance the acquisition of the shares in such Norwegian guarantor may be void under Norwegian law as infringing the above limitations.

A loan, guarantee or security interest infringing the limitations set out in Section 8-7 and/or Section 8-10 of the Acts is void and any funds paid out pursuant to such guarantee or security interest will have to be repaid. In addition, loans, securities and guarantees of guarantors incorporated in Norway may be deemed void for failing to comply with the provisions in Chapter 3 of the Acts regulating transactions between the relevant company and its shareholders and transactions within the “group.”

The principle of corporate benefit also exists in Norway and may in some situations impose a restriction on a Norwegian guarantor’s ability to offer credits or a guarantee and provide security interest to shareholders (or close associates of the shareholders), in addition to the restrictions on financial assistance and upstream/cross stream guarantees, loans and security interest described above.

As a consequence of the restrictions on financial assistance in Norway, the value of a guarantee and any security provided by a Norwegian guarantor may be limited. In addition, a guarantee or security interest infringing the limitations set forth in Sections 8-7 and/or 8-10 of the Acts will be void, and any funds paid out will have to be repaid. Finally, an illegal arrangement of this kind may give rise to directors’ liability issues.

To cater for the above mentioned restrictions, the Guarantees and the Security Interests provided by the Norwegian companies are subject to limitation language substantially in the form as follows:

The obligations and liabilities of each Guarantor incorporated in Norway (“Norwegian Guarantor”) for the Issuer’s obligations under the Guarantees shall be limited by such mandatory provisions of law applicable to that Norwegian Guarantor limiting the legal capacity or ability of the relevant Norwegian Guarantor to grant and/or honour a guarantee thereunder (including, but not limited to, the provisions of Sections 8-7 to 8-10 (both inclusive) of the Norwegian Private Limited Liability Companies Act of 13 June 1997 No. 44 1997 or the Norwegian Public Limited Liability Companies Act of 13 June 1997 No. 45 1997 (as the case may be) (the “Norwegian Companies Act”)), and the obligations and liability of each such Norwegian Guarantor under the Guarantees or under any other guarantee or indemnity contained therein shall only apply to the extent not so limited.

The limitations set forth in these sections will apply *mutatis mutandis* to any security created by a Norwegian Guarantor under the Collateral and to any guarantee, undertaking, indemnity, any similar obligation resulting in a payment obligation and any payment, including but not limited to distributions, cash sweeps, credits, loans and set-off, pursuant to or permitted by the Collateral and made by any Norwegian Guarantor.

The liability of each Norwegian Guarantor for the Issuer's and the other Guarantors' obligations under the Notes will be limited to approximately 120% of the principal value of the debt being guaranteed, with the exact amount to be reflected in the underlying documents, plus any unpaid amount of interest, fees, liability, costs and expenses under the Notes.

General limitations—insolvency

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (the "Bankruptcy Act"), which sets forth the various procedures to be followed both in case of court administered debt negotiations and bankruptcy proceedings, and the Creditors Recovery Act of June 8, 1984 No. 59 (the "Recovery Act") containing provisions on, among other things, the priority of claims.

The key features of Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of debtor's assets, (ii) assessment and ranking of claims, (iii) testing and revocation of transactions (including securing of existing claims) made prior to the bankruptcy, (iv) handling of the debtor's contractual relationships and (v) distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or pretending to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "cash flow test"), and (ii) be in "deficit" (the company's debts must exceed the sum of its assets and revenues) (the "balance sheet test").

During bankruptcy proceedings the debtor's assets are controlled by the court appointed liquidator (generally a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then to distribute the available cash to the rightful creditors.

All of the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held by third parties, if these assets are acquired from the debtor in an unlawful manner, if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests/rights with respect to the seized assets, including but not limited to the realization of assets.

Secured creditors are in principle not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may realize the security, and cover their claims, however, keeping in mind that the realization of a number of categories of security the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (automatic stay) (the same principles apply to official debt negotiations). The bankruptcy estate may, subject to certain conditions being fulfilled, also decide to realize the security and divide the proceeds between the secured creditors and others holding legal rights in the assets.

Any under-secured amount (i.e., any amount exceeding the value of the secured assets) will be deemed as an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

- secured claims (valid and perfected security covered up to the value of the secured asset—either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate);
- super priority claims (claims which arise during the bankruptcy proceedings, liquidator's costs, obligations of the estate);
- salary claims (within certain limitations);

- tax claims (such as withholding tax and value-added tax within certain limitations);
- ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims); and
- subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three-month period (and in respect of transactions in favor of related parties up to two years) before the opening of the bankruptcy, such as extraordinary payments of certain creditors, security established for old debt and transaction at under-value. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one creditor at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to ten years.

It should also be noted that the bankruptcy estate has a statutory first lien of up to 5% of the respective asset's estimated value or sales value over assets mortgaged/pledged by the debtor or mortgaged/pledged by a third party for the debtor's indebtedness (limited, however, to the standard Norwegian Court Fee (presently being in the amount of 860 Norwegian kroner) multiplied by 700 for assets registered in an asset register (No. *realregister*)). Such statutory lien is not applicable to financial security pursuant to the Norwegian Financial Security Act no. 17/2004 (cash deposits and financial instruments), cf. the Norwegian Liens Act no. 2/1980 section 6-4 (9).

Solvent Enforcement

Enforcement of a guarantee claim against a solvent guarantor will in principal require a final judgment by a court (unless the guarantee is written on a promissory note). Thereafter the creditor may apply to the enforcement authorities for enforcement of his claim.

Enforcement of security normally requires that the pledgee/chargee files an application to enforcement authorities for the enforcement of the security. Certain types of security may, however, be enforced without the involvement of the enforcement authority or a court. A provision granting the secured party such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party.

Portugal

One or more of the Guarantors of the Notes and providers of security to the Notes are incorporated under the laws of Portugal.

Applicable insolvency law

Insolvency proceedings regarding a Portuguese party are governed by the Portuguese Insolvency and Corporate Recovery Code, enacted in 2004 through Decree-Law no. 53/2004, of March 18, as amended (*Código da Insolvência e da Recuperação de Empresas*) ("PICRC").

Insolvency proceedings with respect to any Portuguese company may be initiated in Portugal. Such proceedings shall be governed pursuant to the PICRC.

In addition, a Portuguese party will in principle be subject to insolvency proceedings covered by Council Regulation (EC) no. 1346/2000 of May 29, 2000 on insolvency proceedings (the "Insolvency Regulation") if it has its centre of main interests ("COMI") in Portugal. In the case of a company or legal person, the place of the registered office shall be presumed to be the COMI in the absence of proof to the contrary.

Accordingly, if the Portuguese party is registered in Portugal, Portuguese courts will be entitled to open main insolvency proceedings against it and apply the laws of the relevant insolvency proceedings. If the COMI of a debtor is located in a Member State (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of that other Member State shall have jurisdiction to open insolvency proceedings against such debtor or, after the commencement of the main proceedings, "secondary insolvency proceedings" may be brought, in the event that such debtor possesses an "establishment" in the territory of such other Member State.

Meanwhile, the European Parliament and the Council of the European Union have enacted a new regulation on insolvency proceedings (v.g. Regulation (EU) 2015/848 of 20 May 2015), which will apply from June 26, 2017 onwards (the "New Insolvency Regulation").

The New Insolvency Regulation does not depart significantly from the current Insolvency Regulation on jurisdiction matters.

Thus, under the New Insolvency Regulation, Portuguese courts are entitled to open main insolvency proceedings against a Portuguese party if its COMI is located in Portugal. In the case of a company or legal person, the place of the registered office shall be presumed to be the COMI in the absence of proof to the contrary. However, this presumption will cease to 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.

If the COMI of a debtor is located in another Member State (other than Denmark), Portuguese courts may only open "secondary insolvency proceedings," provided that the debtor possesses an establishment in Portugal. The effects of such "secondary insolvency proceedings" are restricted to the assets of the debtor located in Portugal.

Portuguese insolvency law

The following is a brief description of certain aspects of the insolvency laws of Portugal.

The debtor is deemed insolvent when it is unable to comply with its obligations as they fall due. Companies are also deemed insolvent when liabilities are significantly higher than assets (over-indebted balance sheet). Both are determined on the basis of a fair assessment. However, the insolvency proceeding may be started, for example, in the following cases: (i) general default of the debtor's payment obligations; and (ii) the escape of the members of the board of directors, without appropriate replacements being appointed; among others. It is up to the debtor to prove its solvency with recourse to its legally mandatory account books.

In addition to the standard insolvency proceedings provided in the PICRC (as better detailed below), the 2012 reform introduced a new pre-insolvency proceeding named "special revitalization procedure" (*processo especial de revitalização*) which aims at facilitating the recovery of any debtor in financial distress or in the imminence of becoming insolvent by means of an agreement between the debtor and its creditors. If such an agreement has been approved by the prescribed majority of creditors and has been confirmed by the court, it becomes binding to all creditors, including those who opposed the agreement.

The insolvency proceedings may be initiated either by (i) the debtor (voluntary insolvency); (ii) any person who is responsible for the debtor's debts; (iii) any of its creditors, whatever the nature of the credit or (iv) by the Public Prosecution Office (*Ministério Público*) (compulsory insolvency). Debtors have the duty to file for insolvency within 30 days upon becoming aware of the insolvency situation or after the date the debtor should be aware of the insolvency situation. Individuals who do not own a business are exempt from the duty to file for insolvency.

The PICRC establishes a single main insolvency procedure, called *processo de insolvência*. The insolvency proceedings may, after the insolvency's declaration having been issued by the court, lead to the liquidation of the company or to the approval of an insolvency plan.

The commencement of the insolvency proceedings is based in a written petition filed by the debtor or by any of the persons described above with the court. Where the insolvency petition is filed by the debtor (being a legal person), the following information must be therein indicated: (i) an indication as to whether the insolvency situation is existing or imminent; (ii) identification of the company's directors and of its five major creditors, (iii) the debtor's commercial registry certificate issued by the commercial registry office; (iv) a list of all known creditors and the details of each claim; (v) a list of all pending lawsuits brought up against the debtor; (vi) a comprehensive explanation of the company's activities over the last three years and all the debtor's establishments, as well as of the reasons, in the debtor's view, that determined the insolvency situation; (vii) identification of all the shareholders, known associates or members of the debtor and those who may be legally liable for the company's debts; (viii) a list of all company's assets and rights; (ix) the accounting books of the company for the preceding three fiscal years; (x) a list of all the debtor's employees and (xi) a copy of the resolution passing the filing of the corresponding petition. Where the insolvency petition is not filed by the debtor, the petitioner shall present the information referred to in (ii) and (iii) above. If it is not possible for the petitioner to present such information, it may request the debtor to do so. The petitioner shall also justify the origin, nature and amount of its claim, or, if applicable, its liability for insolvency credits (*créditos sobre a insolvência*), as well as present all information in his possession relating to the assets and debts of the debtor.

The court shall notify the debtor to submit within ten days a pleading challenging the insolvency petition. If and when the debtor does not oppose the petition, the facts described in the petition are deemed confessed and the court shall immediately declare the insolvency of the debtor if such facts are sufficient to establish that the debtor is insolvent. If the debtor submits a pleading challenging the insolvency petition, the court must schedule a hearing of the petitioner and the debtor within five days. After the hearing, the court declares the insolvency or orders the closing of the proceedings.

In the declaration of insolvency, the court shall, *inter alia*, appoint the insolvency administrator (*administrador da insolvência*) (the "Liquidator"), who will immediately take control of the debtor's assets. The declaration of insolvency is registered in the civil or commercial registry (as the case may be) and is published online in a webpage run by the Portuguese Ministry of Justice, called *Citius*.

The Liquidator has the power to collect the assets of the debtor company wherever those assets may be located.

Effects of the insolvency on the debtor

Insolvency automatically deprives the debtor (or its legal representatives, if applicable) of the power to manage and dispose of the debtor's assets.

Such powers are vested in the Liquidator, who is entitled to carry out all transactions in the ordinary course of business, to continue trading, being also responsible for collecting the debtor's assets, selling all these assets and making all the arrangements in order to pay the creditors and all the expenses.

However, the court or the first general meeting of creditors may, in certain circumstances and at the debtor's request, allow him to retain the management of his assets, provided that he has submitted a restructuring plan or undertakes to submit such plan within 30 days.

The first general meeting of creditors resolves on (i) whether to close or pursue the debtor's business and (ii) whether to liquidate the assets immediately or ask the Liquidator to draft an insolvency plan.

Effects of the insolvency on the pending litigation

The declaration of insolvency entails the suspension of all debt enforcement proceedings against the debtor as well as the suspension of any measures requested by the insolvency creditors relating to the debtor's assets.

According to a recent ruling by the Portuguese Supreme Court, the declaration of insolvency also leads to the extinction of all lawsuits aiming at collecting sums or claiming performance of obligations from the debtor.

Rules on the ranking of credits

During the insolvency proceedings, the Liquidator will assess and quantify the claims against the debtor company. Creditors will be able to submit their claims by lodging their proofs of claim with the Liquidator. Creditors are entitled to challenge the Liquidator's decisions on this subject by filing a motion with the court.

All creditors have to file a proof of claim with the Liquidator within the deadline set by the court (up to 30 days from the declaration insolvency). Any creditor who fails to file a proof of claim within the prescribed deadline runs a high risk of not being acknowledged by the Liquidator and of not being paid within the insolvency proceedings, unless said creditor, provided certain requirements are met, files a special lawsuit for the acknowledgement of its claim (*ação de verificação ulterior de créditos*) within six months from the day when the declaration of insolvency has become final and definitive (*res judicata*).

The court has to issue a ruling on the claims and on their ranking before any payments can be made. If no one has challenged the Liquidator's decisions on the claims and their ranking, the court may simply confirm them. If such decisions have been challenged, the court may, if need be, hold a hearing and then rule on the subject.

The PICRC distinguishes between guaranteed claims (*créditos garantidos*) which constitute secured claims (including special preferred claims), privileged claims (*créditos privilegiados*) that include general preferred claims over assets of the insolvent estate, common claims (*créditos comuns*) and subordinated claims (*créditos subordinados*).

Among others, the following creditors or claims enjoy some degree of priority: (i) claims from employees; (ii) court fees, including the remuneration of the Liquidator and other administrative and legal costs; (iii) taxes and social security; and (iv) creditors with security over the assets of the debtor.

Before making any payments to the creditors, the Liquidator will set aside the sums or assets needed to pay off the debts of the insolvent estate (namely, expenses incurred after the declaration of insolvency in connection with the management or liquidation of the debtor's assets).

The debts of the insolvent estate are paid out of the income of the insolvent estate. If the said income proves insufficient, the remaining debts of the insolvent estate are paid out of the proceeds of the sale of the debtor's assets. In principle, only 10% of the proceeds from the sale of assets encumbered with *in rem* security interests may be set aside to pay the debts of the insolvent estate. This 10% threshold may, however, be disregarded by the Liquidator if necessary to pay off all debts of the insolvent estate.

After securing full payment of the debts of the insolvent estate and after the court's ruling on the claims and their ranking has become final and definitive (*res judicata*), the Liquidator may begin to make payments to all other creditors.

Limitations on the validity of certain transactions

There are several types of transactions which can be rescinded by the Liquidator after the debtor has been declared insolvent and the corresponding assets or monies may then be returned to the insolvent estate.

Some acts may be qualified as detrimental to the insolvency estate, e.g., acts that diminish, frustrate, aggravate, put in danger or delay the satisfaction of creditors. Under certain circumstances, such acts may be rescinded on behalf of the insolvency estate, provided that they have been performed within two years prior to the filing of the insolvency proceedings. In this case, rescission is only possible if the third party has acted in bad faith.

On the other hand, certain acts may be rescinded to the benefit of the insolvency estate without any further requirements, such as (i) acts entered into by the debtor which can be qualified as free of charge and which have been performed within two years prior to the beginning of the insolvency proceedings, (ii) payment or any other form of settlement of obligations which would only fall due after the filing of the insolvency proceedings, provided that said payment or settlement has taken place in the six months prior to the filing of the insolvency proceedings, (iii) payment or any other form of settlement of obligations not yet due, provided that said payment or settlement has taken place after the filing of the insolvency proceedings, (iv) payment or any form of settlement of obligations in a way which is unusual and which the creditor was not entitled to claim, provided that said payment or settlement has taken place in the six months prior to the filing of the insolvency proceedings, (v) personal guarantees granted by the debtor in the six months prior to the filing of the insolvency proceedings, provided that said guarantees relate to a business transaction of no real interest to the debtor, (vi) *in rem* security interests granted by the debtor in the six months prior to the filing of the insolvency proceedings in order to secure the performance of pre-existing obligations or of new obligations which replace the pre-existing ones, (vii) *in rem* security interests granted by the debtor in the sixty days prior to the filing of the insolvency proceedings, provided that the granting of said securities and the contraction of the secured obligation take place simultaneously, (viii) agreements executed in the year prior to the filing of the insolvency proceedings, in which the obligations undertaken by the debtor clearly exceed those undertaken by the counterparty.

Financial assistance and corporate interest

The guarantees and security granted by any company incorporated under Portuguese law shall not extend to cover any indebtedness which would cause the infringement of article 322 of the Portuguese

Companies Code, enacted by Decree-Law no. 262/86, of September 2, as amended (*Código das Sociedades Comerciais*) (the "Portuguese Companies Code"), which restricts the ability of companies incorporated under Portuguese law to provide funds or any form of guarantee or security in order for a third party to acquire or subscribe any shares in such Portuguese company (or its direct or indirect controlling company).

Any contract or unilateral act of the Portuguese company in breach of the aforementioned rule shall be deemed null and void, pursuant to article 322(3) of the Portuguese Companies Code and, therefore, the limitation described above on the liabilities and obligations of any Portuguese Guarantor may have the effect of reducing the amount of the obligations or liabilities assumed and/or the amount guaranteed or secured to zero.

Pursuant to article 6.3 of the Portuguese Companies Code, the granting of any guarantee or security by a Portuguese company to secure the obligations of a third party shall be considered *ultra vires* unless (i) the Portuguese company is in a group or control relationship (as such terms are defined in the Portuguese Companies Code) with the entities whose obligations are being secured (although it may be sustained that, for these purposes, both the parent and subsidiary companies must be domiciled in Portugal); or (ii) the Portuguese company has a justifiable corporate interest (*justificado interesse próprio*) in granting the guarantee and/or security. Please note that Portuguese law does not define the concept nor exemplifies what may be considered a justifiable corporate interest of a given company and Portuguese courts and scholars tend to use as criteria to determine the existence of justifiable corporate interest in specific situations, in particular, amongst others, the fact of whether the granting of the guarantee and/or security is necessary for the company to obtain a potential economic benefit/advantage or to avoid a loss. Therefore, in the event any Portuguese company is considered not to have a justifiable corporate interest in the granting of guarantees and/or security to secure the obligations of the Issuer, such guarantees and/or security may not be enforceable under Portuguese law.

The documentation in relation to the guarantees and security, to the extent they concern a Portuguese Guarantor, may contain limitation language and, hence, such guarantees and security interests are limited in the manner described therein.

Any Collateral, guarantee, indemnity, obligation and liability granted or undertaken by each Portuguese Guarantor, or over any of the shares or quotas of, or any credit rights over, any Portuguese Guarantor, shall be limited to a global maximum secured amount of €36 million and, as a result, Portuguese Guarantors will not have an obligation to repay any amounts to the holders of the Notes or the Security Agent under such Collateral, guarantee, indemnity, obligation and liability once the relevant maximum secured amount has been reached.

Limitations on enforcement

Under Portuguese law, claims may become time-barred (20 years being the ordinary term set forth under article 309 of the Portuguese Civil Code) and may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Portuguese courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the courts is subject to:

- the degree to which the relevant obligations are enforceable under their governing law;
- the nature of the remedies available in the courts;
- the availability of defenses such as (without limitation) set-off, fraud, abuse of rights (*abuso de direito*), violation of public policy principles, duress, misrepresentation, undue influence, conflict of interests, force majeure, exception *non adimplenti contractus*, error, abatement and counterclaim; and
- the applicable statute of limitations.

As a general rule, under Portuguese law, any guarantee, pledge or mortgage must guarantee or secure another obligation to which it is ancillary, which must be clearly identified in the relevant guarantee or security agreement. Therefore, the guarantee or security interest follows the underlying obligation in such a way that the invalidity of the underlying obligation entails invalidity of the guarantee or security and termination of the underlying obligation entails termination of the guarantee or security. In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Portuguese courts may consider that the security providers' obligations under the relevant guarantees or security are not enforceable.

The enforcement of security (including a guarantee) before the Portuguese courts will be subject to the following:

- a Portuguese court may refuse to give effect to any provision of the relevant agreements on the grounds that such provision conflicts with Portuguese public policy (*ordem pública*);
- the Portuguese courts will not grant enforcement in the event that they deem that a right has been exercised in abuse of right (*abuso de direito*) and will not enforce an obligation in case of fraud;
- a Portuguese court may issue an award of damages where specific performance is deemed impracticable; and
- a Portuguese court may not enforce a penalty clause within the meaning of article 812 of the Portuguese Civil Code which the court would consider excessive as a pre-estimate of damages or if the obligations secured by the penalty clause have been performed in part; in this event the court may reduce the amount of the penalty.

The principles above mentioned are of general application and in applying such principles a court, among other things, might not allow a creditor to accelerate maturity of a debt upon the occurrence of a default deemed immaterial.

Finally, it should be noted that Portuguese Guarantors will be entitled to claim for themselves immunity from suit, execution, attachment or other legal process in respect of its obligations under the Collateral to the extent that their assets are covered by the immunities legally set forth, which include, but are not limited to, assets that are part of the public domain of the Portuguese Republic ("*domínio público do Estado*") or allocated to public service purposes.

Trustee and Security Agent

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. It should be noted that Portuguese Law does not recognize the concept of parallel debt or trusteeship. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents in its capacity as agent (*mandatário com representação*) and joint and several creditor (*credor solidário*) and that the holders of the Notes will not have direct security interests and that therefore will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. Notwithstanding the foregoing, if enforcement of any security interest in Portugal was to be carried out by the Security Agent, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose by means of a power of attorney granted in their favor by each of the note holders, duly notarized and legalized.

France

Insolvency

We conduct part of our business activity in France and, to the extent that the center of main interests of any of the Guarantors is deemed to be in France, it would be subject to French proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* or *conciliation* proceedings) and court-administered insolvency proceedings being either safeguard (*sauvegarde*), accelerated safeguard (*sauvegarde accélérée*), accelerated financial safeguard (*sauvegarde financière accélérée*), reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*). Similarly, French Guarantors would be subject to French insolvency proceedings. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Guarantees granted by the French Guarantors and corresponding security interests in the Collateral.

Under the European Council Regulation (EC) No. 1346/2000 on insolvency proceedings (such Regulation shall be repealed and replaced by the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, which came into force on 25 June 2015 and shall apply as from 26 June 2017 unless otherwise stipulated), if a debtor is located in the European Union (other than Denmark), French courts shall have jurisdiction over the main insolvency proceedings if the center of the debtor's main interests is situated in France. In the case of a debtor or legal person, the place of the registered office shall be presumed to be the center of its main interests in the absence of proof to the contrary. In determining whether the center of main interests of a debtor is in France, French courts will take into account a broad range of factual elements.

The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Articles 1244-1 et seq. of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published annually by decree) or that payments made shall first be allocated to repayment of principal. A court order made under Articles 1244-1 et seq. of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or other penalty for late payment will not accrue or be due during the grace periods ordered by the court.

With respect to grace periods under Articles 1244-1 et seq. of the French Civil Code, pursuant to Article L. 611-7 of the French Commercial Code, if any creditor participating in the *conciliation* proceedings initiates legal actions to recover its claims during the *conciliation* proceedings, the debtor may request the judge having commenced *conciliation* proceedings to impose such grace periods on this creditor. The duration of the grace periods granted by the judge may be subject to the reaching of a *conciliation* agreement. In addition, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced *conciliation* proceedings may, during the execution period of a *conciliation* agreement, impose such grace periods on any creditor having participated in the *conciliation* proceedings (other than the tax and social security administrations) for its claims that were not dealt with in the *conciliation* agreement.

Insolvency test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts with its immediately available assets taking into account available credit lines, existing debt rescheduling agreements and moratoria.

Court-assisted pre-insolvency proceedings

A French debtor facing difficulties may request the commencement of court-assisted pre-insolvency proceedings (*mandat ad hoc* or *conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders. *Mandat ad hoc* and *conciliation* are proceedings carried out under the supervision of the president of the court, which do not involve any stay of enforcement against the debtor.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties provided that it has not been in a state of insolvency (see "—*Insolvency test*" above). They are confidential and are not limited in time. The duties of the *mandataire ad hoc* are determined by the competent court that appoints him or her. *Mandataires ad hoc* are usually appointed in order to facilitate negotiations with creditors but cannot coerce the creditors into accepting any proposal. The agreement reached between the debtor and its creditors (if any) with the help of the *mandataire ad hoc* will be negotiated on a purely consensual and voluntary basis; those creditors not willing to take part cannot be bound by the arrangement. Creditors are not barred from taking legal action against the debtor to recover their claims but they usually accept not to do so. In any event, the debtor retains the right to petition the relevant judge for a grace period, as set forth above. The agreement reached is reported to the court but is not formally approved by it. The debtor's auditors shall be notified of the order appointing the *mandataire ad hoc*, for information purposes.

Conciliation proceedings are available to a debtor that faces actual or foreseeable difficulties of a legal, economic or financial nature but which (at the time the *conciliation* proceedings are commenced) has not been in a state of insolvency for more than 45 days. The debtor petitions the President of the Commercial Court for the appointment of a conciliator (whose name it can suggest) in charge of assisting the debtor in negotiating an agreement with all or part of its creditors and/or trade partners. *Conciliation* proceedings are confidential and may last up to four months, with the possibility of renewal for an additional month. During the proceedings, (i) creditors may continue to individually claim payment of their claims but they usually accept not to and (ii) creditors may not request the opening of insolvency proceedings (*redressement judiciaire* or *liquidation judiciaire*) against the debtor. In addition, interest accruing on the affected claims may not be compounded and the debtor retains the right to petition before the President of the Commercial Court for debt rescheduling for a maximum of two years pursuant to Article 1244-1 of the French Civil Code.

The *conciliation* agreement reached between the debtor and its creditors and/or trade partners party to the agreement may be either acknowledged (*constaté*) by the President of the court or approved (*homologué*) by the court. It will become binding upon them and the creditors party thereto may not take action against the debtor in respect of claims governed by the *conciliation* agreement. The acknowledgement (*constatation*) of the *conciliation* agreement by the president of the court upon all parties' request, gives the agreement the legal force of a final judgment, which means that it constitutes a judicial title that can be enforced by the parties without further recourse to a judge (*titre exécutoire*), but the *conciliation* proceedings remain confidential.

In case of acknowledgement (*constat*) or approval (*homologation*), the court can, at the request of the debtor, appoint the conciliator to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution.

The approval (*homologation*) by the court, upon the debtor's request, will make the *conciliation* proceedings public and have the following specific consequences:

- creditors who provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity) will enjoy a priority of payment over all pre-proceedings and post-proceedings claims (other than certain pre-proceedings employment claims and procedural costs) (the "New Money Lien"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; and
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the insolvency (*cessation des paiements*), and therefore the starting date of the hardening period (as defined below—see *The* "*hardening period*" (*période suspecte*) *in judicial reorganization and liquidation proceedings*), cannot be set by the court as of a date earlier than the date of the approval (*homologation*) of the agreement by the court (see "*—Insolvency test*" above regarding the definition of the date of the *cessation des paiements*).

The court decision approving the *conciliation* agreement does not make the whole of its terms public but makes public the guarantees and priority of payment terms granted to creditors under the *conciliation* agreement.

A third party having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) with respect to the debtor's obligations benefits from the provisions of the approved or acknowledged *conciliation* agreement and from any grace periods imposed by the judge on creditors.

In the event of a breach of the *conciliation* agreement, any party to it can petition the court for its termination. Conversely, provided the *conciliation* agreement is duly executed, any individual proceedings by creditors with respect to the claims included in the agreement are suspended.

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a majority of its financial creditors large enough to render likely its adoption by a two-thirds majority of such creditors within a maximum of two months from the commencement of the proceedings, will be a mandatory preliminary step of the accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

It may be further noted that:

- in the event of the commencement of subsequent safeguard or judicial reorganization proceedings, within the context of the adoption of a safeguard plan or a recovery plan, the court will not be able to impose a payment deferral to a date later than the date on which the plan is adopted or debt reductions to creditors with respect to their claims benefiting from the New Money Lien;
- at the request of the debtor and after the participating creditors have been consulted on the matter, the conciliator may be appointed with a mission to organize the partial or total sale of the debtor which would be implemented, as applicable, in the context of subsequent safeguard, judicial reorganization or liquidation proceedings; and
- two types of contractual provisions are deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of *conciliation* proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of *conciliation* proceedings, more than three quarters of fees of the professional advisers whom the creditor shall have retained in connection with these proceedings.

Court-administered proceedings—safeguard

A debtor which experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (*en état de cessation des paiements*). Creditors of the debtor do not attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is usually appointed to investigate the business of the debtor during an observation period, which may last up to 18 months, and to help the debtor elaborate a draft safeguard plan (*projet de plan de sauvegarde*) that it will propose to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor, assisted by the court-appointed administrator who will, in accordance with the terms of the judgment, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

During the safeguard proceedings, payment by the debtor of any debts incurred prior to the commencement of the proceedings is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*). In addition, creditors are required to declare to the court-appointed creditors' representative (*mandataire judiciaire*) the debts that arose prior to the commencement of the proceedings (as well as the post-commencement non-privileged debts) and are prohibited from engaging any court proceedings against the debtor for any payment default in relation to such debts, and the accrual of interest on loans with a term of less than one year (or on payments deferred for less than one year) is stopped. Debts duly arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the debtor's business activities during the observation period (see above), are for the requirements of the proceedings, or are in consideration for services rendered or goods delivered to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions, such as the New Money Lien).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the plan (debt forgiveness and payment terms) prior to the plan being approved by the court.

The rules governing consultation vary according to the size of the business.

Standard consultation: for debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, and who have less than 150 employees or €20 million of turnover, the court-appointed administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who obtains the agreement of each creditor who filed a claim, regarding the debt remissions and payment times proposed. Creditors are consulted individually or collectively.

French law does not state whether the proposals for settlement can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at the consultation stage. According to legal commentaries and established practice, in the absence of a specific legislative prohibition, differing treatment as between creditors is possible, provided that it is justified by the specific position of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of the claim over a shorter time period instead of a full payment of the claim over ten years.

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved do not need to be consulted.

Creditors consulted in writing which do not respond within 30 days are deemed to have accepted the proposal. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the reorganization plan (*plan de redressement*) can order them to accept deferral of the payment of their claims over a maximum period of ten years (except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no forgiveness of any claim may be imposed without its creditor's individual acceptance.

Committee-based consultation: In the case of large companies (whose accounts are certified by a statutory auditor or established by a chartered-accountant and with more than 150 employees or a turnover greater than €20 million), or with the consent of the court in the case of debtors that do not exceed the aforementioned thresholds, two creditors' committees have to be established by the court-appointed administrator on the basis of the debts that arose prior to the initial judgment:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor (only the legal owner of the bank debt claim will be invited onto the credit institutions' committee. Accordingly, a person holding only an economic interest therein will not itself be a member of the credit institutions' committee); and
- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator.

If there are any outstanding debt securities in the form of obligations (such as bonds or notes), a general meeting of all holders of such debt securities will be established irrespective of whether or not there are different issuances and of the governing law of those obligations (the "Bondholders' General Meeting").

The proposed plan:

- must take into account subordination agreements entered into by the creditors before the commencement of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may, *inter alia*, include a rescheduling or cancellation of debts, and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors which are members of the credit institutions' committee or the suppliers' committee may submit to the court an alternative plan under safeguard proceedings, it being specified that approval of these alternative plans is subject to the same two-thirds majority vote in each committee and in the Bondholders General Meeting (although the law does not provide the same rights for the bondholders to present an alternative plan).

The committees must approve or reject the safeguard plan within a minimum of 15 days of its submission. The plan must be approved by a majority vote of each committee, provided that the majority is two-thirds of the outstanding claims of the creditors expressing a vote.

Each creditor member of a creditors committee and each holder of the Notes must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to the exercise of its vote, to the full or total payment of its claim by a third party as well as of any subordination agreement. The court-appointed administrator shall then submit to the creditor/holder of the Notes a proposal for the computation of its voting rights in the creditors committee/Bondholders General Meeting. In the event of a disagreement, the creditor/note holder or the court-appointed administrator may request that the matter be decided by the president of the commercial court in summary proceedings.

The amounts of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account in the committees or in the general meeting of all holders of such debt securities. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not take part in the vote. Such creditors do not need to be consulted on the plan.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the Bondholders' General Assembly at the same two-thirds majority vote. Following approval by the creditors' committees and the Bondholders' General Assembly and determination of a rescheduling of the claim of creditors that are not members of the committees or bondholders as discussed hereafter, the plan has to be approved (*arrêté*) by the court. In considering such approval, the court has to verify that the interests of all creditors are sufficiently protected and that relevant shareholder consent, if any is required, has been obtained. If necessary, the court that approves the plan may empower the court-appointed administrator to call the relevant shareholders' meeting to implement the amendments to the debtor's articles of association provided for in the plan. In such case, the court may further decide to force through the relevant resolutions with a simple 50% majority rather than the two-thirds majority normally required under French corporate law. Once approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

With respect to creditors who are not members of the committees or in the event no committees are established, proposals are made to each creditor collectively or individually.

For those creditors outside the creditors' committee or the Bondholders' General Assembly who have not reached a negotiated agreement, the court can impose a uniform rescheduling of the repayment of their claims over a maximum period of ten years, except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same. The court cannot oblige creditors subject to such a rescheduling to waive any part of their claim or accept debt-for-equity swaps.

If the court imposes a uniform rescheduling of the repayment of the claims, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total amount of the debt claim) or the year following the initial maturity of the claim if it is later than the date of the first anniversary of the adoption of the plan, in which case the amount of the payment is determined in accordance with specific rules in order to ensure that the full amount of the claim is repaid within the 10 year period.

In the event that the debtor's proposed plan is not approved by both committees and the Bondholders' General Assembly within the first six months of the observation period, either because they do not vote on the plan or because they reject it, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the consultation of creditors that are not part of the committees and that are not bondholders (see "*—Standard consultation*" above) and, in particular, the court can only impose a rescheduling of the repayment of the debts over a maximum period of ten years (as described in the immediately preceding paragraphs).

The deadline to vote on the plan by creditors and bondholders may be extended at the request of the court-appointed administrator for a period which cannot exceed the observation period.

If no plan is adopted by the committees, at the request of the debtor, the court-appointed administrator, the *mandataire judiciaire* or the public prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor shortly becoming insolvent.

Specific case—Creditors that are public institutions: Public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors are consulted under specific conditions, within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

In the event that safeguard (or judicial reorganization) proceedings are commenced against an Issuer, the holders of the Notes will not be members of the credit institutions' committee but would vote on any proposed draft safeguard plan as members of the Bondholders' General Assembly.

The holders of the Notes could, as members of the Bondholders' General Assembly, veto a draft safeguard plan if they constituted a blocking minority (i.e., their claims represent more than one-third of the claims of those creditors casting a vote in the Bondholders' General Assembly).

As soon as insolvency proceedings are commenced, the immediate payment of any unpaid amount of share capital of the debtor will be required. The *mandataire judiciaire* may demand that a shareholder pay its portion of the unpaid share capital.

Court-administered proceedings—accelerated safeguard and accelerated financial safeguard

A debtor in *conciliation* proceedings may request commencement of accelerated safeguard proceedings or accelerated financial safeguard proceedings. The accelerated safeguard proceedings and accelerated financial safeguard procedures have been designed to "fast-track" purely financial difficulties of large companies (i) whose accounts are certified by a statutory auditor or prepared by an accountant (*expert comptable*) and having more than 20 employees, turnover greater than €3 million and whose total balance sheet exceeds €1.5 million or (ii) who publish consolidated accounts.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings, to the extent compatible with the accelerated timing, since the total duration of accelerated safeguard proceedings is three months and the duration of accelerated financial safeguard proceedings is only one month (unless the court decides to extend it by an additional month).

In particular, the creditors committees and the bondholders general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of it being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings.

Accelerated financial safeguard proceedings apply only to debt owed to financial institutions and bondholders (i.e., debts towards. credit institutions and bond debt) the payment of which is suspended by the plan adopted through the accelerated financial safeguard proceedings, other debts (such as trade debt) continuing to be paid in the ordinary course of business. As to financial creditors, the debtor will be prohibited from paying any amounts in connection with the finance documents that fall due during the observation period. Should interest fall due during the observation period, it may be paid only after the judgment of the Commercial Court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable according to their contractual or legal terms.

As with traditional safeguard proceedings, the plan adopted in the context of accelerated financial safeguard proceedings may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital in the debtor (debt-for-equity swaps requiring relevant shareholder consent).

To be eligible to accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfill three conditions:

- the debtor must not be insolvent for more than 45 days prior to the commencement of the *conciliation* proceedings;
- the debtor must be subject to ongoing *conciliation* proceedings when it applies for the commencement of these proceedings; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of his business as a going concern supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees within a maximum of three months following the commencement of accelerated safeguard proceedings (or within a maximum of two months of the commencement of accelerated financing safeguard proceedings).

If a plan is not adopted by the creditors and approved by the court within the applicable deadlines, the court shall terminate the proceedings.

The list of claims of credit institutions and bondholders party to the *conciliation* proceeding shall be drawn up by the debtor and certified by the statutory auditor and shall be deemed to constitute the filing of such claims for the purpose of the accelerated safeguard or accelerated financial safeguard proceedings (see below) unless the creditors otherwise elect to make such a filing (see below).

Judicial reorganization or liquidation proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation proceedings (*liquidation judiciair*e) may be initiated against or by a debtor only if it is insolvent and, with respect to liquidation proceedings only, if the debtor's recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or liquidation proceedings (or for *conciliation* proceedings, as discussed above) within 45 days of becoming insolvent. If it does not, *de jure* managers (including directors) and, as the case may be, *de facto* managers are exposed to civil liability.

Under the judicial reorganization proceedings, the administrator appointed by the court will assist the debtor to make management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). As a result of the commencement of liquidation proceedings, the managers of the debtor are no longer in charge of the management.

When the debtor requests the commencement of judicial reorganization proceedings, the court may consider judicial liquidation proceedings and order the commencement of the proceedings which it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the safeguard proceedings observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*) or the State prosecutor, the court may convert safeguard proceedings into reorganization proceedings or liquidation proceedings. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the State prosecutor and the workers' representatives (if any).

In the event of reorganization, an administrator is usually appointed by the court (*administrateur judiciaire*) to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor (by elaborating a reorganization plan, which is similar to a safeguard plan), or the sale of the business or the liquidation of the debtor. Committees of creditors and a Bondholders General Assembly may be created under the same conditions as in safeguard proceedings (see above). At any time during this observation period, the court can order the liquidation of the debtor. At the end of the observation period, the outcome of the proceedings is decided by the court.

In reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article

L. 626-3 of the French Commercial Code, the court-appointed administrator may appoint a trustee (*mandataire en justice*) to vote on behalf of the shareholders which refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the recovery plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). No maximum time period is provided by law to limit the duration of the judicial liquidation process. The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order for payment).

Concerning the liquidation of the assets of the debtor, there are two possible outcomes of such liquidation scenario:

- an asset sale plan (in which case the court will usually appoint a court-appointed administrator to manage the debtor and organize such sale of the business); or
- a sale of the individual assets of the debtor, in which case the liquidator may decide to:
  - launch auction sales;
  - sell on an amicable basis each asset for which spontaneous purchase offers have been received, (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or
  - request, under the supervision of the bankruptcy judge, from all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*).

When either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*), the court terminates the proceedings.

The court may terminate the proceedings when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets. The court may also appoint a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings

The date of insolvency (*cessation des paiements*) is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the date of insolvency may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of *conciliation* proceedings (see above). The date of insolvency is important because it marks the beginning of the "*période suspecte*" (otherwise referred to as "hardening period"), being the period between the date of insolvency and the court decision commencing the proceedings. Certain transactions undertaken during the hardening period may be void or voidable. Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no, or nominal, consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business and security granted for debts (including a security granted to secure a guarantee obligation) previously incurred and provisional measures (unless the writ of attachment or seizure predates the date of insolvency), operations relating to stock options, fiduciary transfers (unless the transfer is made as a security for an indebtedness entered into simultaneously), modifications to existing fiduciary transfers securing previous debts, and a declaration of non-seizability (*déclaration d'insaisissabilité*) will be also be such a "void transaction."

Transactions voidable by the court include payments made on accrued debts, transactions for consideration, third-party notifications (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the creditor knew of the insolvency of the debtor. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period.

Status of creditors during safeguard, accelerated financial safeguard, judicial reorganization or judicial liquidation proceedings

Contractual provisions pursuant to which the commencement of the safeguard or insolvency proceedings constitutes an event of default are not enforceable against the debtor, nor are "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (in accordance with a decision of the French Supreme Court dated January 14, 2014, n°12-22.909, which case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed officer can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. The court-appointed officer can, conversely, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its post-petition contractual obligations. The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a "plan for the sale of the business" (*plan de cession*) (which it may do for a period of three months, renewable once), in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan for the sale of the business" or on the date on which the continued operation of the business ends.

During the observation period:

- accrual of interest is suspended (except in respect of loans for a term of at least one year, or contracts providing for a payment which is deferred by at least one year);
- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the supervisory judge (*juge-commissaire*) to recover assets for which recovery is justified by the continued operation of the business);
- the debtor is prohibited from paying debts duly arising after the commencement of the proceedings and which relate to expenses that are not necessary for the debtor's business activities during the observation period (post-commencement non-privileged debts);
- creditors may not initiate any individual legal action against the debtor (or a guarantor of the debtor where such guarantor is a natural person) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:
  - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determines the amount due);
  - an asset sale plan (in which case the court will usually appoint a court-appointed administrator to manage the debtor and organize such sale of the business);
  - to terminate a contract for non-payment of amounts owed by the creditor; or
  - to enforce the creditor's rights against any assets of the debtor.
- all interest resulting from loan contracts having a duration of one year or more, or contracts having a deferred payment of one year or more, can no longer be compounded as of the opening judgment; and

- in the context of reorganization or liquidation proceedings only, immediate cash payment will be required for services rendered pursuant to an ongoing contract (*contrats en cours*) absent consent for other terms of payment.

In accelerated safeguard and accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see above).

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of proceedings must file a claim with the creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, in principle, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferential creditors under French law.

Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the supervisory judge (*juge-commissaire*) rules on the admissibility of the claim.

In accelerated safeguard and accelerated financial safeguard proceedings, however, the debtor draws a list of the claims of its creditors having participated in the *conciliation* proceedings, which is certified by its statutory auditors (failing which, its accountant). Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Those financial creditors who did not take part in the *conciliation* proceedings (but who would belong to the financial institutions' committee or the Bondholders' General Assembly) would have to file their proofs of claim within the aforementioned deadlines. In accelerated financial safeguard proceedings, debts owed to creditors other than banks, financial institutions or bondholders continue to be payable in the ordinary course.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*) of the debtor, the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the debtor and settling its relevant debts in accordance with their ranking. However, in practice, where the sale of the business is considered, the court will usually appoint a court-appointed administrator to manage the debtor during the temporary continuation of the business operations (see above) and to organize the sale of the business process.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, officials appointed by the insolvency court, creditors who, as part of the approved *conciliation* agreement (*protocole de conciliation homologué*), have provided new money or goods or services, post-petition creditors, certain secured creditors essentially in the event of liquidation proceedings and the French government (taxes and social charges).

Creditors' liability

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency proceedings have been commenced, creditors may be held liable for the losses suffered as a result of facilities granted to the debtor on the following grounds (and may only be held liable on those grounds) provided that such grant was itself wrongful (*fautif*) (i) fraud, (ii) wrongful interference with the management of the debtor or (iii) the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

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 the grantor 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, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of these liens. In France, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by each security provider in favor of the Security Agent. Each statement of pledge will have to be registered in the relevant shareholder's account (*compte d'actionnaire*) and shares registry (*registre de mouvement de titres*) of each French Guarantor. In France, no lien searches are available for security interests which are not publicly registered, with the result that no assurance can be given on the priority of a security interest if it is not publicly registered. With respect to a French law pledge of shares (*parts sociales*) issued by a company in the form of a *société en nom collectif* or *a société à responsabilité limitée*, it will only be legally perfected and binding (*opposable*) against third parties when such pledge has been filed with the Trade Registry of the Commercial Court of the place of registration of such company.

Limitations on enforcement of security interests and cash amount ("soulte")

Security interests governed by French law may only secure a creditor up to the secured amount that is due and unpaid to it. Under French law, pledges over securities (whether in the form of a pledge over securities account or in the form of a pledge over shareholding interests (*parts sociales*)) may generally be enforced at the option of the secured creditors either (i) by way of a sale of the pledged securities in a public auction (the proceeds of the sale being paid to the secured creditors) or (ii) by way of judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*pacte commissoire*) of the pledged securities to the secured creditors, following which the secured creditors become the legal owner of the pledged securities. If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or contractual foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed securities. Such value is determined either by the court-appointed expert in the context of a judicial attribution or by a pre-contractually agreed or judicially-appointed expert in the context of a contractual foreclosure. If the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a cash amount (*soulte*) equal to the difference between the value of the securities as so determined and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent on-sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect.

Should a holder of the Notes decline to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities since the latter will not be sold pursuant to a competitive bid process and/or a private sale organized by an investment bank and controlled by the vendor on the basis of a value determined pursuant to the methods usually used for the purpose of the acquisition of companies or groups of companies.

Parallel debt—trust

Under French law, the pledgee of a French law security interest and the creditor of the claim secured by such security interest are required to be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "Parallel Debt") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture (the "Principal Obligations").

The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. 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 French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com. September 13, 2011 n°10-25533 Belvédère*) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. The holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Trustee has certain assigned duties and rights under the Indenture that become particularly important following defaults or events of default under the Indenture, and acts in a fiduciary capacity in the best interests of the holders of the Notes.

The concept of "trust" has been recognized by the French Tax Code by Article 792-0 bis of the French *Code général des impôts* and the French Supreme Court (*Cour de cassation*), which has held, in the same published decision referred to above (*Cass. com. September 13, 2011 n°10-25.533 Belvédère*) that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of, *inter alios*, the Trustee. To the extent that the security interests in the Collateral created to the benefit of the Trustee are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Trustee.

Fraudulent conveyance

French law contains specific "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or recovery plan (*commissaire à l'exécution du plan*) insolvency proceedings of the relevant debtor, or by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if (i) the debtor performed such act without an obligation to do so, (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act and (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary). If a court found that the issuance of the Notes, the grant of the security interests in the Collateral, or the granting of a Guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such Guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Recognition of intercreditor arrangements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for Article L. 626-30-2 of the French Commercial Code which states that, in the context of safeguard proceedings, the safeguard plan which is put to the committees of creditors takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard proceedings. As a consequence, except to the extent referred to above (which, as at the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Recognition of validity of second or lower ranking financial securities account pledges by French courts

The Intercreditor Agreement provides for a mechanism allowing the implementation of second or lower ranking pledges over financial securities accounts.

A pledge over the shares of a stock company (*société par actions*) governed by French law is a pledge over the relevant securities account (*nantissement de compte de titres financiers*) in which the shares of such company are registered. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the priority of a pledge over a securities account in which the shares of such a company are registered.

Moreover, a pledge over securities accounts is deemed, under French law, to remove the securities account from the possession of the grantor, thereby preventing such grantor from granting a second or lower ranking pledge thereon. The second or lower ranking pledge over the shares of such a company will therefore provide that the possession of the securities account is transferred to the custody of an agreed third party as "*tiers convenus*" (*entiercement*), that the first ranking and second or lower ranking secured parties have consented to the creation of second or lower ranking pledge and that the first ranking secured parties have accepted their appointment as *tiers convenus* and hold the pledged securities as custodian for the benefit of both the first ranking and the second or lower ranking secured parties. This structure has not been tested before the French courts and no assurances can be given that such second or lower ranking pledges would be upheld if tested.

Therefore, there is a risk that the second or lower ranking pledge over the securities account in which the shares of such company are respectively registered may be held void or unenforceable by a French court, which in turn could materially adversely affect the recovery under the Notes or Guarantees (as applicable) following an acceleration event.

Assumptions as to the enforceability of second ranking pledges over the bank accounts and receivables

The pledges over the bank accounts and receivables are governed by French law. In France, no lien searches are available for security interests which are not registered, such as pledges over bank accounts and receivables. As a result, no assurance can be given on the priority of the pledges over the relevant bank accounts or receivables of a company.

Although French law does not expressly prohibit the grantor of a pledge over a bank account or a receivable from granting a second ranking pledge over the same bank account or the same receivables, this structure has not been tested before the French courts and no assurances can be given that such second ranking pledges would be upheld if tested.

Limitations on guarantees

The liabilities and obligations of any guarantor incorporated under the laws of France (a "French Guarantor") are subject to:

- certain exceptions, including to the extent of any obligations which, if incurred, would constitute prohibited financial assistance within the meaning of Article L.225-216 of the French Commercial Code or infringement of the provisions of Articles L.241-3, L.242-6 or L.244-1 of the French Commercial Code; and
- French corporate benefit rules.

Under French financial assistance rules, a company incorporated as a *société anonyme* or a *société par action simplifiée* is prohibited from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a guarantor must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if it found that these criteria were not fulfilled. The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

Accordingly, the aggregate obligations and liabilities of a French Guarantor under its guarantee for the obligations of the Issuer under the Notes, its guarantee of the Private Senior Notes and its guarantee of the Senior Credit Facilities and the amounts recoverable thereunder shall be limited, at any time, to an amount equal to the aggregate of all amounts borrowed directly (as borrower under the Senior Credit Facilities, as the case may be) or indirectly under On-Lending Facilities (as defined below) by that French Guarantor and/or its subsidiaries and outstanding from time to time (the "Maximum Guaranteed Amount"); it being specified that any payment made by any such French Guarantor under its guarantee or under its Senior Credit Facilities guarantee or under its Private Senior Notes guarantee shall reduce *pro tanto* the outstanding amount of the intercompany loans (if any) due by such French Guarantor under such On-Lending Facilities.

For the avoidance of doubt, any payment made by a French Guarantor under the On-Lending Facilities shall reduce the Maximum Guaranteed Amount.

By virtue of this limitation, a French Guarantor's obligation under the guarantees could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its guarantees.

In addition, if a French Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's length basis, the difference between the actual economic benefit and that in a comparable arm's length transaction could be taxable under certain circumstances.

"On-Lending Facilities" means, in respect of a French Guarantor, the loans made available to such French Guarantor and/or its subsidiaries as borrowers (including all interest, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount) to the extent that such loans are financed by way of amounts which are made available to such French Guarantor and/or its subsidiaries by a borrower under the Senior Credit Facilities with the proceeds of the Senior Credit Facilities and/or by the relevant issuer with the proceeds of the Private Senior Notes and/or by the Issuer with the proceeds of the Notes, and on-lent (either directly or through one or more other subsidiaries of the borrower of the Senior Credit Facilities and/or of the Private Senior Notes issuer and/or of the Issuer) to, or used to refinance any indebtedness previously on-lent directly or indirectly to, such French Guarantor and/or its subsidiaries. Some of the proceeds of the Senior Secured Bridge Facility, the Senior Facilities and the Private Senior Notes used to repay the Existing Securitas Indebtedness were on-lent from the Issuer to Securitas Direct, and then from Securitas Direct to Securitas Direct SAS to repay certain intercompany balances of Securitas Direct SAS. The intercompany loan from Securitas Direct to Securitas Direct SAS will constitute an On-Lending Facility.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated the date of this offering memorandum, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer. The Initial Purchasers are Goldman Sachs International, Morgan Stanley & Co. International plc, Merrill Lynch International, Nomura International plc, Nordea Bank AB (publ), Credit Suisse Securities (Europe) Limited, Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and HSBC Bank plc. Sales in the United States may be made through affiliates of the Initial Purchasers. As Nordea Bank AB (publ) is not registered with the SEC as a U.S. registered broker dealer, it will make offers and sales of the Notes solely outside of the United States.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to certain conditions precedents, including, among other conditions, the delivery of certain legal opinions by counsel.

The Purchase Agreement also provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. None of the Issuer or the Guarantors will for a period of 90 days following the time when sales of Notes were first made, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, offer, sell, contract to sell or otherwise dispose of any debt securities of, or guarantees by, the Issuer, Holdco or any of its subsidiaries or affiliates that are substantially similar to the Notes without the prior written consent of the Joint Global Coordinators and Joint Bookrunners.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the Offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page hereof.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions.*"

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Each Initial Purchaser has represented, warranted and agreed that 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 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
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes and the Guarantees may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this offering memorandum and resale of the Notes. See "*Important Information*" and "*Transfer Restrictions.*"

One or more Initial Purchasers may make offers or sales of the Notes in the United States through an affiliate or any other U.S. registered broker-dealers pursuant to applicable U.S. securities laws.

The Notes and the Guarantees are a new issue of securities for which there currently is no market. We intend to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market thereof, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Relating to Our Financing Arrangements and the Notes—An active trading market may not develop for the Notes, in which case your ability to sell the Notes may be limited.*"

In connection with the Offering, the Stabilizing Manager, or a person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets in connection with over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the Stabilizing Manager. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Stabilizing Manager to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to Our Financing Arrangements and the Notes—An active trading market may not develop for the Notes, in which case your ability to sell the Notes may be limited.*"

These stabilizing transactions and covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers or their respective affiliates from time to time have provided in the past, provide currently and may provide in the future, commercial lending and banking, investment banking, hedging, consulting and financial advisory services to the Issuer, the Guarantors and their subsidiaries and affiliates for which they have received, and in the future may receive, customary fees, commissions and expenses. In addition, in the ordinary course of their business activities, the Initial Purchasers or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve investments or securities of the Issuer, the Guarantors and their subsidiaries and affiliates. Moreover, the Initial Purchasers or their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments. Certain of the Initial Purchasers or their respective affiliates are lenders under the Senior Secured Bridge Facility, the Existing Revolving Credit Facility Agreement, the Series A Senior Term Loan Agreement, the Series A Senior Bridge Agreement or the Mezzanine Loan Agreement, certain of their affiliates are investors in the Private Senior Notes and certain of their affiliates may hold Existing Notes. We intend to use certain of the net proceeds from the Offering to repay obligations under the Senior Secured Bridge Facility. To the extent that any of the Initial Purchasers or their respective affiliates are lenders under the Senior Secured Bridge Facility, they will receive a portion of the net proceeds of the Offering. Furthermore, the Initial Purchasers or their respective affiliates will be mandated lead arrangers or lenders under the Senior Credit Facilities that will be made available to the Issuer on or about the Completion Date.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or 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 U.S. Securities Act and applicable securities laws of any other jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S").

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

We have not registered and will not register the Notes or the Guarantees under the U.S. Securities Act and, therefore, 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 U.S. Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States, to QIBs; and
- outside the United States, to non-US persons in offshore transactions in accordance with Regulation S.

We use the terms "U.S. person," "offshore transaction" and "United States" with the meanings given to them in Regulation S.

You, by your acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom you reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, and (ii) outside the United States in a transaction complying with Regulation S, and (iii) in compliance with the registration requirements of the U.S. Securities Act or pursuant to exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set out in paragraph (5) below, in each case in accordance with any applicable securities laws of any state of the United States, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you of the resale restrictions referred to in (A) above.

(2) You are either:

 (a) a QIB, and are aware that any sale of Notes to you will be made in reliance on Rule 144A and such acquisition of Notes will be for your own account or for the account of another QIB; or

 (b) a non-US person purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchaser, has made any representation to you with respect to the offer or sale of any 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 neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or

completeness of this offering memorandum. You also acknowledge that 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.

(4) 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 U.S. Securities Act or any state 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 your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, or Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Issuer, a Guarantor or any Subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, an exemption from the registration requirements of the U.S. Securities Act or in any transaction not subject thereto, (iii) 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 or (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the Trustee's rights prior to any such offer, sale or transfer, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS A NON-US PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S"), (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 NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)] [IN THE CASE OF RULE 144A NOTES: 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 U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE

THE UNITED STATES WITHIN THE MEANING OF REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "U.S. PERSON," "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S."

(7) You will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in such Notes as well as to holders of such Notes.

(8) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(9) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and 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, you shall promptly notify the Initial Purchasers. 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.

(10) 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 U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(11) You understand that no action has been taken in any jurisdiction (including the United States) 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 the Issuer or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the 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 under "*Notice to Investors in the United States,*" "*Notice to New Hampshire Residents Only,*" "*Notice to Swedish Investors,*" "*Notice to Certain Spanish Investors*," "*Notice to Portuguese Investors*," "*Notice to U.K. Investors,*" "*Notice to Swiss Investors*," "*Notice to Norwegian Investors,*" "*Notice to French Investors*" and "*Plan of Distribution.*"

LEGAL MATTERS

Various legal matters will be passed upon for us by Latham & Watkins (London) LLP, as to matters of U.S. federal, New York state and English law, Advokatfirman Vinge KB, as to matters of Swedish law, Uría Menéndez Abogados, S.L.P., as to matters of Spanish law, and Uría Menendez-Proenca de Carvalho as to matters of Portuguese law and Latham & Watkins A.A.R.P.I., as to matters of French law. Certain legal matters will be passed upon for the Initial Purchasers by Weil, Gotshal & Manges, as to matters of U.S. federal, New York state and English law, Advokatfirman Cederquist KB, as to matters of Swedish law, Cuatrecasas, Goncalves Pereira, S.L.P., as to matters of Spanish and Portuguese law, Arntzen de Besche, as to matters of Norwegian law and Weil, Gotshal & Manges, as to matters of French law.

INDEPENDENT AUDITORS

The consolidated financial statements of Verisure Holding AB (publ) as of and for the years ended December 31, 2012, 2013 and 2014, included elsewhere in this offering memorandum, have been audited by PricewaterhouseCoopers AB ("PwC"), independent auditors, as stated in the report appearing herein. The unaudited condensed consolidated interim financial statements of the Issuer and its subsidiaries as of and for the six months ended June 30, 2015 as included in this offering memorandum have not been audited. The unaudited condensed consolidated interim financial statements of the Issuer and its subsidiaries as of and for the six months ended June 30, 2015 and 2014 have been reviewed by PwC.

PwC have given, and not withdrawn, their written consent to the inclusion of their auditor's reports in this offering memorandum in the form and context in which they are included. As the Offering has not been and will not be registered under the U.S. Securities Act, PwC has not filed a consent under the U.S. Securities Act.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a Swedish company. The Guarantors are entities organized under the laws of Spain, Sweden, Norway and Portugal. All the directors and executive officers of the Issuer and the Guarantors are resident outside of the United States. All the assets of the Issuer and the Guarantors and their respective directors and officers are located outside the United States. Although the Issuer and the Guarantors have agreed, in accordance with the terms of the Indenture, to accept agent for service of process in the United States by agents designated for such purpose, it may not be possible for holders of the Notes to (a) effect service of process upon the Issuer, the Guarantors or their respective directors or officers, or (b) enforce judgments of courts of the United States predicated upon the civil liability of such entities or persons under the U.S. securities laws and state securities laws or other laws against any such entities or persons in the courts of a foreign jurisdiction.

Sweden

Pursuant to the provisions of the Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “2012 Brussels Regulation”), a judgment entered against a company incorporated in Sweden (a “Swedish Party”) in the courts of a Member State (as defined therein, i.e. all Member States of the European Union) and which is enforceable in such a Member State, will be directly enforceable in Sweden upon the satisfaction of the formal requirements of the 2012 Brussels Regulation without any declaration of enforceability being required. It should be noted, however, that a party may apply for refusal of recognition or refusal of enforcement, as applicable, in accordance with the 2012 Brussels Regulation. Such an application shall be submitted to the relevant district court (*tingsrätt*).

Pursuant to the 2012 Brussels Regulation, if a judgment contains a measure or an order which is not known under the laws of the Member State in which the recognition of the judgment is invoked or in which the enforcement of the judgment, the court settlement or the authentic instrument is sought, that measure or order shall, to the extent possible, be adapted to a measure or order known under the laws of that Member State which has equivalent effects attached to it and which pursues similar aims and interests.

Pursuant to the provisions of the 2007 Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the “Lugano Convention”), a judgment entered against a Swedish party in the courts of a Contracting Party (as defined in the Lugano Convention) and which is enforceable in such a Contracting Party, will, provided that a motion for enforcement has been filed and granted with the relevant district court, be enforceable in Sweden if it meets the formal requirements under the Lugano Convention.

A judgment entered against a Swedish party in the courts of a state which is not, under the terms of the 2012 Brussels Regulation or the Lugano Convention, a Member State (as defined in the 2012 Brussels Regulation) or a Contracting Party (as defined in the Lugano Convention), e.g. the United States, would not be recognized or enforceable in Sweden as a matter of law without a retrial on its merits. Therefore, a final judgment for payment of money rendered by the courts of such state, would not be directly enforceable, either in whole or in part, in Sweden.

In order to enforce any such judgement in Sweden, proceedings must therefore be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in Sweden, or an administrative tribunal or executive or other public authority of Sweden. In such an action, a judgment rendered by the courts of such state may be regarded as evidence of, for example, factual circumstances or the content of the relevant foreign law, but the competent Swedish authority may also choose to rehear the dispute *ab initio*.

Any legal proceedings in the courts of Sweden will be conducted in Swedish and a court or enforcement authority in Sweden may require, as a further condition for admissibility and/or enforceability, the translation into Swedish of any relevant document. Further assistance from Swedish authorities in the service of process in connection with foreign proceedings might require the observance of certain procedural and other regulations.

Swedish courts may award judgments or give awards in currencies other than the local currency, but the judgment debtor has the right under the laws of Sweden to pay the judgment debt (even though denominated in a foreign currency) in the local currency at the rate of exchange prevailing at the date of payment (however, the judgment creditor may, subject to availability of the foreign currency, convert such local currency into the foreign currency after payment and remove such foreign currency from Sweden), and a choice of currency provisions by the parties to an agreement may not be upheld by Swedish courts to constitute a right to refuse payment in Swedish kronor.

It is not established by Swedish judicial precedent or otherwise by Swedish law that a power of attorney or a mandate of agency, including the appointment of a service of process agent, can be made irrevocable and therefore any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the Swedish Party giving such powers.

Spain

Any judgment obtained against Spanish companies outside of Spain (and, in particular, in the United States), but other than in a country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council of December 12, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, would be recognised and enforced in accordance with the Spanish Law of Civil Procedure 1/2000 of January 7, 2000 and with the Law on International Legal Cooperation in Civil Matters, 29/2015 of July 30, 2015, by the courts of Spain (unless such judgment contravenes principles of Spanish public policy) in the following three situations:

- according to the provisions of any applicable treaty, there being none currently in existence between Spain and the United States for these purposes;
- in the absence of any such treaty the judgment would be enforced in Spain if it satisfies all of the following requirements, in accordance with Law 29/2015:
  - (i) the judgment is final;
  - (ii) due process has been observed in the foreign proceedings; in particular, where the judgment was given in default of appearance, this requirement will not be met if the defendant was not duly served with the document which instituted the proceedings or with an equivalent document in sufficient time to enable him to arrange for his defence;
  - (iii) the jurisdiction of the foreign court does not infringe an exclusive jurisdiction of Spanish courts;
  - (iv) the jurisdiction of the foreign court is considered reasonable; the jurisdiction of the foreign court will be considered reasonable if in similar circumstances a Spanish court would also have jurisdiction according to Spanish rules;
  - (v) the judgment is not irreconcilable with a judgment given in Spain;
  - (vi) the judgment is not irreconcilable with an earlier judgment given in another State provided that the earlier judgment fulfils the conditions necessary for its recognition in Spain;
  - (vii) are no prior proceedings between the same parties and in relation to the same issues pending in Spain; and
  - (viii) the judgment is not contrary to public policy (*orden público*).
  - (ix) Additionally and according to article 47 of Law 29/2015, there is a special provision and a special rule concerning the recognition of foreign judgments rendered in proceedings resulting from collective action, which may be enforced in Spain insofar as they satisfy the conditions set forth therein.

Any party wishing to have a U.S. ruling enforced in Spain must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) which must be filed with the relevant Spanish First Instance Court (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*).

Once a judgment has been recognised under the exequatur procedure, it will be enforceable in Spain in accordance with the Civil Procedure Law; in particular, it will be applicable the lapse of legal action (5 years).

The enforcement of any judgments in Spain involves, *inter alia*, the following principal actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish (translator's fees will be payable); (b) certain professional fees required for the verification of the legal authority of a party litigating in Spain (if needed); (c) certain court fees must be paid; and (d) the procedural acts of a party litigating in Spain must be directed by an attorney-at-law and the party must be represented by a court agent (*procurador*). In addition, Spanish civil proceedings rules cannot be amended by agreement of the parties and such rules will therefore prevail notwithstanding any provision to the contrary in the relevant agreement.

Norway

A judgment against the Issuer or any Guarantor in the courts of a state which is not, under the terms of the Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the "Lugano Convention"), a "contracting state" (as defined in the Lugano Convention) or a state with which Norway has entered into a convention on the mutual recognition and enforcement of judgments, would not be recognized or enforceable in Norway as a matter of right unless the jurisdiction of such court has been specifically agreed between the parties in a civil matter in accordance with Section 19-16, cfr. Section 4-6, of the Norwegian Dispute Act or the recognition and enforcement of such judgments are otherwise accepted under Norwegian law. However, such judgments may be admissible as evidence in the courts of law, executive or other public authorities of Norway and may in such capacity carry persuasive authority depending on the merits of the judgment without a retrial on its merits. The foregoing could imply, *inter alia*, that a judgment by a U.S. court would not be recognized or enforceable in Norway as a matter of right. A judgment against an Issuer or any Guarantor in the courts of a state which is, under the terms of the Lugano Convention, a "contracting state" (as defined in the Lugano Convention) or a state with which Norway has entered into a convention on the mutual recognition and enforcement of judgments, and judgments rendered by a court whose jurisdiction have been expressly agreed to and accepted by the party, in writing and in a particular civil matter, in accordance with the Norwegian Dispute Act, and such judgments for which the recognition and enforcement is otherwise accepted under Norwegian law, would be recognized and enforceable in Norway, but only insofar as such recognition and enforcement would not be in breach of mandatory law or contrary to public policy in Norway. Only creditors of a claim may have active judicial standing in a Norwegian court; therefore, a security agent or other representative of the creditors may seek enforcement of a claim but such claim may have to be supported by the actual creditors of such claim.

Portugal

The United States and the Portuguese Republic currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States, whether or not predicted solely upon U.S. federal or state securities laws, would not automatically be enforceable in Portugal.

A final and conclusive judgment by a U.S. federal or state court for the payment of a specific sum of money would be enforceable in the courts of Portugal, after having been confirmed by a Portuguese court, as set forth in the Portuguese Code of Civil Procedure (*Código de Processo Civil*).

The Portuguese court with jurisdiction over such confirmation would be the Court of Appeal (*Tribunal da Relação*) of the judicial district where the relevant person against whom the judgment will be enforced is domiciled.

Pursuant to the Portuguese Code of Civil Procedure (*Código de Processo Civil*), in order for the judgment rendered in the U.S. federal or state courts to be enforceable, the following conditions must be met:

- there should be no doubts regarding the authenticity or the reasoning of the judgement;
- the judgment is final (*res judicata*) according to the applicable U.S. federal or state laws;
- the U.S. federal or state courts jurisdiction was not established fraudulently and the judgement does not relate to a matter over which Portuguese courts have exclusive jurisdiction;
- *lis pendens and condition of res judicata* cannot be alleged based on a case pending or judged on a Portuguese court, except if the foreign U.S. federal or state courts prevented the jurisdiction;

- the defendant was duly notified of the proceedings, under the U.S. federal or state laws, and the adversarial nature of proceedings and the principle of equality of the parties were duly complied with during the proceedings; and
- the judgment rendered is not incompatible with the international public policy of the Portuguese State.

If a judgment by a U.S. federal or state court is issued against a Portuguese national (either an individual or a company), its confirmation may also be challenged whenever its final outcome is less favorable to the Portuguese party than it would have been if the relevant court had applied Portuguese law (provided that, according to the Portuguese conflict rules, Portuguese law should have been applied).

It should be mentioned that confirmation may also be challenged (i) if there is another final judgment which proves that the judgment under analysis arises from a crime committed by the judge in the exercise of his functions, (ii) if a document is presented whose existence a party was unaware of or if such party could not use such document during the proceedings in which judgment under analysis was rendered, provided that such document alone is deemed sufficient to modify the decision in favor of the defeated party or (iii) if the judgment is based on a sham litigation and the court has not prevented the parties from reaching their goal due to the fact that the court was unaware of the fraud.

In an action brought in Portugal on the basis of U.S. federal or state securities laws, Portuguese courts may not have the requisite power to grant all the remedies sought.

France

Certain of the Guarantors are entities organized under the laws of France with their registered offices or principal places of business in France (the “French Entities”). The directors, officers and other executives of the French Entities are neither residents nor citizens of the United States (the “French Individuals”). Furthermore, most of the assets of the French Entities or the French Individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law claims connected with the Notes against French Entities and/or French Individuals.

The United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. Judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French civil court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (i.e., there was no international forum shopping), the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case, including fair trial rights; and
- such U.S. judgment is not tainted with fraud under French law.

In addition to these conditions, it is well established that only final and binding foreign judicial decisions (i.e. those having *a res judicata* effect) can benefit from an exequatur under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the *res judicata* effect as of the date of the decision of the French civil court and will thus be declared enforceable in France. However, the decision granting the exequatur is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68 678 of July 26, 1968, as modified by French law No. 80 538 of July 16, 1980 and French Ordinance No. 2000 916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78 17 of 6 January 1978 on data processing, data files and individual liberties, as modified) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case by case basis by French courts). Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with French Individuals. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant (Article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to case law, the French courts' jurisdiction over French nationals is not mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, as regards legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU.

The French Supreme Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of the Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer c/o Securitas Direct AB (publ), Box 392, 201 23 Malmö, Sweden.

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

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of that exchange so require, copies of the Issuer's organizational documents, the Indenture and our most recent consolidated financial statements published by us may be inspected and obtained at the office of the listing agent in Luxembourg. See "*Listing and General Information.*"

LISTING AND GENERAL INFORMATION

Listing

Application will be made to admit the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market. Notice to holders of the Notes will be published either on the official website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). We will maintain a registrar in Luxembourg for as long as any of the Notes are listed on the Luxembourg Stock Exchange. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*), or to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange, www.bourse.lu.

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum. This offering memorandum may only be used for the purposes for which it has been published.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of that exchange require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the most recent audited consolidated financial statements and any interim financial statements published by the Issuer;
- the Indenture relating to the Notes (which includes the Guarantees and form of the Notes);
- the Intercreditor Agreement; and
- the Security Documents.

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, including if necessary to avoid any new withholding taxes in connection with the listing.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, the Notes will be freely transferable and negotiable in accordance with the rules of the Luxembourg Stock Exchange.

Clearing Information

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 out below.

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes 131047789 and 131047843, respectively. The international securities identification number (the "ISIN Number") for the Notes sold pursuant to Regulation S is XS1310477895 and the ISIN Number for the Notes sold pursuant to Rule 144A is XS1310478430.

The Issuer

Verisure Holding AB (publ), a public limited liability company organized under the laws of Sweden, was formed on May 17, 2011 and registered on May 26, 2011 with a registration number of 556854-1410. The Issuer's registered address is c/o Securitas Direct AB, Box 392, 201 23 Malmö, Sweden. The Issuer's main activity is the ownership and management, directly or indirectly, of real property and any other related activities. The Issuer has a capital of €56,104.13 million, represented by 500,000 fully paid up shares.

The Issuer's main investments as of the date of this filing include all of the outstanding shares in Securitas Direct AB (publ) (reg. no. 556222-9012). There are no other investments being currently made or planned. Historically we have only prepared consolidated financial statements at the Issuer. Beginning with the fiscal year ended December 31, 2015, our results will be consolidated at Verisure Midholding AB (publ).

The Guarantors

Verisure Midholding AB (publ), a public limited liability company organized under the laws of Sweden, registered on May 26, 2011 with registration number 556854-1402. Verisure Midholding AB (publ)'s registered address is c/o Securitas Direct AB, Box 392, 201 23 Malmö, Sweden. Verisure Midholding AB (publ) is a holding company whose main activity is the ownership and management, directly or indirectly, of real property and any other related activities. The Issuer is wholly owned by Verisure Midholding AB (publ).Historically we have only prepared consolidated financial statements at the Issuer. Beginning with the fiscal year ended December 31, 2015, our results will be consolidated at Verisure Midholding AB (publ).

Securitas Direct AB (publ), a public limited liability company organized under the laws of Sweden, registered on November 22, 1982, with registration number 556222-9012. Securitas Direct AB (publ)'s registered address is Box 392, 201 23 Malmö, Sweden. Securitas Direct AB is an operating company whose main activity is to offer goods and services relating to alarm systems and ownership and management of property and other related activities. Securitas Direct AB (publ) is wholly owned by the Issuer.

Securitas Direct Sverige AB (f/k/a Verisure Sales Sverige AB), a private limited liability company organized under the laws of Sweden, registered on May 22, 2012 with registration number 556893-9010. Securitas Direct Sverige AB's registered address is Box 314, 581 02 Linköping, Sweden. Securitas Direct Sverige AB is an operating company whose main activity is to, directly or indirectly, offer goods and services relating to alarm systems, the ownership and management of property and any other related activities. Securitas Direct Sverige AB is indirectly wholly owned by the Issuer.

Verisure Sverige AB (f/k/a), a private limited liability company organized under the laws of Sweden registered on November 8, 1971 with registration number 556153-2176. Verisure Sverige AB's registered address is Box 2511, 580 02 Linköping, Sweden. Verisure Sverige AB is an operating company whose main activity is to, directly or indirectly, offer goods and services relating to alarm systems and the ownership and management of property and any other related activities. Verisure Sverige AB is indirectly wholly owned by the Issuer.

Verisure Holding AS, a limited liability company organized under the laws of Norway, was formed on September 30, 2011, with organization number 997 434 366. Verisure Holding AS's business address is Drammensveien 175-177, 0277 Oslo, Norway. Verisure Holding AS is an operating company whose main activity is to offer goods and services relating to alarm systems and the accompanying services and other related business activities, including ownership in companies with similar activities. Verisure Holding AS is indirectly wholly owned by the Issuer.

Verisure AS (formerly known as Securitas Direct AS), a limited liability company organized under the laws of Norway, was formed on February 11, 1965 (and transferred to the Register of Business Enterprises on May 21, 1990) with organization number 929 120 825. Verisure AS's business address is Drammensveien 175, N-0277 Oslo, Norway. Verisure AS is an operating company whose main activity is to offer goods and services relating to alarm systems. Verisure AS is indirectly wholly owned by the Issuer.

ESML SD Iberia Holding, S.A.U., a company organized under the laws of Spain, incorporated on September 25, 2008 as a *sociedad de responsabilidad limitada* and converted into a *sociedad anónima* with effect from December 19, 2011, and with registration number A-85537363, is the resulting entity of a merger with Dream Spanish Bidco, S.A.U. registered on December 27, 2011. ESML SD Iberia Holding, S.A.U.'s business address is C/Priégola 2, 28224, Pozuelo de Alarcón, Madrid. ESML SD Iberia Holding S.A.U. is indirectly wholly owned by the Issuer.

Securitas Direct España S.A.U., a company organized under the laws of Spain, was formed and registered on March 17, 1989, with registration number A-26106013. Securitas Direct España S.A.U.'s business address is c/Priégola 2, 28224, Pozuelo de Alarcón, Madrid. Securitas Direct España S.A.U.

is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct España S.A.U. is indirectly wholly owned by the Issuer.

Securitas Direct Portugal, Unipessoal, Lda., a private limited liability company by quotas (sociedade por quotas) organized under the laws of the Portuguese Republic, with a share capital of €50,000 was registered on December 4, 2001 at the Commercial Registry Office (Conservatória do Registo Comercial) of Cascais under the single corporate and tax number 505760320. Securitas Direct Portugal, Unipessoal, Lda.'s business address is Praceta Professor Alfredo de Sousa, no. 3, 2.0 andar, 1495-241 Algés parish of Algés, in Oeiras, Portugal. Securitas Direct Portugal, Unipessoal, Lda. is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct Portugal, Unipessoal, Lda. is indirectly wholly owned by the Issuer.

Securitas Direct SAS, a limited liability company (*société par actions simplifiée*) organized under the laws of France, registered at the Trade Registry of Nanterre under the number 345 006 027 R.C.S. Nanterre, having its registered office at 1, Centrale Parc – Bâtiment 1 avenue Sully Prud'Homme, 92290 Châtenay Malabry. Securitas Direct S.A.S. is an operating company whose main activity is to offer goods and services relating to alarm systems. Securitas Direct S.A.S. is indirectly wholly owned by the Issuer.

Corporate Authority

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

No Material Adverse Change in the Issuer's Financial Position

Except as disclosed elsewhere in this offering memorandum, there has been no material adverse change in our consolidated financial position since the date of our last published financial statements.

Litigation

Except as disclosed elsewhere in this offering memorandum, none of the Issuer nor any of the Guarantors are involved, or has been involved during the twelve months preceding the date of this offering memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

Periodic Reporting Under the Exchange Act

The Issuer are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

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INDEX TO FINANCIAL STATEMENTS

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2015

Consolidated Income Statement Data

EUR thousand	Note	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	1	493,104	432,047
Cost of sales		-279,471	-250,372
Gross profit		**213,633**	**181,675**
Selling and administrative expenses(1)		-190,423	-163,599
Operating profit		**23,210**	**18,076**
Finance income		433	196
Finance costs		-110,111	-109,629
Result before tax		**-86,468**	**-91,357**
Income tax expense and benefit		2,793	-22,442*
Result for the period		**-83,675**	**-113,799**
Whereof attributable to:			
– Parent company		-82,630	-113,095
– Non-controlling interest		-1,045	-704

Reconciliation Between Q2 2014 Reported Results and Restated Results

EUR thousand	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Income tax benefit according to Q2 2014 report	2,793	11,958
Adjustments from subsequent event*		-34,400
Income tax cost/benefit after taking subsequent event into account*	**2,793**	**-22,442**

* At the time of the approval of the interim report as of June 30, 2014, which was issued in August 2014, there was an ongoing tax audit in Spain. An agreement related to this tax audit was made in December 2014, which resulted in additional income tax of €34.4 million for the three months ended March 31, 2014 and for the six months ended June 30, 2014.

In this offering memorandum, the interim financial statement for the three months ended March 31, 2014 and for the six months ended June 30, 2014, has been reissued by the board as of October 1, 2015. As the board must consider all available information at the time of signing, in accordance with IAS 10 "Events after the reporting period", an adjustment has been made to the interim financial statements for the above periods due to the agreement with the tax authorities, compared to the interim report that was originally issued. The effect on the financial position is an increase in deferred tax liability and an increase in current tax liability amounting to a total of €34.4 million with a corresponding tax expense in the income statement.

Consolidated Statement of Comprehensive Income

EUR thousand	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Result for the period	**-83,675**	-113,799
Currency translation differences on foreign operations:	-3,946	-3,426
Other comprehensive income	**-3,946**	**-3,426**
Total comprehensive income for the period	**-87,621**	**-117,225**
Whereof attributable to:		
– Parent company	-86,576	-116,521
– Non-controlling interest	-1,045	-704

Consolidated Statement of Financial Position

EUR thousand	Note	As of June 30, 2015	As of June 30, 2014
ASSETS			
Non-current assets			
Property, plant and equipment		381,626	331,707
Goodwill		845,873	819,310
Customer portfolio		1,176,989	1,238,435
Other intangible assets		120,503	120,412
Deferred tax assets		4,345	3,017
Other non-current receivables		142,351	68,226
Total non-current assets		**2,671,687**	**2,581,107**
Current assets			
Inventories		70,006	60,003
Trade receivables	2	78,430	66,875
Current tax assets		5,864	8,834
Prepayments and accrued income		17,006	15,599
Derivatives	2	373	—
Other current receivables	2	20,473	14,184
Cash and cash equivalents	2	5,172	6,813
Total current assets		**197,324**	**172,308**
TOTAL ASSETS		**2,869,011**	**2,753,415**
EQUITY AND LIABILITIES			
Equity			
Share capital		56	56
Other paid in capital		569,068	569,068
Other reserves		33,228	24,983
Retained earnings		-638,358	-524,376
Equity attributable to equity holders of the parent company		**-36,006**	**69,731**
Non-controlling interest		28	499
Total equity		**-35,978**	**70,230**
Non-current liabilities			
Long-term borrowings	2,6	2,280,142	2,100,242
Derivatives	2	5,040	12,089
Other non-current liabilities	2	13,686	556
Deferred tax liabilities(1)		287,353	333,760
Other provisions		1,298	968
Total non-current liabilities		**2,587,519**	**2,447,615**
Current liabilities			
Trade payables	2	69,640	58,744
Current tax liabilities		19,837	20,567
Short-term borrowings	2,6	23,554	1,576
Accrued expenses and deferred income		178,480	134,364
Derivatives	2	131	1,103
Other current liabilities	2	25,828	19,216
Total current liabilities		**317,470**	**235,570**
TOTAL EQUITY AND LIABILITIES		**2,869,011**	**2,753,415**

(1) The majority of the deferred tax liabilities relates to the acquisition of Securitas Direct AB.

Consolidated Statements of Changes in Equity

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company						
Balance at 1 January 2015	**56**	**569,068**	**37,175**	**-555,728**	**50,571**	**1,072**	**51,643**
Result for the period	—	—	—	-82,630	**-82,630**	-1,045	**-83,675**
Other comprehensive income	—	—	-3,947	—	**-3,947**	1	**-3,946**
Total comprehensive income for the period	—	—	*-3,947*	*-82,630*	***-86,577***	*-1,044*	*-87,621*
Balance at 30 June 2015	**56**	**569,068**	**33,228**	**-638,358**	**-36,006**	**28**	**-35,978**

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company						
Balance at 1 January 2014	**56**	**569,068**	**28,409**	**-411,281**	**186,252**	**203**	**186,455**
Result for the period	—		—	-113,095	**-113,095**	-704	**-113,799**
Other comprehensive income	—	—	-3,426	—	**-3,426**	—	**-3,426**
Total comprehensive income for the period	—	—	*-3,426*	*-113,095*	***-116,521***	*-704*	*-117,225*
Capital contribution from non-controlling interest	—	—	—	—	**—**	1,000	**1,000**
Balance at 30 June 2014	**56**	**569,068**	**24,983**	**-524,376**	**69,731**	**499**	**70,230**

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company						
Balance at 1 January 2014	**56**	**569,068**	**28,409**	**-411,281**	**186,252**	**203**	**186,455**
Result for the period	—	—	—	-216,107	**-216,107**	-2,119	**-218,226**
Other comprehensive income	—	—	8,766	—	**8,766**	-12	**8,754**
Total comprehensive income for the period	—	—	*8,766*	*-216,107*	***-207,341***	*-2,131*	*-209,472*
Capital contribution from non-controlling interest	—	—	—	—	**—**	3,000	**3,000**
Group contribution	—	—	—	71,660	**71,660**	—	**71,660**
Balance at 31 December 2014	**56**	**569,068**	**37,175**	**-555,728**	**50,571**	**1,072**	**51,643**

Consolidated Statement of Cash Flows

EUR thousand	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Operating activities		
Operating profit	23,210	18,076
Reversal of depreciation/amortisation	124,102	114,007
Other non-cash items	15,380	13,950
Interest received	388	198
Other financial items	-1,973	-1,591
Income tax paid	-7,190	-4,240
Cash flow from operating activities before change in working capital	**153,917**	**140,400**
Change in working capital		
Change in inventories	-15,814	-2,073
Change in trade receivables	-9,940	-7,299
Change in other receivables	-9,070	-7,627
Change in trade payables	9,618	3,743
Change in other payables	34,277	23,573
Cash flow from change in working capital	*9,071*	*10,317*
Cash flow from operating activities	**162,988**	**150,717**
Investing activities		
Purchase of intangible assets	-48,066	-40,162
Purchase of property, plant and equipment	-68,555	-58,713
Prepayments acquired portfolio	—	-230
Acquisition of subsidiaries	-12,595	—
Settlement of deferred consideration	-2,386	—
Cash flow from investing activities	**-131,602**	**-99,105**
Financing activities		
Change in shareholder loan	—	11,000
Change in bank borrowings	40,520	10,311
Paid bank and advisory fees	-403	-361
Interest paid	-74,038	-70,882
Paid in capital from non-controlling interest	1,000	1,000
Cash flow from financing activities	**-32,921**	**-48,932**
Cash flow for the period	**-1,535**	**2,680**
Cash and cash equivalents at start of period	6,691	4,129
Exchange difference on translating cash and cash equivalents	16	4
Cash and cash equivalents at end of period	**5,172**	**6,813**

Changes in balance sheet items in the cash flow are adjusted for currency effects.

Notes to the Financial Statements

Basis of presentation and accounting periods

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 1 in the annual report for 2014. The accounting policies are unchanged compared with those applied in 2014.

These financial statements should be read in conjunction with the annual report 2014.

These financial statements have been reviewed by an auditor.

Note 1 Critical accounting estimates and judgments

When applying the group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed at the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the group operates and information available from the group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the group's assets and liabilities within the next financial year is discussed below.

Testing for impairment of goodwill and other assets

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

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

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

The group prepares and approves formal four-year management plans for our operations, which are used in value-in-use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as:

- an assumed 3% growth rate for the mature markets

- a projected long-term compound annual growth rate for adjusted EBITDA in accordance with the latest 4 year plan with extended periods for developing countries.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect our impairment evaluation and hence results. The yearly impairment test of goodwill has been done in the third quarter 2014. No need for impairment was identified.

Measurement of deferred income tax assets and deferred income tax liabilities

The group is liable to pay income taxes in various countries. The calculation of the group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions, the resolution for which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of our structure following our geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge in the consolidated income statement and tax payments. We also have exercised significant accounting judgment regarding net operating loss utilisation.

The group also has exercised significant accounting judgment regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realised. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised.

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

Measurement of provisions and allocation for accrued expenses

The group exercises judgment in connection with significant estimates in relation to staff-related costs and in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment

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

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

Note 2 Financial risk management

Financial instruments by category and valuation level

EUR thousand	Financial liabilities at fair value through profit or loss		
	As of June 30, 2015	As of June 30, 2014	Valuation level
Derivatives	373	—	2

EUR thousand	Loans and receivables		
	As of June 30, 2015	As of June 30, 2014	Valuation level
Trade receivables	78,430	66,875	—
Other current receivables	20,473	14,184	—
Cash and cash equivalents	5,172	6,813	—

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2 in accordance with the fair-value hierarchy).

Financial instruments by category and valuation level

EUR thousand	Financial liabilities at fair value through profit or loss		
	As of June 30, 2015	As of June 30, 2014	Valuation level
Derivatives	5,171	13,192	2

EUR thousand	Loans and other liabilities		
	As of June 30, 2015	As of June 30, 2014	Valuation level
Shareholder Funding Instrument	698,968	623,151	—
Shareholder loan	12,348	11,000	—
Liabilities to credit institutions	1,568,826	1,466,091	—
Long-term borrowings	*2,280,142*	*2,100,242*	—
Other non-current liabilities	13,686	556	—
Trade payables	69,640	58,744	—
Short-term borrowings	23,554	1,576	—
Other current liabilities	25,828	19,216	—

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2 in accordance with the fair-value hierarchy).

Note 3 Segment reporting

The group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the group and assessing the performance of the group's businesses. The group has identified the executive management group as its CODM and the group uses adjusted EBITDA to measure the profitability of each segment. As a result, adjusted EBITDA is the measure of segment profit or loss presented in the group's segment disclosures. The group's on-going operating segments are customer acquisition and portfolio services.

Whereof EUR 35.9 million (35.3) relates to amortisation expense resulting from the amortisation of intangible assets acquired in acquisitions.

EUR thousand	Customer acquisition		Portfolio services		Overhead and adjustments		Group	
	For the six months ended June 30, 2015	For the six months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue, external	71,960	60,146	421,144	371,901	—	—	493,104	432,047
Revenue, internal	27,065	24,795	—	—	-27,065	-24,795	—	—
Total revenue	**99,025**	**84,941**	**421,144**	**371,901**	**-27,065**	**-24,795**	**493,104**	**432,047**
Adjusted EBITDA	**-78,010**	**-60,934**	**252,194**	**214,823**	**—**	**—**	**174,184**	**153,889**
Depreciation and amortisation[(1)]	—	—	—	—	—	—	-124,102	-114,007
Retirements of assets	—	—	—	—	—	—	-15,350	-16,630
Integration costs	—	—	—	—	—	—	-11,522	-5,176
Net finance costs	—	—	—	—	—	—	-109,678	-109,433
Profit before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-86,468**	**-91,357**

Overhead and adjustments refer to internal sales between the segments.

(1) Whereof EUR 71.6 million (70.6) relates to amortisation expense resulting from the amortisation of intangible assets acquired in acquisitions.

Note 4 Depreciation and amortisation

EUR thousand	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Property, plant and equipment	32,931	29,606
Acquisition-related intangible assets	71,589	70,589
Other intangible assets	19,582	13,812
Total depreciation and amortisation	**124,102**	**114,007**

Note 5 Business combinations

In May 2015, Verisure acquired 75% of the Swedish company Leadex Investment AB. Leadex provides security services to residential customers in Sweden via its subsidiaries Alert Alarm AB and TL Detect AB. The purchase price amounted to SEK 119.3 million (approximately EUR 12.9 million). The Leadex group was consolidated in the Verisure Holding group as of 1 May 2015. The acquisition was a strategic acquisition to further strengthen the position on the Swedish market.

At the date of finalisation of these consolidated financial statements, the initial accounting for this business combination had not been finalised; accordingly the group reported the provisional amounts currently representing the group's best estimate of the acquisition date values. Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

For the reporting period, Leadex has contributed EUR 0.8 million to group revenue and EUR 0.0 million to Adjusted EBITDA. The acquisition would, if it had been consolidated from January 1, 2015, have contributed to total revenue with EUR 2.1 million and to Adjusted EBITDA with EUR -0.2 million.

Transaction costs of EUR 0.2 million have been expensed and are included in administrative expenses. These costs are included in cash flow from operating activities in the statement of cash flows.

No other significant acquisitions were made or announced during the period January to June 2015.

Note 6 Borrowings

EUR thousand	As of June 30, 2015			As of June 30, 2014		
Principal amount	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Secured						
Senior Secured Notes . . .	—	971,500	971,500	—	971,500	971,500
Series A Senior Secured Loan	—	130,000	130,000	—	50,000	50,000
Mezzanine Loan	—	393,500	393,500	—	393,500	393,500
Revolver Cash Drawn	—	102,892	102,892	—	87,672	87,672
Unsecured						
Shareholder Funding Instrument	—	450,000	450,000	—	450,000	450,000
Shareholder loan	—	11,000	11,000	—	11,000	11,000
Other	22,751 317	23,068		—	428	428
Finance lease liability	803	1,793	2,596	1,576	2,123	3,699
Total	**23,554**	**2,061,002**	**2,084,556**	**1,576**	**1,966,223**	**1,967,799**
PIK Interest, Shareholder Funding Instrument	—	248,968	248,968	—	173,151	173,151
PIK Interest, Shareholder loan	—	1,348	1,348	—	—	—
PIK Interest, Mezzanine Loan	—	13,428	13,428	—	13,428	13,428
Bank arrangement and facility fees	—	-44,604	-44,604	—	-52,560	-52,560
Total borrowings (carrying amount)	**23,554**	**2,280,142**	**2,303,696**	**1,576**	**2,100,242**	**2,101,818**

Note 7 Pledged assets and contingent liabilities

EUR thousand	As of June 30, 2015	As of June 30, 2014
Endowment insurance	417	404
Shares in subsidiaries	2,003,150	2,077,309
Bank accounts	763	637
Trademark	70,833	75,833
Accounts receivables	70,258	54,608
Inventories	38,843	35,616
Motor vehicles	59	116
Guarantees	16,807	12,324

The group has pledged shares in subsidiaries, certain bank accounts, trade receivables, IP-rights, inventory assets, intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct group and certain rights under reports in relation to the acquisition of the Securitas Direct group as collateral for bank borrowings.

Malmö, October 1, 2015

Board of Directors

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Consolidated Income Statement

EUR thousand	Note	2014	2013
Revenue		884,079	812,237
Cost of sales	7,9	-516,059	-475,247
Gross profit		**368,020**	**336,990**
Selling and administrative expenses[1]	5,7,8	-341,978	-308,091
Operating profit		**26,042**	**28,899**
Finance income	13	523	357
Finance costs	4,13	-247,599	-246,725
Result before tax		**-221,034**	**-217,469**
Income tax benefit	14	2,808	30,151
Result for the year		**-218,226**	**-187,318**
Whereof attributable to:			
– Parent company		-216,107	-186,771
– Non-controlling interest		-2,119	-547

(1) Of this, EUR 141.8 million (141.2) for the 12 months ended 31 December 2014, relates to amortisation expense resulting from the amortisation of intangible assets acquired in acquisitions.

Earnings per share

Earnings per share	Note	2014	2013
Before dilution, EUR		-436	-375
After dilution, EUR		-436	-375
Average number of shares			
Before dilution		500,000	500,000
After dilution		500,000	500,000

Consolidated Statement of Comprehensive Income

EUR thousand	Note	2014	2013
Result for the year		**-218,226**	**-187,318**
Other comprehensive income			
Items that will not be reclassified to the income statement			
Re-measurements of defined benefit plans net of tax		204	—
Items that subsequently may be reclassified to the income statement			
Currency translation differences on foreign operations:		8,562	29,332
Other comprehensive income		**8,766**	**29,332**
Total comprehensive income for the year		**-209,460**	**-157,986**
Whereof attributable to:			
– Parent company		-207,341	-157,439
– Non-controlling interest		-2,119	-547

Consolidated Statement of Financial Position

EUR thousand	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	17	354,314	316,774
Goodwill	18	841,750	819,181
Customer portfolio	19	1,202,820	1,284,049
Other intangible assets	20	122,457	123,869
Other non-current receivables		139,744	68,724
Deferred tax assets	21	4,304	2,425
Total non-current assets		**2,665,389**	**2,615,022**
Current assets			
Inventories	22	53,488	58,330
Trade receivables	3,23	67,673	59,893
Current tax assets		7,333	5,763
Prepaid expenses and accrued income		14,045	11,908
Other current receivables	3	14,547	11,094
Cash and cash equivalents	3	6,691	4,129
Total current assets		**163,777**	**151,117**
TOTAL ASSETS		**2,829,166**	**2,766,139**
EQUITY AND LIABILITIES			
Equity	24		
Share capital		56	56
Other paid in capital		569,068	569,068
Other reserves		37,175	28,409
Retained earnings		-555,728	-411,281
Equity attributable to equity holders of the parent company		**50,571**	**186,252**
Non-controlling interest		1,072	203
Total equity		**51,643**	**186,455**
Non-current liabilities			
Long-term borrowings	3,25	2,193,163	2,038,749
Derivatives	3,26	8,937	13,217
Other non-current liabilities	3	10,605	508
Deferred tax liabilities	21	297,534	325,531
Other provisions	27	1,149	829
Total non-current liabilities		**2,511,388**	**2,378,834**
Current liabilities			
Trade payables	3	59,094	55,454
Current tax payable		16,750	7,161
Short-term borrowings	3,25	24,050	2,405
Accrued expenses and deferred income	28	144,272	117,677
Derivatives	3,26	2,113	532
Other current liabilities	3	19,856	17,621
Total current liabilities		**266,135**	**200,850**
TOTAL EQUITY AND LIABILITIES		**2,829,166**	**2,766,139**
PLEDGED ASSETS	29		
CONTINGENT LIABILITIES	29		

Consolidated Statements of Changes in Equity

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company and non-controlling interest						
Balance at January 2014	**56**	**569,068**	**28,409**	**-411,281**	**186,252**	**203**	**186,455**
Result for the year	—	—	—	-216,107	**-216,107**	-2,119	**-218,226**
Other comprehensive income for the year	—	—	8,766	—	**8,766**	-12	**8,754**
Total comprehensive income for the year	—	—	*8,766*	*-216,107*	*-207,341*	*-2,131*	*-209,472*
Capital contribution from non-controlling interest	—	—	—	—	**—**	3,000	**3,000**
Group contribution	—	—	—	71,660	**71,660**	—	**71,660**
Balance at December 2014	**56**	**569,068**	**37,175**	**-555,728**	**50,571**	**1,072**	**51,643**

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company and non-controlling interest						
Balance at January 2013	**56**	**569,068**	**-923**	**-288,397**	**279,804**	**—**	**279,804**
Result for the year	—	—	—	-186,771	**-186,771**	-547	**-187,318**
Other comprehensive income for the year	—	—	29,332	—	**29,332**	—	**29,332**
Total comprehensive income for the year	—	—	*29,332*	*-186,771*	*-157,439*	*-547*	*-157,986*
Capital contribution from non-controlling interest	—	—	—	—	**—**	750	**750**
Group contribution	—	—	—	63,887	**63,887**	—	**63,887**
Balance at December 2013	**56**	**569,068**	**28,409**	**-411,281**	**186,252**	**203**	**186,455**

Consolidated Statement of Cash Flows

EUR thousand	Note	2014	2013
Operating activities			
Operating profit		**26,042**	**28,899**
Reversal of depreciation and amortisation	12	232,567	215,821
Other non-cash items	15	25,884	29,317
Interest received		523	647
Other financial items		-5,666	-4,862
Income tax paid		-21,330	-16,188
Cash flow from operating activities before change in working capital		**258,020**	**253,634**
Change in working capital			
Change in inventories		4,021	4,861
Change in trade receivables		-7,367	-4,320
Change in other receivables		144	-1,616
Change in trade payables		4,335	11,947
Change in other payables		28,120	3,413
Cash flow from operating activities		**287,273**	**267,919**
Investing activities			
Purchase of property, plant and equipment	17	-124,494	-104,552
Purchase of intangible assets	19,20	-88,964	-79,294
Acquisition of subsidiaries	16	-22,502	—
Cash flow from investing activities		**-235,960**	**-183,846**
Financing activities			
Proceeds from bond tapping		—	100,000
Change in shareholder loan		11,000	—
Paid in capital from non-controlling interest		2,000	
Interest paid		-141,333	750
Paid bank and advisory fees		-2,959	-138,286
Change in bank borrowings		82,560	-1,539
			-43,629
Cash flow from financing activities		**-48,732**	**-82,704**
Cash flow for the year		**2,581**	**1,369**
Cash and cash equivalents at start of year		4,129	2,827
Exchange difference on translating cash and cash equivalents		-19	-67
Cash and cash equivalents at end of year		**6,691**	**4,129**

Changes in balance sheet items are adjusted for currency effects.

Notes to the Financial Statements

Verisure Holding AB (publ) ("the company") is an organised public limited liability company incorporated on 25 May 2011, in and under the laws of Sweden with the registration number 556854-1410 and its registered office in Malmö. Verisure Holding AB's address is Ångbåtsbron 1, Box 392, 201 23 Malmö.

The company's ultimate parent entity is Dream LuxCo SCA ("LuxCo"), which operates in and under the laws of Luxembourg. LuxCo is owned by a consortium representing the interests of Bain Capital, Ltd ("Bain") and Hellman & Friedman LLC ("H&F"), global private equity investment firms, and management of the company.

Nature of operations

The group is a provider of high-quality monitored alarms based on a standardised range of alarm products to consumers and small businesses. The group operates in ten European countries and in three countries in Latin America. The European markets are Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, Italy, France, Spain and Portugal. The Latin America markets are Chile, Peru and Brazil.

The core customer offering consists of three areas: professional monitored intrusion, fire and SOS alarms for the connected and protected home and business. Our core offering is complemented by smart home services and products such as smart plugs for controlling electric devices and appliances, integrated heating and cooling of the indoor climate and digital locks. Our specific offerings vary from market to market but the ambition is to launch all application areas to our entire geographical footprint over time.

The group is comprised of two business segments: customer acquisition and portfolio services. The customer acquisition segment sells and installs alarm systems for new customers in return for an installation fee. The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee.

Basis of presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

These consolidated financial statements have been prepared on the assumption that the company is a going concern and will continue in operation for the foreseeable future. Management believes that the going concern assumption is appropriate for the company due to adequate liquidity, capital position, and continued improvement in operating results. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Note 1 Accounting policies

Summary of significant accounting policies

Verisure Holding applies the International Financial Reporting Standards (IFRS) approved by the EU.

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the group and entities controlled, both unilaterally and jointly, by the group.

A subsidiary is an entity controlled, either directly or indirectly, by the group, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The effect of potential voting rights that are currently exercisable or convertible is taken into account when determining whether the group has a controlling influence on another entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the group.

All inter-company transactions, balances and unrealised gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum on the acquisition date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement during the period in which they are incurred.

The consideration also includes fair value on the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration.

Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time on the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. All other changes to the fair value of an additional consideration that is classified as an asset or liability are recognised in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognised in equity. The identifiable acquired assets, assumed liabilities and contingent assets are recognised at fair value as at the acquisition date.

Contingent liabilities assumed in a business combination are recognised as existing liabilities arising from events that have occurred, if the fair value of which can be calculated in a reliable manner.

In a business combination where the sum of the consideration, any non-controlling interests and the fair value on the acquisition date of previously-held equity interest exceeds the fair value on the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognised as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company’s identifiable net assets.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (EUR), which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognised in the income statement when they arise. Exchange differences from operating items are recognised as either cost of sales or selling and administrative expenses, while exchange differences from financial items are recognised as financial income or financial expenses. When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Group companies

The results and financial position of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting translation differences are recognised in other comprehensive income.

On consolidation, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing on the end of reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised in comprehensive income. When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the group and assessing the performance of the group's businesses. The group has identified the management team as its CODM. The segments identified based on the group's operating activities are "customer acquisition" and "portfolio services" and are explained further below:

Customer acquisition

This segment includes the part of the group that sells and installs wireless and wired alarms and security solutions for homes and small businesses. Sales and installations can be performed both by Verisure Holding's staff and by external partners. Each new customer generates installation income that is recognised when installation of the alarm equipment has been completed. The company's costs for materials, installation, administration and marketing general exceed the non-recurring income, resulting in negative cash flow for the segment.

Portfolio services

The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee. We typically enter into self-renewing monitoring agreements with customers at the time of installation and the majority of customers pay via direct debit. We monitor our installed base of alarms through dedicated monitoring centres to verify alarms and initiate an appropriate response when an alarm is triggered. We also provide customer service and technical support for all our installed systems.

Business segments are recognised using the same accounting policies as applied by the group.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the group, and is recognised only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred and, where there are contractual acceptance provisions, the customer has accepted the goods (or the right to reject them has lapsed), the sale price is fixed or determinable and the collectability of revenue is reasonably assured.

More specifically income is recognised as follows:

Alarm monitoring

Income from alarm monitoring services is recognised during the period to which the service relates.

Installation fees

As part of alarm installation, customers pay an installation fee and, in certain cases, payment for products sold. This fee is recognised when the installation is completed.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Financing

The group from time to time offer financing to their customers. Some customers find it hard to pay the upfront fee. To minimise the risk to lose a customer because they cannot pay a high upfront fee the group decided to offer a financing solution to the customers in some markets. The decision to offer the financing alternative is thereby driven by our target to increase growth, not as a way to finance growth. There are two possible financing alternatives, internal and external financing.

External financing

In the external financing, we offer the customer to pay part of the upfront fee over a certain period. The full amount is invoiced to the customer. The receivable is sold to a bank or some other finance institute. The bank will assume the receivable and the risk. We will account for this net and report the cash amount received from the bank as Installation revenue.

Internal financing

In the internal financing, we offer the customer the same as in external financing. However we keep the receivable and the risk in our balance. A net present value (NPV) of the future payments is calculated using an appropriate interest rate. The difference between the gross amount and the NPV is deferred over the contract period and reported as other revenue.

Operating expenses

The company's business model involves sales and installation being carried out primarily by the same individuals. The costs of these activities are recognised in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Income taxes

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been defined or announced and are highly likely to become affected. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognised directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognised. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is based on the asset's cost and is allocated using the straight-line method over the asset's estimated useful life, as follows:

Alarm equipment	5-16 years
Other machinery and equipment	3–10 years

Machinery and equipment are primarily alarm equipment installed on customers' premises.

An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are recognised in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and fair value of any previously held equity interest on the acquisition date exceeds the fair value of identifiable acquired net assets on that date, the difference is recognised as goodwill. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows or cash-generating units (CGUs). Goodwill is not subject to amortisation and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value, and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the CGU level. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The group prepares and approves formal four-year management plans for its operations, which are used in the value-in-use calculations.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and associated customer relationships. These are carried at cost less accumulated depreciation and amortisation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the asset's cost and is on a straight-line basis over the estimated useful life.

Customer acquisition costs

The group capitalises direct costs related to the acquisition of customer contracts as intangible assets, as they fulfil the requirement in IAS 38, intangible assets, of internally generated intangible assets.

Other intangible assets

Other intangible assets are primarily computer software, rental rights and trademark. Rental rights usually have a limited useful life and are recognised at cost less cumulative amortisation and any cumulative impairment loss. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the asset's estimated useful life. Development costs for new identifiable and unique software products are capitalised if they are controlled by the group and are likely to generate economic benefits. The capitalised amounts consist of direct costs and the capitalisable portion of indirect costs.

Costs associated with developing or maintaining computer software are expensed as incurred. Capitalised development costs have a definable useful life and are amortised on a straight-line basis from the date the software entered use.

Amortisation for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio	5–16 years
Computer software	3–10 years
Other intangible assets	3–18 years

Rental rights and similar rights are amortised over the same period as the underlying contract. An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value-in-use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant pre-tax weighted average cost of capital (WACC), which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognised impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognised. If this is the case, a reversal of the impairment loss is carried out to increase the carrying amount of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognised to the extent that the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortisation) had the impairment loss not been recognised in the first place. Impairment losses on goodwill are never reversed.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets on losses carry forward are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised. The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably.

Financial instruments

The group classifies its financial instruments as:

- Financial assets at fair value through profit or loss, held for trading
- Loans and trade receivables
- Liabilities at fair value through profit or loss
- Other financial liabilities

The classification depends on the purpose for which the financial assets were acquired.

Purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of "financial assets carried at fair value through profit or loss" are recognised as a financial item as incurred. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss are financial assets held for trading and are primarily derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current or non-current assets depending on purpose and management intention.

Derivative instruments

The group's activities expose it to financial risk arising from changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the group's treasury policy approved by the board of directors. This policy provides written principles on the use of financial derivatives consistent with the group's risk management strategy. The group uses interest rate swaps to economically hedge cash flows due to interest rate risk on the group's long-term debt. The group has no derivatives that are designated for hedge accounting. The group does not use derivative financial instruments for speculative purposes.

All derivative instruments are recognised initially either as assets or liabilities at fair value on the trade date in the consolidated balance sheet and are subsequently revalued at fair value on each reporting date. The changes in value of derivatives that are not designated as hedges are recognised in the income statement under finance income or finance costs line items.

The components and fair values of the group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy. The company uses observable market inputs based on the type of derivative and the nature of the underlying instrument.

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and trade receivables

Loans and trade receivables do not carry any interest and are stated at their nominal value less any provision for bad debts. There are no loans or trade receivables that are classified as available for sale or held for trading as a result of the fair value election. A provision for bad debts is made when there is objective evidence that the group will not receive all amounts due. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

The provision is recognised under “cost of sales” in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category solely includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current or non-current liabilities depending on purpose and management intention.

Liabilities to credit institutions

Borrowings are recognised initially at fair value less transaction costs and thereafter at amortised cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognised in the income statement over the term of the loan using the effective interest method.

Trade payables

Trade payables are recognised at fair value.

Employee benefit expense

The group offers both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which the company pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period.

Defined benefit plans are post-employment benefit schemes other than defined contribution plans. The pension calculations are based on actuarial assumptions.

The group’s contributions to defined contribution pension plans are charged to the income statement as they fall due.

All pension liabilities in Swedish units are classified as defined contribution plans, except for some employees covered by insurance premiums paid to Alecta. This is a defined benefit plan which covers multiple employees. For the financial year 2014, the group did not have access to the information required to allow this plan to be reported as a defined benefit plan. The pension obligations are, therefore, recognised as a defined contribution plan.

Leases

Leases in which the company substantially enjoys the financial benefits and carries the financial risks that pertain to them – known as finance leases – are recognised as noncurrent assets in the consolidated statements of financial position.

Changes in accounting policies and disclosures

New and amended standards adopted by the group

The following standard has been adopted by the group for the first time for the financial year beginning on or after 1 January 2014:

The implementation of IFRS 10 Consolidation has only affected our disclosures.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statement. None of these is expected to have an effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is yet to assess IFRS 15 full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Note 2 Critical accounting estimates and judgements

When applying the group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed on the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the group operates and information available from the group's customers and other outside sources.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimates uncertainties on the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the group's assets and liabilities within the next financial year is discussed below.

- Testing for impairment of goodwill and other assets (note 18)
- Measurement of deferred income tax assets and deferred income tax liabilities (note 21)
- Measurement of provisions and allocation for accrued expenses (note 27 and 28)
- Depreciation period for alarm equipment and amortisation period for customer portfolio (note 17 and 19)

Testing for impairment of goodwill and other assets

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

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

- Long-term sales growth rates
- Growth in adjusted EBITDA
- Timing and quantum of future capital expenditure
- Change in working capital
- The selection of discount rates to reflect the risks involved

The group prepares and approves formal four-year management plans for operations, which are used in value-in-use calculations. For the purposes of the calculation, a longterm growth rate into perpetuity has been determined as:

- An assumed 3% growth rate for mature markets
- A projected long-term compound annual growth rate for adjusted EBITDA in 5-10 years estimated by management for developing countries

The group would not have any impairment issues if the weighted average cost of capital (WACC) used was 1% higher or if the compound annual growth rate was 1% lower.

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

Measurement of deferred income tax assets and deferred income tax liabilities

The group is liable to pay income taxes in various countries. The calculation of the group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions the resolution of which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the group's structure following geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there may be substantial differences between the tax charge in the consolidated income statement and tax payments. The group has also exercised significant accounting judgment regarding net operating loss utilisation.

Moreover, the group has exercised significant accounting judgements regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realised. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised.

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

Measurement of provisions and allocation for accrued expenses

The group exercises judgment in connection with significant estimates in relation to staff-related costs and in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment and amortisation period for customer portfolio

The charge in respect of periodic depreciation for alarm equipment as well as the amortisation of the customer portfolio is derived after determining an estimate of expected useful life of alarm equipment established useful life of customers and the expected residual value at the end of life. An increase in the expected life of an asset or its residual value results in a reduced depreciation/amortisation charge being recorded in the consolidated income statement.

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

Note 3 Financial risk management

The group is exposed to risks relating to financial instruments including short-term investments, trade receivables, trade payables, borrowings and derivatives. Risks relating to these instruments are primarily:

- Credit risk
- Liquidity risk
- Market risk

The group treasury policy states how financial risks should be managed and controlled. Risk management is carried out using derivative financial instruments in accordance with the limitations set out in the treasury policy.

The treasury policy contains guidelines for the administration of operating risks that arise in the management of financial instruments. The guidelines include clear division of roles and responsibilities, and the allocation of proxies.

The management of financial risks has been centralised to the group treasury department. Group treasury function's responsibility includes external banking relations, finance costs, interest-bearing liabilities and liquidity management.

Credit risk

Credit risk is the risk of loss if the opposite party, with which the group has a claim, is unable to fulfil its obligations. These risks are apportioned between credit risk from trade receivables and financial credit risk. The company limits credit risk by only using banks with a high credit rating. Investments of cash and cash equivalents are made only with banks with a minimum A rating according to Standard & Poor's.

Maximum credit exposure representing the value of our trade receivables at the end of December 2014, was EUR 67,673 thousand (59,893).

Credit risk from trade receivables

The group has no significant concentrations of credit risk in relation to trade receivables. The group's credit policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The policy's goal is to ensure that sales are made only to customers with an appropriate credit rating. While the trade receivables closely follow the geography of group operations, there are no significant concentrations of credit risk by customer as the group has a large number of customers in many countries that are not individually significant or related. Due to this, management believes no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables.

EUR thousand	2014	2013
Trade receivables before provision for bad debts	91,597	82,120
Provision for bad debts	-23,924	-22,227
Total trade receivables	**67,673**	**59,893**

Due dates for trade receivables

EUR thousand	2014	2013
Past due 0–3 months	8,295	7,581
Past due 3–6 months	4,131	4,679
Past due 6–9 months	3,702	4,313
Past due 9–12 months	2,857	3,961
Past due >12 months	18,736	15,486
Total past due dates trade receivables	**37,721**	**36,020**

Financial credit risk

The group applies principles that limit the size of its credit exposure to individual banks or counterparties. Cash and cash equivalents may only be invested in government bonds or deposited in banks with an investment grade credit rating.

Financial instruments by category and valuation level

	Loans and receivables	
EUR thousand	2014	2013
Trade receivables	67,673	59,893
Other current receivables	14,547	11,094
Cash and cash equivalents	6,691	4,129

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data.

	Financial liabilities at fair value through profit or loss		
EUR thousand	2014	2013	Valuation
Derivatives	11,050	13,749	2

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. (Level 2 in accordance with the fair-value hierarchy).

EUR thousand	Loans and liabilities 2014	2013
Shareholder Funding Instrument	660,642	588,983
Shareholder loan	11,679	—
Liabilities to credit institutions	1,520,842	1,449,766
Long-term borrowings	*2,193,163*	*2,038,749*
Other non-current liabilities	10,605	508
Trade payables	59,094	55,454
Short-term borrowings	24,050	2,405
Other current liabilities	19,856	17,621

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. Management's policy is to reduce liquidity risk by diversifying the group's funding sources and by staggering the maturity of its borrowings.

Financing risk

Financing risk relates to the group encountering difficulty or incurring greater expense in refinancing its outstanding borrowings. The risk is minimised by analysing and monitoring the maturity structure of external loans.

Maturities of financial liabilities

EUR thousand	2014			
	Less than 1 year	1-4 years	5 years or more	Total
Shareholder Funding Instrument	—	—	660,642	660,642
Shareholder loan	—	—	11,679	11,679
Liabilities to credit institutions	—	1,113,914	406,928	1,520,842
Other non-current liabilities	10,605	—	—	10,605
Trade payables	59,094	—	—	59,094
Short-term borrowings	24,050	—	—	24,050
Derivatives	2,113	8,937	—	11,050
Other current liabilities	19,856	—	—	19,856

The above table shows financial liabilities by their date of maturity.

EUR thousand	2013			
	Less than 1 year	1-4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	588,983	588,983
Liabilities to credit institutions	—	2,532	1,504,980	1,507,512
Other non-current liabilities	508	—	—	508
Trade payables	55,454	—	—	55,454
Short-term borrowings	2,405	—	—	2,405
Derivatives	532	13,217	—	13,749
Other current liabilities	17,621	—	—	17,621

The above table shows financial liabilities by their date of maturity.

Maturities of financial assets

EUR thousand	2014				2013			
	Less than 1 year	1-4 years	More than 5 years	Total	Less than 1 year	1-4 years	More than 5 years	Total
Trade receivables	67,673	—	—	67,673	59,893	—	—	59,893
Other current receivables	14,547	—	—	14,547	11,094	—	—	11,094

The above table shows undiscounted derivative financial instruments by their date of maturity.

Maturities of gross settled derivative financial instruments

EUR thousand	2013		2012	
	Less than 1 year	1-5 years	Less than 1 year	1-5 years
Currency forwards				
Outflow	77,045	—	51,518	—
Inflow	79,082	—	52,034	—

The above table shows undiscounted derivative financial instruments by their date of maturity.

Market risk

Interest rate risk

Interest rate risk relates to a negative impact on group profit arising from changes in interest rates. Group income and operating cash flow are substantially dependent on changes in market interest rates. An increase in the interest rate creates a risk of an adverse impact on customers' willingness to invest. Moreover, some balance sheet items, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk.

Assuming borrowings under the Revolving Credit Facility are EUR 60 (76) million, a lasting increase in interest rates of 1 percentage point would, under current conditions (including interest rate derivatives), raise finance costs by around EUR 1 (1) million in 2014.

Currency risk

Translation risk

Translation risk is the risk that the value in EUR of the consolidated income statement and balance sheet will fluctuate due to changes in foreign exchange rates connected with translation of the group's foreign subsidiaries. As many of the group's subsidiaries operate in foreign markets, these effects can be significant. Currency swaps are only used to minimise interest expenses charged by banks in our cash pool structures. The primary currency exposures are to the SEK and NOK. The group may elect to use qualifying hedging strategies for this exposure in the future.

Transaction risk

Transaction risk is the risk of exchange losses being incurred by group companies from purchases and sales in currencies other than the local currency of the subsidiaries concerned. Because transactions with other countries arise on only a very limited basis in the various subsidiaries, the group currently does not hedge its transaction exposure.

Capital structure

Asset management is aimed at ensuring the group's financial resources are used in an optimal way so as to guarantee future operations, provide security for lenders and generate a beneficial return for shareholders. Asset management is also there to ensure the group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition, which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans. Verisure Holding has not broken any covenants during the year.

EUR thousand	2014	2013
Non-current liability to credit institutions	1,593,975	1,507,512
Current liability to credit institutions	1,212	2,405
Shareholder Funding Instrument	660,642	588,983
Shareholder loan	11,679	—
Prepaid bank arrangement and facility fees	-50,295	-57,746
Total borrowings	**2,217,213**	**2,041,154**
Cash and cash equivalents	-6,691	-4,129
Total	**2,210,522**	**2,037,025**
Equity	51,643	186,455
Total assets	2,829,166	2,766,139

Note 4 Related-party transactions

Transactions between group companies, which are related parties, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the group and other related parties are disclosed below. All transactions with related parties are at market rates.

Transactions with group companies

EUR thousand	2014	2013
Interest expense	71,660	63,887
Advisory fee	4,502	4,219

Balances with group companies

EUR thousand	2014	2013
Shareholder Funding Instrument	660,642	588,983
Shareholder loan	11,000	—
Group contribution	71,660	63,887

Shareholder Funding Instruments

In connection with the acquisition transaction, the company issued 45,000,000,000 preferred equity certificates ("Series 1 PECs"), fully subscribed by the shareholders and with a par value of EUR 0.01 each for a total subscription price of EUR 450,000,000. Series 1 PECs bear interest at a fixed rate of 12.0% per annum. Accrued interest is payable annually and if it remains unpaid is capitalised to the principal at the end of the relevant interest period. The interest for the year is EUR 71,660 thousand (63,887).

In connection with the acquisition, the company issued an additional 500 Series 2 contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500 and 500 Series 3 contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500, both fully subscribed by Securitas Direct AB (the "contingent PECs").

The yield on the contingent PECs is variable and dependent on the fulfilment of certain conditions, up to a maximum yield of EUR 50,000,000 per each series of contingent PECs. Given that these conditions have not been met and are not foreseen to be met, the estimated discounted cash flows are approximately nil at year end 2014.

Note 5 Remuneration of directors and executive management

	2014					
EUR thousand	Fixed salary	Bonus	Social costs	Pension	Other benefits	Total remuneration
Chairman	115	20	58	48	10	**251**
CEO	353	916	462	109	—	**1,840**
Directors and other executive management, 8 persons	2,363	1,419	727	205	137	**4,851**
Total	**2,831**	**2,355**	**1,247**	**362**	**147**	**6,942**

No remuneration has been paid to the non-executive directors of the board.

	2013					
EUR thousand	Fixed salary	Bonus	Social costs	Pension	Other benefits	Total remuneration
Chairman	114	20	66	41	10	**251**
CEO	474	338	370	186	—	**1,368**
Directors and other executive management, 7 persons	1,670	1,253	407	128	99	**3,557**
Total	**2,258**	**1,611**	**843**	**355**	**109**	**5,176**

No remuneration has been paid to the non-executive directors of the board.

The CEO

The remuneration for CEO is related to Dick Seger who was registered as CEO under 2014. The CEO's salary for the 2014 financial year including social security costs was EUR 1,731 thousand (1,182) and included a bonus of EUR 1,163 thousand (508). In the event of termination, notice periods of 12 months for the company and 6 months for the CEO apply. In the event that the company was to terminate the CEO's contract, an entitlement to severance pay might arise. Severance pay is subject to a maximum of 12 months' salary. If the CEO terminates his contract, severance pay is only payable under specific conditions, such as a change in the company's ownership. In such cases, any such severance pay is subject to a predetermined ceiling. Pensionable age for the CEO is 65.

Note 6 Segment reporting

The group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the group and assessing the performance of the group's businesses. The group has identified the executive management group as its CODM and the group uses adjusted earnings before interest, tax, depreciation, amortisation, write-offs and integration costs ("adjusted EBITDA") to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in the group's segment disclosures. The group's on-going operating segments are "customer acquisition" and "portfolio services" and are described in note 1. Revenue between segments is carried at an arm s length. Segment information for the group's continuing operations is presented below.

EUR thousand	Customer acquisition 2014	Customer acquisition 2013	Portfolio services 2014	Portfolio services 2013	Overhead and adjustments 2014	Overhead and adjustments 2013	Group 2014	Group 2013
– Revenue, external	120,236	114,270	763,843	697,967	—	—	884,079	812,237
Revenue, internal	53,340	49,795	—	—	-53,340	-49,795	—	—
Total revenue	**173,576**	**164,065**	**763,843**	**697,967**	**-53,340**	**-49,795**	**884,079**	**812,237**
Segment adjusted EBITDA(2)	**-137,202**	**-109,368**	**440,971**	**390,352**	**—**	**—**	**303,769**	**280,984**
Depreciation and amortisation(1)	—	—	—	—	—	—	-232,567	-215,821
Retirements of assets	—	—	—	—	—	—	-30,096	-29,176
Integration costs	—	—	—	—	—	—	-15,064	-7,088
Net finance costs	—	—	—	—	—	—	-247,076	-246,368
Result before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-221,034**	**-217,469**

Overheads and adjustments refer to internal revenue between the segments.

(1) Whereof EUR 141.8 million (141.2) relates to amortisation expense resulting from the amortisation of intangible assets acquired in acquisitions.

(2) Including capitalisation under new accounting policy of EUR 59.5 million (52.1) in 2014.

Information on geographic markets

EUR thousand	2014 Spain	Sweden	France	Norway	Other	Group
Revenue	349,712	174,168	110,352	99,194	150,653	884,079
Non-current assets(1)	855,440	556,004	239,796	512,815	357,286	2,521,341

(1) Represents the sum of property, plant and equipment; goodwill; customer portfolio; and other intangible assets.

EUR thousand	2013 Spain	Sweden	France	Norway	Other	Group
Revenue	336,000	158,562	97,213	97,895	122,567	812,237
Non-current assets(1)	883,776	582,764	222,185	511,472	343,676	2,543,873

(1) Represents the sum of property, plant and equipment; goodwill; customer portfolio; and other intangible assets.

Note 7 Expenses by nature

EUR thousand	2014	2013
Costs of materials	84,448	80,300
Employee benefit expense	292,093	255,593
Depreciation and amortisation expense	232,567	215,821
Retirements of assets	30,096	29,176
Guarding services	24,856	23,976
Telecommunications costs	17,496	24,361
Integration costs	15,064	7,088
Other operating expenses	161,417	147,023
Total operating expenses	**858,037**	**783,338**

EUR thousand	2014	2013
Currency translation differences included in operating profit	-406	-222

Currency translation differences included in finance income and costs are shown in note 13.

Note 8 Audit fees

EUR thousand	2014	2013
PricewaterhouseCoopers		
Audit assignments	789	820
Audit work apart from the audit assignment	25	27
Tax consultancy	1,163	434
Other services	428	373
Total PricewaterhouseCoopers	**2,405**	**1,654**
Other auditors		
Audit assignments	—	15
Other services	—	5
Total other auditors	**—**	**20**
Total for the group	**2,405**	**1,674**

Note 9 Operating leases

The group leases offices, cars and various equipment under operating leases agreements. Operating lease payments totalled EUR 25.4 million (25.4). The nominal value of future payments due under contracted future operating leases is as follows:

EUR thousand	2014	2013
Term to maturity < 1 year	21,224	21,673
Term to maturity 1–5 years	44,448	48,335
Term to maturity > 5 years	3,768	4,473

Note 10 Employee information

	2014			2013		
	Female	Male	Total	Female	Male	Total
Sweden	226	353	579	194	278	472
Norway	58	160	218	55	173	228
Denmark	33	62	95	34	61	95
Finland	27	62	89	26	66	92
United Kingdom	6	30	36	—	—	—
Netherlands	14	15	29	4	5	9
Belgium	92	174	266	41	108	149
France	367	915	1,282	366	859	1,225
Spain	1,165	2,187	3,352	1,057	1,985	3,042
Portugal	147	381	528	139	370	509
Italy	57	199	256	14	14	28
Chile	191	341	532	118	242	360
Peru	43	106	149	35	71	106
Brazil	185	351	536	27	90	117
Total	**2,611**	**5,336**	**7,947**	**2,110**	**4,322**	**6,432**

Salaries and remuneration totaled

EUR thousand	2014			2013		
	Board and CEO	Others	Total	Board and CEO	Others	Total
Parent company	—	—	—	—	—	—
Subsidiaries	3,866	219,436	223,302	3,764	190,589	194,353
Group total	**3,866**	**219,436**	**223,302**	**3,764**	**190,589**	**194,353**

EUR thousand	2014			2013		
	Salaries and remuneration	Social security costs	Pension expenses	Salaries and remuneration	Social security costs	Pension costs
Parent company	—	—	—	—	—	—
Subsidiaries	223,302	59,380	9,148	194,353	52,996	8,245
Group total	**223,302**	**59,380**	**9,148**	**194,353**	**52,996**	**8,245**

Note 11 Employee benefit expense

EUR thousand	2014	2013
Wages and salaries including restructuring costs and other termination benefits	223,302	194,352
Social security costs	59,380	52,996
Pension costs	9,148	8,245
Total employee benefit expense	**291,830**	**255,593**

Note 12 Depreciation and amortisation

EUR thousand	2014	2013
Property, plant and equipment	60,065	54,756
Acquisition-related intangible assets	141,769	141,184
Other intangible assets	30,733	19,881
Total depreciation and amortisation	**232,567**	**215,821**

Depreciation and amortisation is reflected as follows in the income statement

EUR thousand	2014	2013
Cost of sales	71,403	60,775
Selling and administrative expenses	161,164	155,046
Total depreciation and amortisation	**232,567**	**215,821**

Note 13 Finance income and costs

EUR thousand	2014	2013
Interest income on currency derivatives	421	259
Interest income on interest derivatives	1	—
Interest income, other	101	98
Finance income	**523**	**357**
Interest cost on PEC Loan	-72,336	-63,886
Interest cost on Mezzanine Loans	-43,896	-43,834
Interest cost on Term Loans (Bridge and Senior Loans)	-84,834	-83,764
Interest cost, other	-5,555	-3,375
Interest cost on interest rate swaps	-7,492	-7,493
Interest cost on currency derivatives	-31	-57
Fair value changes in currency derivatives	-1,668	-403
Fair value changes in interest rate derivatives	4,368	7,352
Interest element of finance leases rentals	-362	-413
Net currency translation differences	-21,918	-40,343
Bank charges[(1)]	-13,872	-10,509
Other items	-3	—
Finance costs	**-247,599**	**-246,725**
Finance income and costs	**-247,076**	**-246,368**

(1) Amortisation of bank arrangement and facility fees incurred in relation to the borrowings are included in bank charges.

Details of borrowings are presented in note 25.

From time to time, interest rate swaps are used to manage the interest rate profile of the group's borrowings. Net interest payable or receivable on such interest rate swaps is therefore included in interest expense.

Note 14 Income tax benefit and expense

EUR thousand	2014		2013	
Current tax	-25,898	11.7%	-14,732	6.8%
Deferred tax	28,706	-13.0%	44,883	-20.6%
Total income tax benefit	**2,808**	**-1.3%**	**30,151**	**-13.9%**

The Swedish rate of corporate income tax was 22.0% in 2014 and in 2013.

Difference between Swedish domestic tax rate and actual tax for the group

EUR thousand	2014		2013	
Tax calculated at Swedish domestic tax rate	48,627	22.0%	47,843	22.0%
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	-6,589	-3.0%	-6,610	-3.0%
Non-recognised deferred tax assets on losses carried forward	-15,014	-6.8%	-13,133	-6.0%
Non-taxable/non-deductible income statement items, net	-16,136	-7.3%	-2,510	1.2%
Effect of tax rates changed	18,492	8.4%	4,968	2.3%
Increased tax from tax audit	-31,200	-14.1%	—	—
Other	4,628	2.0%	-407	-0.2%
Income tax benefit	**2,808**	**1.3%**	**30,151**	**13.9%**

Note 15 Non-cash items

EUR thousand	2014	2013
Retirements of assets(1)	30,096	29,176
Other	-4,212	141
Total	**25,884**	**29,317**

(1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 16 Business combinations

In July 2014, Verisure Holding acquired 90% of the Brazilian company, TeleAtlantic Comércio e Monitoria de Alarmes LTDA, which provide services and security products to the Brazilian market. The purchase price for TeleAtlantic was BRL 95.2 million (approximately EUR 30.7 million). TeleAtlantic was consolidated in the group as of 1 August 2014. The acquisition is in line with Verisure Holding's ambition to further strengthen the position on the Brazilian market for monitored alarms.

At the date of finalisation of these consolidated financial statements, the initial accounting for this business combination had not been finalised; accordingly the group reported the provisional amounts currently representing the group's best estimate of the acquisition date values.

Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

For the reporting period, TeleAtlantic has contributed EUR 7.2 million to group revenue and EUR 0.8 million to income before tax. The acquisition would, if it had been consolidated from January 1, 2014 have contributed to total revenue with EUR 16.6 million and to net income with EUR 1.4 million.

The goodwill amounting to EUR 25.0 million is expected to be deductible for income tax purposes due to a planned merger between the two Brazilian entities.

Transaction costs of EUR 0.8 million have been expensed and are included in administrative expenses. These costs are included in cash flow from operating activities in the statement of cash flows.

No other significant acquisitions were made or announced during the period January to December 2014.

Subsidiaries acquired

EUR thousand	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
TeleAtlantic Comércio e Monitoria de Alarmes LTDA	Alarm business	July 2014	90%	30,687

Consideration transferred at 31 July 2014

EUR thousand	2014
Cash	22,699
Deferred consideration	7,988
Total consideration	**30,687**

Financial effect of the acquisition

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR thousand	2014
Property, plant and equipment	1,842
Customer portfolio	12,245
Tradename and other intangibles	601
Inventories	6
Trade and other current receivables	3,745
Trade and other current payables	-10,250
Cash and equivalents	197
Borrowings	-2,710
Total identifiable net assets	**5,676**
Goodwill	25,011
Total identifiable net assets	**30,687**

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR thousand	2014
Consideration paid in cash	22,699
Less acquired cash	-197
Net cash outflow	**22,502**

Note 17 Property, plant and equipment

EUR thousand	2014	2013
~~Cost at beginning of year~~	~~616,089~~	~~580,274~~
Acquisition via subsidiaries	1,842	—
Investments	124,494	104,552
Disposals/retirements of assets	-53,969	-52,918
Translation differences	-11,708	-15,819
Cost at end of year	**676,748**	**616,089**
Amortisation at beginning of year	-299,315	-281,374
Disposals/retirements of assets	31,160	28,658
Amortisation charge for the year	-60,065	-54,756
Translation differences	5,786	8,157
Accumulated amortisation at end of year	**-322,434**	**-299,315**
Carrying amount at end of year	**354,314**	**316,774**

Property, plant and equipment is equipment (of which alarm equipment installed on customers' premises has a carrying amount of EUR 329,779 thousand (297,136)), vehicles and IT and telecommunications equipment.

EUR 781 thousand (1,912) of this year's investment relates to finance leases. The carrying amount of finance leases at 31 December 2014, was to EUR 3,288 thousand (4,937) and relates to property and IT equipment in Spain and France.

Depreciation is based on the asset's cost and is allocated using the straight-line method over its estimated useful life, as follows:

Alarm equipment	5–16 years
Other machinery and equipment	3–10 years

Note 18 Goodwill

EUR thousand	2014	2013
Cost at beginning of year	819,181	821,401
Acquisition via subsidiaries	25,011	—
Translation differences	-2,442	-2,220
Cost at end of year	**841,750**	**819,181**

Impairment testing of goodwill

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units), which in the group's case is by country.

Goodwill is allocated to cash-generating units, as follows:

EUR thousand	2014	2013
Norway	250,226	251,233
Spain	224,340	224,340
Sweden	156,253	156,253
Finland	60,231	60,231
Portugal	46,265	46,265
France	38,887	38,887
Brazil	23,576	—
Chile	15,713	15,713
The Netherlands	14,038	14,038
Denmark	12,221	12,221
Total	**841,750**	**819,181**

Impairment tests

Goodwill and other intangible assets are tested for impairment annually and whenever there are indications that it may have suffered impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell of the CGU or group of CGUs to which it is allocated. The yearly impairment test of goodwill and other intangible assets was done in the third quarter 2014. No need for impairment was identified. In each case, the recoverable amount of all items of goodwill was determined based on value-in-use calculations.

Management based the value-in-use calculations on cash flow forecasts derived from the most recent long-term financial plans approved by the board of the directors, in which the principal assumptions were those regarding sales growth rates, operating margin and change in operating capital employed. Applied pre-tax WACC varies between different countries in the group. In 2014, the lowest rate was 9.1% (8.3) in Sweden and the highest rate was 16.6% (14.6) in Brazil. The rate was 10.7% (8.7) in Norway and 13.9% (11.3) in Spain, for 2014. For the period, subsequent to the long-term plan, cash flows generated by the CGUs to which significant goodwill has been allocated have been extrapolated on the basis of a projected annual growth rate of 3% (3). It is not anticipated that this rate will exceed actual annual growth in the markets concerned. The assumptions regarding WACC are from internal judgement and benchmarking. The annual growth rates are based on historical experience.

Note 19 Customer portfolio

EUR thousand	2014	2013
Cost at beginning of year	1,617,757	1,561,684
Acquisition via subsidiaries	12,245	—
Investments	68,291	64,494
Disposals/retirements of assets	-10,777	-6,052
Translation differences	-4,054	2,369
Cost at end of year	**1,683,462**	**1,617,757**
Amortisation at beginning of year	-333,708	-191,547
Disposals/retirements of assets	3,430	1,195
Amortisation charge for the year	-151,167	-143,827
Translation differences	803	471
Accumulated amortisation at end of year	**-480,642**	**-333,708**
Net book value at end of year	**1,202,820**	**1,284,049**

Intangible assets arising on acquisitions are principally represented by acquired customer relationships and have finite useful lives.

Management has assessed the recoverability of the carrying amount of the customer portfolio as of the acquisition date. The impairment tests are described in note 18.

Note 20 Other intangible assets

EUR thousand	2014	2013
Cost at beginning of year	175,758	159,459
Acquisition via subsidiaries	601	—
Investments	20,673	17,598
Disposals/retirements of assets	-33	—
Translation differences	-2,698	-1,299
Cost at end of year	**194,301**	**175,758**
Amortisation at beginning of year	-51,889	-35,227
Disposals/retirements of assets	29	—
Amortisation charge for the year	-21,328	-17,232
Translation differences	1,344	570
Accumulated amortisation at end of year	**-71,844**	**-51,889**
Net book value at end of year	**122,457**	**123,869**

Other intangible assets include trademarks totalling to EUR 73,333 (78,333) thousand at 31 December 2014.

Note 21 Deferred tax

Deferred tax assets, EUR thousand	2014	2013
Difference between depreciation in accounts and according to plan	4,599	2,695
Staff-related liabilities	742	579
Risk reserves	1,146	1,123
Tax loss carry-forwards	34,794	44,714
Acquisition-related intangible assets	146	172
Other temporary differences	2,330	-1,116
Total deferred tax assets	**43,757**	**48,167**
Netting(1)	-39,453	-45,742
Total deferred tax assets	**4,304**	**2,425**

Deferred tax liabilities, EUR thousand	2014	2013
Difference between depreciation in accounts and according to plan	28,075	30,616
Acquisition-related intangible assets(2)	273,023	330,059
Costumer acquisition costs	32,246	24,505
Other temporary differences	3,643	-13,907
Total deferred tax liabilities	**336,987**	**371,273**
Netting(1)	-39,453	-45,742
Total deferred tax liabilities	**297,534**	**325,531**
Deferred net tax liabilities	**-293,230**	**-323,106**

(1) The group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed.

(2) Deferred tax has decreased due to amortisation of the acquisition-related intangible assets. Deferred tax has also decreased due to a reduced tax rate in Spain.

Deferred tax assets are recognised in respect of tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. The subsidiaries in Sweden, Norway, Spain, France, Italy, the Netherlands, Belgium, Brazil, Peru and Chile had tax loss carry-forwards of EUR 329.0 million (322.4) at 31 December 2014. Deferred tax assets of EUR 34.8 million (44.7) at 31 December 2014, have been recognised in respect of these loss carry-forwards. The remaining EUR 38.0 million (42.8) has not been recognised. A time limitation in respect of tax loss carry-forward utilisation exists in the Netherlands and in Norway. No such limitation exists in the other countries.

Note 22 Inventories

EUR thousand	2014	2013
Materials and consumables	53,488	58,330

Impairment for provision in inventories at year end totalled EUR 3,318 thousand (6,826). The cost of materials recognised as an expense and included in "cost of sales" was EUR 84,448 thousand (80,300) at 31 December 2014.

Note 23 Trade receivables

EUR thousand	2014	2013
Trade receivables before provision for bad debts	91,597	82,120
Provision for bad debts	-23,924	-22,227
Total trade receivables	**67,673**	**59,893**

Provisions for bad debts

EUR thousand	2014	2013
Balance at beginning of year	22,227	12,932
Provision for bad debt during the year	2,367	9,208
Receivables written off during the year as uncollectible	-7,125	5,878
Unused amounts reversed	6,455	-5,791
Balance at end of year	**23,924**	**22,227**

Customer credit losses recognised in the income statement totalled EUR 9.0 million (16.1) at 31 December 2014.

Note 24 Share capital

Verisure Holding AB's (publ) share capital totalled EUR 56,104 at 31 December 2014 and 31 December 2013, distributed among 500,000 shares with a quotient value of EUR 0.1122. All shares are of the same class. All shares issued by the company were fully paid.

Change in number of shares

EUR thousand	2014	2013
Number of shares at beginning of year	500,000	500,000
Number of shares at end of year	**500,000**	**500,000**

Note 25 Borrowings

EUR thousand	2014			2013		
Principal amount	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Secured						
Senior Secured Notes . . .	—	971,500	971,500	—	971,500	971,500
Series A Senior Secured Loan	—	130,000	130,000	—	50,000	50,000
Mezzanine Loan	—	393,500	393,500	—	393,500	393,500
Revolver Cash Drawn	—	60,305	60,305	—	76,198	76,198
Unsecured						
Shareholder Funding Instrument	—	450,000	450,000	—	450,000	450,000
Shareholder loan	—	11,000	11,000			
Other	22,838	328	23,166	—	354	354
Finance lease liability	1,212	2,076	3,288	2,405	2,532	4,937
Total	**24,050**	**2,018,709**	**2,042,759**	**2,405**	**1,944,084**	**1,946,489**
PIK Interest, Shareholder Funding Instrument	—	210,642	210,642	—	138,983	138,983
PIK Interest, Shareholder loan	—	679	679	—	—	—
PIK Interest, Mezzanine Loan	—	13,428	13,428	—	13,428	13,428
Bank arrangement and facility fees	—	-50,295	-50,295	—	-57,746	-57,746
Total borrowings (carrying amount)	**24,050**	**2,193,163**	**2,217,213**	**2,405**	**2,038,749**	**2,041,154**

The group's secured borrowings are jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of the company's direct and indirect subsidiaries and secured by liens on substantially all of their assets. An analysis of the security given is presented in note 29.

The carrying amount of borrowings may be reconciled to the principal amount outstanding as follows:

EUR thousand	2014	2013
Principal amount	2,042,759	1,946,849
Bank arrangement and facility fees	-50,295	-57,746
Accrued interest payable	224,749	152,411
Carrying amount	**2,217,213**	**2,041,154**

The bank arrangement and facility fees are fully related to the bank arrangement that occurred in relation to the acquisition and the bond tapping in 2013.

Borrowings – currency and interest rate profile

The currency and interest rate profile of outstanding borrowings, after taking into account the effect of the group's currency and interest rate hedging activities, was as follows:

	Floating interest rate		Fixed interest rate			Interest fee	
2014	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	EUR thousand	Total EUR thousand
– EUR	73,733	5.2	1,495,000	9.2	2.6	—	1,568,733
Total	**73,733**		**1,495,000**			**—**	**1,568,733**

The Shareholder Funding Instrument with a fixed interest rate of 12.00% is not included in the table above. The maturity date for the liability is in 50 years or earlier under certain circumstances. The shareholder loan with a fixed interest rate of 12.08% is not included in the table above.

	Floating interest rate		Fixed interest rate			Interest fee	
2013	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	EUR thousand	Total EUR thousand
– EUR	89,626	5.3	1,415,000	9.4	3.5	—	1,504,626
Total	**89,626**		**1,415,000**			**—**	**1,504,626**

The Shareholder Funding Instrument with a fixed interest rate of 12.00% is not included in the table above. The maturity date for the liability is in 50 years or earlier under certain circumstances.

Obligations under finance leases

The nominal value of future payments due under contracted future finance leases is as follows:

EUR thousand	2013	2012
Term to maturity < 1 year	1,212	2,405
Term to maturity 1–5 years	2,076	2,532
Term to maturity > 5 years	—	—

The group leases certain of its facilities and IT equipment in Spain and France under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

Note 26 Derivative financial instruments

Derivative financial instruments are held in relation to the group's treasury policy. The group does not hold or issue derivatives for speculative purposes. The group's objective is to minimise the risk of adverse impact on the income statement due to rises interest rates. For this purpose, the group will enter into interest rate derivatives to minimise this risk. The carrying amounts of derivative financial instruments held by the group were as follows:

EUR thousand	2014			2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Hedging activities						
Interest rate swaps	—	8,937	8,937	—	13,217	13,217
Currency forwards	—	2,113	2,113	—	532	532
Total	**—**	**11,050**	**11,050**	**—**	**13,749**	**13,749**
Classified as						
Current	—	2,113	2,113	—	532	532
Non-current	—	8,937	8,937	—	13,217	13,217
Total	**—**	**11,050**	**11,050**	**—**	**13,749**	**13,749**

Currency derivatives

As at 31 December 2014, the notional principal amount of outstanding foreign exchange contracts used to manage the group's cash pool was EUR 77 million (52). The group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement in respect of currency derivatives outstanding. Such amounts are included in finance income and cost as disclosed in note 13.

Interest rate derivatives

As at 31 December 2014, the hedge liability which consists of the cumulative unrealised losses from 2013 and 2014 and unrealised gains from 2014 was EUR 8,937 thousand (13,217). The unrealised loss is due to falling market interest rates since the inception of the interest rate derivatives. The group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement.

Note 27 Other provisions

EUR thousand	2014	2013
Balance at beginning of year	829	777
Additional provisions	497	191
Utilised provisions	-177	—
Reversal of provision not used	—	-139
Balance at end of year	**1,149**	**829**

Breakdown

EUR thousand	2014	2013
Provision for staff-related costs	639	377
Other items	510	452
Total other provisions	**1,149**	**829**

Note 28 Accrued expenses and deferred income

EUR thousand	2014	2013
Staff-related costs	36,337	31,114
Subscription fees invoiced in advance	49,334	46,966
Interest expense	21,606	20,771
Other items	36,995	18,826
Total accrued expenses and deferred income	**144,272**	**117,677**

Note 29 Pledged assets and contingent liabilities

Pledged assets

EUR thousand	2014	2013
Endowment insurance	417	391
Shares in subsidiaries	2,049,387	2,127,540
Bank accounts	486	446
Trademark	73,333	78,333
Accounts receivables	53,679	47,383
Inventories	31,956	38,472
Motor vehicles	70	143

Contingent liabilities

EUR thousand	2014	2013
Guarantees	21,121	11,132

The group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct Group and certain rights under reports in relation to the acquisition of Securitas Direct Group as collateral for bank borrowings, as disclosed in note 25. Guarantees relate primarily to guarantees provided to suppliers.

23 April 2015, Malmö

Austin Lally
CEO

Cecilia Hultén
Chairman

Steven Barnes

Stefan Götz

Dick Seger

Our auditors' report was issued on 23 April 2015, Malmö
PricewaterhouseCoopers AB

Anders Lundin
Authorised Public
Accountant
Auditor in charge

AUDITOR'S REPORT

To the Board of Directors in Verisure Holding AB (publ)

Corporate identity number 556854-1410

Report on the consolidated financial statements

We have audited the consolidated financial statements of Verisure Holding AB (publ) for the financial year ended 31 December 2014. The consolidated financial statements comprise the consolidated statement of financial position of Verisure Holding AB (publ) and its subsidiaries ("the Company") as at December 31, 2014 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from January 1, 2014 through December 31, 2014 and a summary of significant accounting policies and other explanatory information. The financial statements of the Company are included in the printed version of this document on pages F12–F47.

The consolidated financial statements have been prepared by the Board of Directors and the Managing director with the purpose to present the operations of Verisure Holding AB (publ) for the full year 2014.

Responsibilities of the Board of Directors and the Managing director for the consolidated financial statements

The Board of Directors and the Managing director are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and for such internal control as the Board of Directors and the Managing director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing director, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and the operations and cash flows for the period from January 1, 2014 through December 31, 2014, in accordance with International Financial Reporting Standards, as adopted by the EU.

Basis of Accounting and Use

Without modifying our opinion, we draw attention to the Notes of the consolidated financial statements, which describes the basis of preparation and accounting. The consolidated financial statements have been prepared by the Board of Directors and the Managing director to present the operations of Verisure Holding AB (publ) for the full year 2014, in order to fulfil the reporting requirements of the Euro MTF Market of the Luxembourg Stock Exchange. As a result, the consolidated financial statements may not be suitable for other purposes.

Malmö, April 23, 2015

Anders Lundin
Authorised Public Accountant

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2013

Consolidated Income Statement

EUR thousand	Note	2013	2012
Revenue		812,237	758,215
Cost of sales	7,9	-475,247	-412,487
Gross profit		**336,990**	**345,728**
Selling and administrative expenses[1]	5,7,8	-308,091	-338,821
Operating profit		**28,899**	**6,907**
Finance income	4,10	357	6,307
Finance costs	4,10	-246,725	-236,934
Result before tax		**-217,469**	**-223,720**
Income tax benefit	11	30,151	51,702
Result for the year		**-187,318**	**-172,018**
Whereof attributable to:			
– Parent company		-186,771	-172,018
– Non-controlling interest		-547	—
Result for the year		**-187,318**	**-172,018**

(1) Of this, EUR 141.2 million (141.2) for the 12 months ended 31 December 2013, relates to amortisation expense resulting from the amortisation of intangible assets acquired in the acquisition of the Securitas Direct group in 2011.

Consolidated Statement of Comprehensive Income

EUR thousand	Note	2013	2012
Result for the year		**-187,318**	**-172,018**
Other comprehensive income			
Items that subsequently may be reclassified to the income statement			
Currency translation differences on foreign operations:		29,332	1,912
Other comprehensive income		**29,332**	**1,912**
Total comprehensive income for the year		**-157,986**	**-170,106**
Whereof attributable to:			
– Parent company		-157,439	-170,106
– Non-controlling interest		-547	—

Consolidated Statement of Financial Position

EUR thousand	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	13	316,774	298,900
Goodwill	14	819,181	821,401
Customer portfolio	15	1,175,097	1,301,097
Other intangible assets	16	232,821	193,271
Other non-current receivables		68,724	3,854
Deferred tax assets	17	2,425	1,473
Total non-current assets		**2,615,022**	**2,619,996**
Current assets			
Inventories	18	58,330	63,901
Trade receivables	3,19	59,893	57,781
Current tax assets		5,763	6,970
Prepayments and accrued income		11,908	7,100
Other current receivables	3	11,094	9,505
Cash and cash equivalents	3	4,129	2,827
Total current assets		**151,117**	**148,084**
TOTAL ASSETS		**2,766,139**	**2,768,080**
EQUITY AND LIABILITIES			
Equity	20		
Share capital		56	56
Other paid in capital		569,068	569,068
Other reserves		28,409	-923
Retained earnings		-411,281	-288,397
Equity attributable to equity holders of the parent company		**186,252**	**279,804**
Non-controlling interest		203	—
Total equity		**186,455**	**279,804**
Non-current liabilities			
Long-term borrowings	3,21	2,038,749	1,911,913
Derivatives	3,22	13,217	20,568
Other non-current liabilities	3	508	439
Deferred tax liabilities	17	325,531	370,731
Other provisions	23	829	777
Total non-current liabilities		**2,378,834**	**2,304,428**
Current liabilities			
Trade payables	3	55,454	44,646
Current tax payable		7,161	4,251
Short-term borrowings	3,21	2,405	3,054
Accrued expenses and deferred income	24	117,677	116,859
Derivatives	3,22	532	129
Other current liabilities	3	17,621	14,909
Total current liabilities		**200,850**	**183,848**
TOTAL EQUITY AND LIABILITIES		**2,766,139**	**2,768,080**
PLEDGED ASSETS	25		
CONTINGENT LIABILITIES	25		

Consolidated Statements of Changes in Equity

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the parent company and non-controlling interest						
Balance at January 2013	**56**	**569,068**	**-923**	**-288,397**	**279,804**	**—**	**279,804**
Group contribution	—	—	—	63,887	**63,887**	—	**63,887**
Total comprehensive income for the year	**—**	**—**	**29,332**	**-186,771**	**-157,439**	**-547**	**-157,986**
Capital contribution from non-controlling interest	—	—	—	—	**—**	750	**750**
Balance at December 2013	**56**	**569,068**	**28,409**	**-411,281**	**186,252**	**203**	**186,455**

The board of directors proposes that no dividend be paid for the 2013 financial year.

EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total
	Attributable to equity holders of the parent company				
Balance at January 2012	**56**	**569,068**	**-2,835**	**-116,379**	**449,910**
Comprehensive income the year	—	—	1,912	-172,018	**-170,106**
Balance at December 2012	**56**	**569,068**	**-923**	**-288,397**	**279,804**

Consolidated Statement of Cash Flows

EUR thousand	Note	2013	2012
Operating activities			
Operating profit		**28,899**	**6,907**
Reversal of depreciation/amortisation	9	215,821	192,545
Other non-cash items	12	29,317	25,793
Interest received		647	6,082
Other financial items		-4,862	-2,333
Income tax paid		-16,188	-8,475
Cash flow from operating activities before change in working capital		**253,634**	**220,519**
Change in working capital			
Change in inventories		4,861	-6,401
Change in trade receivables		-4,320	-4,624
Change in other receivables		-1,616	-1,986
Change in trade payables		11,947	-14,915
Change in other payables		3,413	18,764
Cash flow from operating activities		**267,919**	**211,357**
Investing activities			
Purchase of property, plant and equipment	13	-104,552	-96,841
Purchase of intangible assets	15,16	-79,294	-63,733
Increase of long-term receivables		—	—
Cash flow from investing activities		**-183,846**	**-160,574**
Financing activities			
Proceeds from bond tapping		100,000	—
Paid in capital from non-controlling interest		750	—
Interest paid		-138,286	-136,964
Paid bank and advisory fees		-1,539	—
Change in bank overdraft		-43,629	99,554
Other financial expenses		—	-22,838
Cash flow from financing activities		**-82,704**	**-60,248**
Cash flow for the year		**1,369**	**-9,465**
Cash and cash equivalents at start of year		2,827	12,206
Exchange difference on translating cash and cash equivalents		-67	86
Cash and cash equivalents at end of year		**4,129**	**2,827**

Changes in balance sheet items are adjusted for currency effects.

Notes to the Financial Statements

Verisure Holding AB (publ) ("the company") is an organised public limited liability company incorporated on 25 May 2011, in and under the laws of Sweden with the registration number 556854-1410 and its registered office in Malmö. Verisure Holding AB's address is Ångbåtsbron 1, Box 392, 201 23 Malmö.

The company's ultimate parent entity is Dream LuxCo SCA ("LuxCo"), which operates in and under the laws of Luxembourg. LuxCo is owned by a consortium representing the interests of Bain Capital, Ltd ("Bain") and Hellman & Friedman LLC ("H&F"), global private equity investment firms, and management of the company.

Nature of operations

The group is a provider of high-quality monitored alarms based on a standardised range of alarm products to consumers and small and medium-sized businesses. The group operates in ten European countries and in three countries in Latin America. The European markets are Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, Italy, France, Spain and Portugal. The Latin America markets are Chile, Peru and Brazil.

A typical installed alarm consists of an electronic central unit for communication and control and other alarm components, a keypad for arming and disarming the system, an alarm siren, camera or motion detectors, magnetic contacts and alarm stickers, and (in some markets) smoke detectors. The group's products are primarily wireless, though the company also supplies custom-designed wired solutions to small and medium-sized businesses.

The group is comprised of two business segments: customer acquisition and portfolio services. The customer acquisition segment sells and installs alarm systems for new customers in return for an installation fee. The portfolio services segment provides monitoring services to existing customers for a monthly subscription fee.

Basis of presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities designated at fair value through profit or loss and business acquisitions, which have all been measured at fair value.

These consolidated financial statements have been prepared on the assumption that the company is a going concern and will continue in operation for the foreseeable future. Management believes that the going concern assumption is appropriate for the company due to adequate liquidity, capital position, and continued improvement in operating results. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Note 1 Accounting policies

Summary of significant accounting policies

Verisure Holding applies the International Financial Reporting Standards (IFRS) approved by the EU.

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the group and entities controlled, both unilaterally and jointly, by the group.

A subsidiary is an entity controlled, either directly or indirectly, by the group, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The effect of potential voting rights that are currently exercisable or convertible is taken into account when determining whether the group has a controlling influence on another entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the group.

All inter-company transactions, balances and unrealised gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum on the acquisition date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement during the period in which they are incurred.

The consideration also includes fair value on the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration.

Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time on the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. All other changes to the fair value of an additional consideration that is classified as an asset or liability are recognised in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognised in equity.

The identifiable acquired assets, assumed liabilities and contingent assets are recognised at fair value as at the acquisition date.

Contingent liabilities assumed in a business combination are recognised as existing liabilities arising from events that have occurred, the fair value of which can be calculated in a reliable manner.

In a business combination where the sum of the consideration, any non-controlling interests and the fair value on the acquisition date of previously-held equity interest exceeds the fair value on the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognised as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously-held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company’s identifiable net assets.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (EUR), which is the parent company’s functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognised in the income statement when they arise. Exchange differences from operating items are recognised as either cost of sales or selling and administrative expenses, while exchange differences from financial items are recognised as financial income or financial expenses. When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Group companies

The results and financial position of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting translation differences are recognised in other comprehensive income.

On consolidation, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing on the end of reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised in comprehensive income. When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The group’s operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the group and assessing the performance of the group’s businesses. The group has identified the executive management group as its CODM. The segments identified based on the group’s operating activities are “customer acquisition” and “portfolio services” and are explained further below:

Customer acquisition

This segment includes the part of the group that sells and installs wireless and wired alarms and security solutions for homes and small businesses. Sales and installations can be performed both by Verisure’s staff and by external partners. Each new customer generates installation income that is recognised when installation of the alarm equipment has been completed. The company’s costs for materials, installation, administration and marketing general exceed the nonrecurring income, resulting in negative cash flow for the segment.

Portfolio services

All customers are connected to dedicated alarm centres that handle alarm monitoring and customer support. Alarm centres are the core of Verisure’s business.

Existing customers generate a monthly revenue stream as they subscribe to the group’s services. This segment generates stable positive cash flow. The cost base is also more stable in this segment and primarily comprises fixed salaries or fees to external partners.

Business segments are recognised using the same accounting policies as applied by the group.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the group, and is recognised only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred and, where there are contractual acceptance provisions, the customer has accepted the goods (or the right to reject them has lapsed), the sale price is fixed or determinable and the collectability of revenue is reasonably assured.

More specifically income is recognised as follows:

Alarm monitoring

Income from alarm monitoring services is recognised during the period to which the service relates.

Installation fees

As part of alarm installation, customers pay an installation fee and, in certain cases, payment for products sold. This fee is recognised when the installation is completed.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Operating expenses

The company's business model involves sales and installation being carried out primarily by the same individuals. The costs of these activities are recognised in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Income taxes

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been defined or announced and are highly likely to become affected. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognised directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognised. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is based on the asset's cost and is allocated using the straight-line method over the asset's estimated useful life, as follows:

Alarm equipment	6–16 years
Other machinery and equipment	3–10 years

Machinery and equipment are primarily alarm equipment installed on customers' premises.

An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are recognised in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and fair value of any previously held equity interest on the acquisition date exceeds the fair value of identifiable acquired net assets on that date, the difference is recognised as goodwill. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows or cash-generating units (CGUs). Goodwill is not subject to amortisation and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value, and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the CGU level. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The group prepares and approves formal three-to-four-year management plans for its operations, which are used in the value-in-use calculations.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and associated customer relationships. These are carried at cost less accumulated depreciation and amortisation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the asset's cost and is on a straight-line basis over the estimated useful life.

Customer acquisition costs

The group capitalises direct costs related to the acquisition of customer contracts as intangible assets, as they fulfil the requirement in IAS 38, intangible assets, of internally generated intangible assets.

Other intangible assets

Other intangible assets are primarily computer software and rental rights. Rental rights usually have a limited useful life and are recognised at cost less cumulative amortisation and any cumulative impairment loss. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the asset's estimated useful life. Development costs for new identifiable and unique software products are capitalised if they are controlled by the group and are likely to generate economic benefits. The capitalised amounts consist of direct costs and the capitalisable portion of indirect costs.

Costs associated with developing or maintaining computer software are expensed as incurred. Capitalised development costs have a definable useful life and are amortised on a straight-line basis from the date the software entered use.

Amortisation for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio	5–16 years
Computer software	3–10 years
Other intangible assets	3–18 years

Rental rights and similar rights are amortised over the same period as the underlying contract. An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value-in-use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant pre-tax weighted average cost of capital (WACC), which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognised impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognised. If this is the case, a reversal of the impairment loss is carried out to increase the carrying amount of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognised to the extent that the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortisation) had the impairment loss not been recognised in the first place. Impairment losses on goodwill are never reversed.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets on losses carry forward are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised. The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably.

Financial instruments

The group classifies its financial instruments as:

- Financial assets at fair value through profit or loss, held for trading
- Loans and trade receivables
- Liabilities at fair value through profit or loss
- Other financial liabilities

The classification depends on the purpose for which the financial assets were acquired.

Purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of "financial assets carried at fair value through profit or loss" are recognised as a financial item as incurred. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and are primarily derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current or non-current assets depending on purpose and management intention.

Derivative instruments

The group's activities expose it to financial risk arising from changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the group's treasury policy approved by the board of directors. This policy provides written principles on the use of financial derivatives consistent with the group's risk management strategy. The group uses interest rate swaps to economically hedge cash flows due to interest rate risk on the group's long-term debt. The group has no derivatives that are designated for hedge accounting. The group does not use derivative financial instruments for speculative purposes.

All derivative instruments are recognised initially either as assets or liabilities at fair value on the trade date in the consolidated balance sheet and are subsequently revalued at fair value on each reporting date. The changes in value of derivatives that are not designated as hedges are recognised in the income statement under finance income or finance costs line items.

The components and fair values of the group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy. The company uses observable market inputs based on the type of derivative and the nature of the underlying instrument.

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and trade receivables

Loans and trade receivables do not carry any interest and are stated at their nominal value less any provision for bad debts. There are no loans or trade receivables that are classified as available for sale or held for trading as a result of the fair value election. A provision for bad debts is made when there is objective evidence that the group will not receive all amounts due. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

The provision is recognised under "cost of sales" in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category solely includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current or non-current liabilities depending on purpose and management intention.

Liabilities to credit institutions

Borrowings are recognised initially at fair value less transaction costs and thereafter at amortised cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognised in the income statement over the term of the loan using the effective interest method.

Trade payables

Trade payables are recognised at fair value.

Employee benefit expense

The group offers both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which the company pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period.

Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For such plans, amounts to be paid as retirement benefits are determined with reference to a formula that is usually based on employee's earnings and/or years of service.

All pension plans in foreign units are classified as defined contribution plans. The group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

All pension liabilities in Swedish units are classified as defined contribution plans, except for some employees covered by insurance premiums paid to Alecta. This is a defined benefit plan which covers multiple employees. For the financial year 2013, the group did not have access to the information required to allow this plan to be reported as a defined benefit plan. The pension obligations are, therefore, recognised as a defined contribution plan.

Leases

Leases in which the company substantially enjoys the financial benefits and carries the financial risks that pertain to them – known as finance leases – are recognised as non-current assets in the consolidated statements of financial position.

Changes in accounting policies and disclosures

New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2013.

Amendment to IAS 1, "Financial statement presentation", regarding other comprehensive income. The main change resulting from these amendments is a requirement regarding group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassified to profit or loss subsequently (reclassification adjustments).

IAS 19, "Employee benefits", was amended in June 2011. The impact on the group is primarily due to disclosures as all pensions plans are accounted as defined contribution.

IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

The amendment to IAS 36, "Impairment of assets", addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The group applies the standard as of 1 January 2013 and it has had no effect on the financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

IFRS 10, "Consolidated financial statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 as of the accounting period beginning on 1 January 2014.

IFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 on the accounting period beginning on 1 January 2014.

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The group is yet to assess IFRS 9's full impact. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Note 2 Critical accounting estimates and judgments

When applying the group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed on the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the group operates and information available from the group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimates uncertainties on the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the group's assets and liabilities within the next financial year is discussed below.

- Testing for impairment of goodwill and other assets (note 14)
- Measurement of deferred income tax assets and deferred income tax liabilities (note 17)
- Measurement of provisions and allocation for accrued expenses (note 23 and 24)
- Depreciation period for alarm equipment (note 13)

Testing for impairment of goodwill and other assets

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

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

- Long-term sales growth rates
- Growth in adjusted EBITDA
- Timing and quantum of future capital expenditure
- Change in working capital
- The selection of discount rates to reflect the risks involved

The group prepares and approves formal three-to-four-year management plans for operations, which are used in value-in-use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as:

- An assumed 3% growth rate for mature markets
- A projected long-term compound annual growth rate for adjusted EBITDA in 5-10 years estimated by management for developing countries

The group would not have any impairment issues if the weighted average cost of capital (WACC) used was 1% higher or if the compound annual growth rate was 1% lower.

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

Measurement of deferred income tax assets and deferred income tax liabilities

The group is liable to pay income taxes in various countries. The calculation of the group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions the resolution of which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the group's structure following geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there may be substantial differences between the tax charge in the consolidated income statement and tax payments. The group has also exercised significant accounting judgment regarding net operating loss utilisation.

Moreover, the group has exercised significant accounting judgements regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realised. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised.

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

Measurement of provisions and allocation for accrued expenses

The group exercises judgment in connection with significant estimates in relation to staff-related costs and in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment

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

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

Note 3 Financial risk management

The group is exposed to risks relating to financial instruments including short-term investments, trade receivables, trade payables, borrowings and derivatives. Risks relating to these instruments are primarily:

- Credit risk
- Liquidity risk
- Market risk

The group treasury policy states how financial risks should be managed and controlled. Risk management is carried out using derivative financial instruments in accordance with the limitations set out in the treasury policy.

The treasury policy contains guidelines for the administration of operating risks that arise in the management of financial instruments. The guidelines include clear division of roles and responsibilities, and the allocation of proxies.

The management of financial risks has been centralised to the group treasury department. Group treasury function's responsibility includes external banking relations, finance costs, interest-bearing liabilities and liquidity management.

Credit risk

Credit risk is the risk of loss if the opposite party, with which the group has a claim, is unable to fulfil its obligations. These risks are apportioned between credit risk from trade receivables and financial credit risk. The company limits credit risk by only using banks with a high credit rating. Investments of cash and cash equivalents are made only with banks with a minimum A rating according to Standard & Poor's.

Maximum credit exposure representing the value of our trade receivables at the end of December 2013, was EUR 59,893 thousand (57,781).

Credit risk from trade receivables

The group has no significant concentrations of credit risk in relation to trade receivables. The group's credit policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The policy's goal is to ensure that sales are made only to customers with an appropriate credit rating. While the trade receivables closely follow the geography of group operations, there are no significant concentrations of credit risk by customer as the group has a large number of customers in many countries that are not individually significant or related. Due to this, management believes no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables.

Financial credit risk

The group applies principles that limit the size of its credit exposure to individual banks or counterparties. Cash and cash equivalents may only be invested in government bonds or deposited in banks with an investment grade credit rating.

Financial instruments by category and valuation level

EUR thousand	Loans and receivables 2013	2012	Valuation
Cash and cash equivalents	4,129	2,827	—
Trade receivables	59,893	57,781	—
Other current receivables	11,094	9,505	—

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data.

EUR thousand	Financial liabilities at fair value through profit or loss 2013	2012	Valuation
Derivatives	13,749	20,697	2

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. (Level 2 in accordance with the fair-value hierarchy).

EUR thousand	Loans and liabilities 2013	2012	Valuation
Shareholder Funding Instrument	588,983	525,096	—
Liabilities to credit institutions	1,449,766	1,386,817	—
Long-term borrowings	*2,038,749*	*1,911,913*	—
Other non-current liabilities	508	439	—
Trade payables	55,454	44,646	—
Short-term borrowings	2,405	3,054	—
Other current liabilities	17,621	14,909	—

The measurement of all financial assets and liabilities at fair value on the closing date is based on observable data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. (Level 2 in accordance with the fair-value hierarchy).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. Management's policy is to reduce liquidity risk by diversifying the group's funding sources and by staggering the maturity of its borrowings.

Financing risk

Financing risk relates to the group encountering difficulty or incurring greater expense in refinancing its outstanding borrowings. The risk is minimised by analysing and monitoring the maturity structure of external loans.

Maturities of financial liabilities

EUR thousand	2013			
	Less than 1 year	1-4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	588,983	588,983
Liabilities to credit institutions	—	2,532	1,504,980	1,507,512
Other non-current liabilities	508	—	—	508
Trade payables	55,454	—	—	55,454
Short-term borrowings	2,405	—	—	2,405
Other current liabilities	17,621	—	—	17,621
Derivatives	532	13,217	—	13,749

The above table shows financial liabilities by their date of maturity.

EUR thousand	2012			
	Less than 1 year	1-4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	525,096	525,096
Liabilities to credit institutions	—	3,186	1,447,306	1,450,492
Other non-current liabilities	439	—	—	439
Trade payables	44,646	—	—	44,646
Short-term borrowings	3,054	—	—	3,054
Other current liabilities	14,909	—	—	14,909
Derivatives	129	20,568	—	20,697

The above table shows financial liabilities by their date of maturity.

Maturities of financial assets

EUR thousand	2014				2013			
	Less than 1 year	1-4 years	More than 5 years	Total	Less than 1 year	1-4 years	More than 5 years	Total
Trade receivables	59,893	—	—	59,893	57,781	—	—	57,781
Other current receivables	11,094	—	—	11,094	9,505	—	—	9,505
Derivatives	—	—	—	—	—	—	—	—

The above table shows undiscounted derivative financial instruments by their date of maturity.

Maturities of gross settled derivative financial instruments

EUR thousand	2013		2012	
	Less than 1 year	1-5 years	Less than 1 year	1-5 years
Currency forwards				
Outflow	51,518	—	28,469	—
Inflow	52,034	—	28,583	—

Market risk

Interest rate risk

Interest rate risk relates to a negative impact on group profit arising from changes in interest rates. Group income and operating cash flow are substantially dependent on changes in market interest rates. An increase in the interest rate creates a risk of an adverse impact on customers' willingness to invest. Moreover, some balance sheet items, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk.

Assuming borrowings under the Revolving Credit Facility are EUR 76 million, a lasting increase in interest rates of 1 percentage point would, under current conditions (including interest rate derivatives), raise finance costs by around EUR 1 million in 2013.

Currency risk

Translation risk

Translation risk is the risk that the value in EUR of the consolidated income statement and balance sheet will fluctuate due to changes in foreign exchange rates connected with translation of the group's foreign subsidiaries. As many of the group's subsidiaries operate in foreign markets, these effects can be significant. Currency swaps are only used to minimise interest expenses charged by banks in our cash pool structures. The primary currency exposures are to the SEK and NOK. The group may elect to use qualifying hedging strategies for this exposure in the future.

Transaction risk

Transaction risk is the risk of exchange losses being incurred by group companies from purchases and sales in currencies other than the local currency of the subsidiaries concerned. Because transactions with other countries arise on only a very limited basis in the various subsidiaries, the group currently does not hedge its transaction exposure.

Sensitivity analysis

The group's sales and results are subject to a variety of factors. The effect on the group of changes in a number of key variables is shown below. Projections are based on Verisure's operations in 2013 and should be viewed as an estimate of the effect of an isolated change in each variable.

Variable	Change	Effect
Depreciation and amortisation	+/- 10 percentage point	Decrease/increase of approximately EUR 21 million in operating result.
Interest rate[1]	+/– 1 percentage point	Decrease/increase of approximately EUR 1 million in net finance income and costs.
		Increase/decrease of approximately EUR 16 million in sales.
Currency rate EUR/SEK	+/– 10 percentage point	Increase/decrease of approximately EUR 5 million in operating profit.
		Increase/decrease of approximately EUR 10 million in sales.
Currency rate EUR/NOK	+/– 10 percentage point	Increase/decrease of approximately EUR 3 million in operating profit.

(1) The interest rate analysis only includes the effect arising from borrowings under the Revolving Credit Facility.

Capital structure

Asset management is aimed at ensuring the group's financial resources are used in an optimal way so as to guarantee future operations, provide security for lenders and generate a beneficial return for shareholders. Asset management is also there to ensure the group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition, which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans. Verisure has not broken any covenants during the year.

EUR thousand	2013	2012
Non-current liability to credit institutions	1,507,512	1,450,492
Current liability to credit institutions	2,405	3,054
Shareholder Funding Instrument	588,983	525,096
Prepaid bank arrangement and facility fees	-57,746	-63,675
Total borrowings	**2,041,154**	**1,914,967**
Cash and cash equivalents	-4,129	-2,827
Total	**2,037,025**	**1,912,140**
Equity	186,455	279,804
Total assets	2,766,139	2,768,080

Note 4 Related-party transactions

Transactions between group companies, which are related parties, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the group and other related parties are disclosed below. All transactions with related parties are at market rates.

Transactions and balances with group companies

EUR thousand	2013	2012
Interest expense	63,887	57,096
Shareholder Funding Instrument	588,983	525,096
Advisory fee	4,219	4,134

For information on remuneration of directors and executive management, see Note 5.

Shareholder Funding Instruments

In connection with the acquisition transaction, the company issued 45,000,000,000 preferred equity certificates ("Series 1 PECs"), fully subscribed by the shareholders and with a par value of EUR 0.01 each for a total subscription price of EUR 450,000,000. Series 1 PECs bear interest at a fixed rate of 12% per annum. Accrued interest is payable annually and if it remains unpaid is capitalised to the principal at the end of the relevant interest period. The interest for the year is EUR 63,887 thousand (57,096).

In connection with the acquisition, the company issued an additional 500 Series 2 contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500 and 500 Series 3 contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500, both fully subscribed by Securitas Direct AB (the "contingent PECs").

The yield on the contingent PECs is variable and dependent on the fulfilment of certain conditions, up to a maximum yield of EUR 50,000,000 per each series of contingent PECs. Given that these conditions have not been met and are not foreseen to be met, the estimated discounted cash flows are approximately nil at year end 2013.

Note 5 Remuneration of directors and executive management

	2013					
EUR thousand	Fixed salary	Bonus	Social costs	Pension	Other benefits	Total remuneration
Chairman	114	20	66	41	10	251
CEO	474	338	370	186	—	1,368
Directors and other executive management, 7 persons	1,670	1,253	407	128	99	3,557
Total	**2,258**	**1,611**	**843**	**355**	**109**	**5,176**

EUR thousand	2012 Fixed salary	Bonus	Social costs	Pension	Other benefits	Total remuneration
Chairman	115	20	46	41	13	235
CEO	552	341	334	50	—	1,277
Directors and other executive management, 3 persons[1]	2,017	10	372	42	50	2,491
Total	**2,684**	**371**	**752**	**133**	**63**	**4,003**

(1) The period 1 January to 31 December 2012, includes remuneration to both the present and previous CFO. The remuneration also includes a severance payment to the former CFO.

In 2012, group management comprised three individuals. During 2013, group management gradually increased to seven individuals. No remuneration has been paid to the non-executive directors of the board.

The CEO

The CEO's salary for the 2013 financial year including social security costs was EUR 1,182 thousand (1,227) and included a bonus of EUR 508 thousand (507). In the event of termination, notice periods of 12 months for the company and 6 months for the CEO apply. In the event that the company was to terminate the CEO's contract, an entitlement to severance pay might arise. Severance pay is subject to a maximum of 12 months' salary. If the CEO terminates his contract, severance pay is only payable under specific conditions, such as a change in the company's ownership. In such cases, any such severance pay is subject to a predetermined ceiling. Pensionable age for the CEO is 65.

Note 6 Segment reporting

The group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the chief operating decision maker (CODM) for the purposes of allocating resources within the group and assessing the performance of the group's businesses. The group has identified the executive management group as its CODM and the group uses adjusted earnings before interest, tax, depreciation, amortisation, and write-offs ("adjusted EBITDA") to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in the group's segment disclosures. The group's on-going operating segments are "customer acquisition" and "portfolio services" and are described in note 1. Revenue between segments is carried at an arm's length. Segment information for the group's continuing operations is presented below.

	Customer acquisition		Portfolio services		Overhead and adjustments		Group	
EUR thousand	2013	2012	2013	2012	2013	2012	2013	2012
– Revenue, external	114,270	121,004	697,967	637,211	—	—	812,237	758,215
Revenue, internal	49,795	42,085	—	—	-49,795	-42,085	—	—
Total revenue	**164,065**	**163,089**	**697,967**	**637,211**	**-49,795**	**-42,085**	**812,237**	**758,215**
Segment adjusted EBITDA	**-109,368**	**-92,471**	**390,352**	**338,695**	**—**	**—**	**280,984**	**246,224**
Depreciation and amortisation[(1),(2)]	—	—	—	—	—	—	-215,821	-192,545
Retirements of assets	—	—	—	—	—	—	-29,176	-26,555
Integration costs	—	—	—	—	—	—	-7,088	-20,217
Net finance costs	—	—	—	—	—	—	-246,368	-230,627
Result before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-217,469**	**-223,720**

Overheads and adjustments refer to internal revenue between the segments.

(1) Whereof EUR 141.2 million (141.2) relates to amortisation expense resulting from the amortisation of intangible assets acquired in the acquisition.

(2) Including capitalisation under new accounting policy of EUR 52.1 million (49.3) in 2013.

Information on geographic markets

EUR thousand	Sweden		Spain		Other		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	158,562	143,295	336,000	326,242	317,675	288,678	812,237	758,215
Non-current assets(1)	582,764	629,594	883,776	925,365	1,077,333	1,059,710	2,543,873	2,614,669

(1) Represents the sum of property, plant and equipment; goodwill; customer portfolio; and other intangible assets.

Note 7 Expenses by nature

EUR thousand	2013	2012
Costs of materials	80,300	71,777
Employee benefit expense	255,593	251,617
Depreciation and amortisation expense	215,821	192,545
Retirements of assets	29,176	26,555
Guarding services	23,976	22,930
Telecommunications costs	24,361	23,486
Integration cost	7,088	20,217
Other operating expenses	147,023	142,181
Total operating expenses	**783,338**	**751,308**

EUR thousand	2013	2012
Currency translation differences included in operating profit	-222	239

Currency translation differences included in finance income and costs are shown in note 10.

Note 8 Operating leases

The group leases offices, cars and various equipment under operating leases agreements. Operating lease payments totalled EUR 25.4 million (24.8). The nominal value of future payments due under contracted future operating leases is as follows:

EUR thousand	2013	2012
Term to maturity < 1 year	21,673	21,419
Term to maturity 1–5 years	52,808	33,545
Term to maturity > 5 years	—	—

Note 9 Depreciation and amortisation

EUR thousand	2013	2012
Property, plant and equipment	54,756	38,924
Customer portfolio	134,225	134,177
Other intangible assets	26,840	19,444
Total depreciation and amortisation	**215,821**	**192,545**

Depreciation and amortisation is reflected as follows in the income statement:

EUR thousand	2013	2012
Cost of sales	60,775	39,858
Selling and administrative expenses	155,046	152,687
Total depreciation and amortisation	**215,821**	**192,545**

Note 10 Finance income and costs

EUR thousand	2013	2012
Interest income on currency derivatives	259	311
Interest income on interest derivatives	—	5,762
Interest income, other	98	234
Finance income	**357**	**6,307**
Interest cost on PEC Loan	-63,886	-57,096
Interest cost on Mezzanine Loans	-43,834	-45,383
Interest cost on Term Loans (Bridge and Senior Loans)	-83,764	-76,949
Interest cost, other	-3,375	-4,595
Interest cost on interest rate swaps	-7,493	-11,269
Interest cost on currency derivatives	-57	-61
Fair value changes in currency derivatives	-403	-444
Fair value changes in interest rate derivatives	7,352	-14,127
Interest element of finance leases rentals	-413	-426
Net currency translation differences	-40,343	3,684
Bank charges(1)	-10,509	-29,333
Other items	—	-935
Finance costs	**-246,725**	**-236,934**
Finance income and costs	**-246,368**	**-230,627**

(1) Amortisation of bank arrangement and facility fees incurred in relation to the borrowings are included in bank charges.

Details of borrowings are presented in note 21.

From time to time, interest rate swaps are used to manage the interest rate profile of the group's borrowings. Net interest payable or receivable on such interest rate swaps is therefore included in interest expense.

Note 11 Income tax benefit and expense

Income tax benefit

EUR thousand	2013		2012	
Current tax	-14,732	6.8%	-5,495	2.5%
Deferred tax	44,883	-20.6%	57,197	-25.6%
Total income tax benefit	**30,151**	**-13.9%**	**51,702**	**-23.1%**

The Swedish rate of corporate income tax was 22% in 2013 and 26.3% in 2012.

Difference between Swedish domestic tax rate and actual tax for the group

EUR thousand	2013		2012	
Tax calculated at Swedish domestic tax rate	47,843	22.0%	58,838	26.3%
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	-6,610	-3.0%	-2,531	-1.1%
Non-recognised deferred tax assets on losses carried forward	-13,133	-6.0%	-23,119	-10.3%
Non-taxable/non-deductible income statement items, net	-2,510	1.2%	-3,753	-1.7%
Effect of tax rates changed	4,968	2.3%	21,970	9.8%
Other	-407	-0.2%	297	0.1%
Income tax benefit	**30,151**	**13.9%**	**51,702**	**23.1%**

Note 12 Non-cash items

EUR thousand	2013	2012
Retirements of assets[1]	29,176	26,555
Other	141	-762
Total	**29,317**	**25,793**

(1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 13 Property, plant and equipment

EUR thousand	2013	2012
Cost at beginning of year	580,274	531,717
Investments	104,552	96,841
Disposals/retirements of assets	-52,918	-55,406
Translation differences	-15,819	7,122
Cost at end of year	**616,089**	**580,274**
Amortisation at beginning of year	-281,374	-269,135
Disposals/retirements of assets	28,658	30,848
Amortisation charge for the year	-54,756	-38,924
Translation differences	8,157	-4,163
Accumulated amortisation at end of year	**-299,315**	**-281,374**
Carrying amount at end of year	**316,774**	**298,900**

Property, plant and equipment is equipment (of which alarm equipment installed on customers' premises has a carrying amount of EUR 297,136 thousand (279,603)), vehicles and IT and telecommunications equipment.

EUR 1,912 thousand (1,296) of this year's investment relates to finance leases. The carrying amount of finance leases at 31 December 2013, was to EUR 4,937 thousand (6,240) and relates to property and IT equipment in Spain and France.

Depreciation is based on the asset's cost and is allocated using the straight-line method over its estimated useful life, as follows:

Alarm equipment	6–16 years
Other machinery and equipment	3–10 years

Note 14 Goodwill

EUR thousand	2013	2012
Cost at beginning of year	821,401	819,420
Translation differences	-2,220	1,981
Cost at end of year	**819,181**	**821,401**

Impairment testing of goodwill

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units), which in the group's case is by country.

Goodwill is allocated to cash-generating units, as follows:

EUR thousand	2013	2012
Norway	251,233	253,453
Spain	224,340	224,340
Sweden	156,253	156,253
Finland	60,231	60,231
Portugal	46,265	46,265
France	38,887	38,887
Chile	15,713	15,713
The Netherlands	14,038	14,038
Denmark	12,221	12,221
Total	**819,181**	**821,401**

Impairment tests

Goodwill is tested for impairment annually and whenever there are indications that it may have suffered impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell of the CGU or group of CGUs to which it is allocated. Impairment tests were carried out during the year ended 31 December 2013. In each case, the recoverable amount of all items of goodwill was determined based on value-in-use calculations.

Management based the value-in-use calculations on cash flow forecasts derived from the most recent long-term financial plans approved by the board of the directors, in which the principal assumptions were those regarding sales growth rates, operating margin and change in operating capital employed. Applied pre-tax WACC varies between different countries in the group. In 2013, the lowest rate was 8.3% (7.4) in Sweden and the highest rate was14.6% in Brazil. In 2012, the highest rate was 14.6% in Chile. The rate was 8.7% in Norway and 11.3% in Spain, for 2013. For the period, subsequent to the longterm plan, cash flows generated by the CGUs to which significant goodwill has been allocated have been extrapolated on the basis of a projected annual growth rate of 3%. It is not anticipated that this rate will exceed actual annual growth in the markets concerned. The assumptions regarding WACC are from internal judgement and benchmarking. The annual growth rates are based on historical experience.

Note 15 Customer portfolio

EUR thousand	2013	2012
Cost at beginning of year	1,480,000	1,480,000
Investments	8,225	—
Cost at end of year	**1,488,225**	**1,480,000**
Amortisation at beginning of year	-178,903	-44,726
Amortisation charge for the year	-134,225	-134,177
Accumulated amortisation at end of year	**-313,128**	**-178,903**
Net book value at end of year	**1,175,097**	**1,301,097**

Intangible assets arising on acquisitions are principally represented by acquired customer relationships and have finite useful lives.

Management has assessed the recoverability of the carrying amount of the customer portfolio as of the acquisition date. The impairment tests are described in note 14.

Note 16 Other intangible assets

EUR thousand	2013	2012
Cost at beginning of year	241,142	178,256
Investments	73,867	63,733
Disposals/retirements of assets	-6,052	-2,676
Translation differences	-3,668	1,829
Cost at end of year	**305,289**	**241,142**
Amortisation at beginning of year	-47,871	-28,573
Disposals/retirements of assets	1,195	741
Amortisation charge for the year	-26,834	-19,444
Translation differences	1,042	-595
Accumulated amortisation at end of year	**-72,468**	**-47,871**
Net book value at end of year	**232,821**	**193,271**

Other intangible assets include trademarks totalling to EUR 78,333 (83,333) thousand at 31 December 2013.

Note 17 Deferred tax

Breakdown

Deferred tax assets, EUR thousand	2013	2012
Difference between depreciation in accounts and according to plan	2,695	233
Staff-related liabilities	579	417
Risk reserves	1,123	1,066
Tax loss carry-forwards	44,714	37,935
Acquisition-related intangible assets	172	211
Other temporary differences	-1,116	2,573
Total deferred tax assets	**48,167**	**42,435**
Netting(1)	-45,742	-40,962
Total deferred tax assets	**2,425**	**1,473**

Deferred tax liabilities, EUR thousand	2013	2012
Difference between depreciation in accounts and according to plan	30,616	4,616
Acquisition-related intangible assets(2)	330,059	397,495
Variable sales cost	24,505	13,085
Other temporary differences	-13,907	-3,503
Total deferred tax liabilities	371,273	411,693
Netting(1)	-45,742	-40,962
Total deferred tax liabilities	325,531	370,731
Deferred net tax liabilities	-323,106	-369,258

(1) The group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed.

(2) Deferred tax has decreased due to amortisation of the acquisition-related intangible assets. Deferred tax has also decreased due to a reduced tax rate in Sweden, Finland, Norway and Denmark.

Deferred tax assets are recognised in respect of tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. The subsidiaries in Sweden, Norway, Spain, France, Italy, the Netherlands, Belgium, Brazil, Peru and Chile had tax loss carry-forwards of EUR 335.7 million (232.4) at 31 December 2013. Deferred tax assets of EUR 44.7 million (37.9) at 31 December 2013, have been recognised in respect of these loss carry-forwards. The remaining EUR 42.8 million has not been recognised. A time limitation in respect of tax loss carry-forward utilisation exists in the Netherlands and in Spain. No such limitation exists in the other countries.

Tax loss carry-forwards have been capitalised in companies that have reported losses because the group's business model is based on new customer contracts being loss-making initially. The company expects profits in the future.

Note 18 Inventories

EUR thousand	2013	2012
Materials and consumables	58,330	63,901

Impairment for provision in inventories at year-end totalled EUR 6,826 thousand (6,307). The cost of materials recognised as an expense and included in "cost of sales" was EUR 80,300 thousand (71,777).

Note 19 Trade receivables

EUR thousand	2013	2012
Trade receivables before provision for bad debts	82,120	70,713
Provision for bad debts	-22,227	-12,932
Total trade receivables	**59,893**	**57,781**

Due dates for trade receivables

EUR thousand	2013	2012
Past due 0–3 months	7,581	7,764
Past due 3–6 months	4,679	4,535
Past due 6–9 months	4,313	3,641
Past due 9–12 months	3,961	3,498
Past due >12 months	15,486	10,919
Total past due dates trade receivables	**36,020**	**30,357**

Customer credit losses recognised in the income statement totalled EUR 16 million (11) in 2013.

Provisions for bad debts

EUR thousand	2013	2012
Balance at beginning of year	12,932	11,990
Change during year	9,295	942
Balance at end of year	**22,227**	**12,932**

Note 20 Share capital

Verisure Holding AB's (publ) share capital totalled EUR 56,104 at 31 December 2013 and 31 December 2012, distributed among 500,000 shares with a quotient value of EUR 0.1122. All shares are of the same class. All shares issued by the company were fully paid.

Change in number of shares

EUR thousand	2013	2012
Number of shares at beginning of year	500,000	500,000
Number of shares at end of year	**500,000**	**500,000**

Note 21 Borrowings

EUR thousand	2013			2012		
Principal amount	**Current liabilities**	**Non-current liabilities**	**Total**	**Current liabilities**	**Non-current liabilities**	**Total**
Secured						
Senior Secured Notes . . .	—	971,500	971,500	—	871,500	871,500
Series A Senior Secured Loan	—	50,000	50,000	—	50,000	50,000
Mezzanine Loan	—	393,500	393,500	—	393,500	393,500
Revolver Cash Drawn	—	76,198	76,198	—	118,499	118,499
Unsecured						
Shareholder Funding Instrument	—	450,000	450,000	—	450,000	450,000
Other	—	354	354	—	379	379
Finance lease liability	2,405	2,532	4,937	3,054	3,186	6,240
Total	**2,405**	**1,944,084**	**1,946,489**	**3,054**	**1,887,064**	**1,890,118**
PIK Interest, Shareholder Funding Instrument	—	138,983	138,983	—	75,096	75,096
PIK Interest, Mezzanine Loan	—	13,428	13,428	—	13,428	13,428
Bank arrangement and facility fees	—	-57,746	-57,746	—	-63,675	-63,675
Total borrowings (carrying amount)	**2,405**	**2,038,749**	**2,041,154**	**3,054**	**1,911,913**	**1,914,967**

The group's secured borrowings are jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of the company's direct and indirect subsidiaries and secured by liens on substantially all of their assets. An analysis of the security given is presented in note 25.

The carrying amount of borrowings may be reconciled to the principal amount outstanding as follows:

EUR thousand	2013	2012
Principal amount	1,946,489	1,890,118
Bank arrangement and facility fees	-57,746	-63,675
Accrued interest payable	152,411	88,524
Carrying amount	**2,041,154**	**1,914,967**

The bank arrangement and facility fees are fully related to the bank arrangement that occurred in relation to the acquisition and the bond tapping in 2013.

Borrowings – currency and interest rate profile

The currency and interest rate profile of outstanding borrowings, after taking into account the effect of the group's currency and interest rate hedging activities, was as follows:

	Floating interest rate		Fixed interest rate			Interest fee	
2013	**EUR thousand**	**Weighted average interest rate %**	**EUR thousand**	**Weighted average interest rate %**	**Weighted average period for which rate is fixed years**	**EUR thousand**	**Total EUR thousand**
EUR	89,626	5.3	1,415,000	9.4	3.5	—	1,504,626
Total	**89,626**		**1,415,000**				**1,504,626**

The Shareholder Funding Instrument with a fixed interest rate of 12% is not included in the table above. The maturity date for the liability is in 50 years or earlier under certain circumstances.

2012	Floating interest rate EUR thousand	Weighted average interest rate %	Fixed interest rate EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	Interest fee EUR thousand	Total EUR thousand
– EUR	131,524	4.8	1,315,000	9.6	4.7	—	1,446,524
Total	**131,524**		**1,315,000**				**1,446,524**

The Shareholder Funding Instrument with a fixed interest rate of 12% is not included in the table above. The maturity date for the liability is in 50 years or earlier under certain circumstances.

Obligations under finance leases

The nominal value of future payments due under contracted future finance leases is as follows:

EUR thousand	2013	2012
Term to maturity < 1 year	2,405	3,054
Term to maturity 1–5 years	2,532	3,186
Term to maturity > 5 years	—	—

The group leases certain of its facilities and IT equipment in Spain and France under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessors' title to the leased assets.

Note 22 Derivative financial instruments

Derivative financial instruments are held in relation to the group's treasury policy. The group does not hold or issue derivatives for speculative purposes. The group's objective is to minimise the risk of adverse impact on the income statement due to rises interest rates. For this purpose, the group will enter into interest rate derivatives to minimise this risk.

The carrying amounts of derivative financial instruments held by the group were as follows:

EUR thousand	2013			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Hedging activities						
Interest rate swaps	—	13,217	13,217	—	20,568	20,568
Currency forwards	—	532	532	—	129	129
Total	**—**	**13,749**	**13,749**	**—**	**20,697**	**20,697**
Classified as						
Current	—	532	532	—	129	129
Non-current	—	13,217	13,217	—	20,568	20,568
Total	**—**	**13,749**	**13,749**	**—**	**20,697**	**20,697**

Currency derivatives

As at 31 December 2013, the notional principal amount of outstanding foreign exchange contracts used to manage the group's cash pool was EUR 52 million (28). The group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement in respect of currency derivatives outstanding. Such amounts are included in finance income and cost as disclosed in note 10.

Interest rate derivatives

As at 31 December 2013, the hedge liability which consists of the cumulative unrealised losses from 2012 and 2013 and unrealised gains from 2013 was EUR 13,217 thousand (20,568). The unrealised loss is due to falling market interest rates since the inception of the interest rate derivatives. The group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement.

Note 23 Other provisions

EUR thousand	2013	2012
Balance at beginning of year	777	1,374
Additional provisions	191	235
Utilised provisions	—	-214
Reversal of provision not used	-139	-617
Translation differences	—	-1
Balance at end of year	**829**	**777**

Breakdown

EUR thousand	2013	2012
Provision for staff-related costs	377	367
Other items	452	410
Total other provisions	**829**	**777**

Note 24 Accrued expenses and deferred income

EUR thousand	2013	2012
Staff-related costs	31,114	28,517
Subscription fees invoiced in advance	46,966	46,040
Interest expense	20,771	20,799
Other items	18,826	21,503
Total accrued expenses and deferred income	**117,677**	**116,859**

Note 25 Pledged assets and contingent liabilities

Pledged assets

EUR thousand	2013	2012
Shares in subsidiaries	2,127,540	2,243,753
Bank accounts	446	709
Trademark	78,333	83,333
Accounts receivables	47,383	45,741
Inventories	38,472	44,066
Motor vehicles	143	95

Contingent liabilities

EUR thousand	2013	2012
Guarantees	11,132	9,787

The group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct group and certain rights under reports in relation to the acquisition of Securitas Direct group as collateral for bank borrowings, as disclosed in note 21. Guarantees relate primarily to guarantees provided to suppliers.

Note 26 Significant events during and after the reporting period

Significant events during the reporting period

In February 2013 the company has appointed Lars Nordmark as new CFO.

In February 2013 the company issued EUR 100 million Senior Secured Floating Rate Notes, Series A. The new notes constitute a further issuance of the Senior Secured Floating Rate Notes, Series A, issued on 15 February 2012. The notes will mature on 1 September 2018. The net proceeds of the issue have been used to repay a portion of the outstanding amounts borrowed under the Revolving Credit Facility.

During Q2 2013 we incorporated a majority owned business in Italy.

In March 2013 Antonio Anguita was appointed as managing director in Spain. Antonio also joined the group management team.

In September 2013 the company has acquired part of the Securitas AB home alarm business in Belgium and the Netherlands. A partial payment of EUR 5.4 million was made in Q3 2013.

In October 2013 Mattias Ringqvist was appointed as managing director for the consumer segment in Sweden. Mattias also joined the group management team.

Significant events after the reporting period

No significant events for the purpose of these annual accounts occurred subsequent to 31 December 2013.

7 April 2014, Malmö

Dick Seger
President and CEO

Cecilia Hultén
Chairman

Steven Barnes

Stefan Götz

Our auditors' report was issued on 8 April 2014, Malmö
PricewaterhouseCoopers AB

Anders Lundin
Authorised Public Accountant

Ola Bjärehäll
Authorised Public
Accountant Auditor in charge

AUDITOR'S REPORT

To the Board of Directors in Verisure Holding AB (publ)

Corporate identity number 556854-1410

Report on the consolidated financial statements

We have audited the consolidated financial statements of Verisure Holding AB (publ) for the financial year ended 31 December 2013. The consolidated financial statements comprise the consolidated statement of financial position of Verisure Holding AB (publ) and its subsidiaries ("the Company") as at 31 December 2013 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2013 through 31 December 2013 and a summary of significant accounting policies and other explanatory information. The financial statements of the Company are included in the printed version of this document on pages F-50–F-81.

The consolidated financial statements have been prepared by the Board of Directors and the Managing Director with the purpose to present the operations of Verisure Holding AB (publ) for the full year 2013.

Responsibilities of the Board of Directors and the Managing Director for the consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and the operations and cash flows for the period from 1 January 2013 through 31 December 2013, in accordance with International Financial Reporting Standards, as adopted by the EU.

Basis of Accounting and Use

Without modifying our opinion, we draw attention to the Notes of the consolidated financial statements, which describes the basis of preparation and accounting. The consolidated financial statements have been prepared by the Board of Directors and the Managing Director to present the operations of Verisure Holding AB (publ) for the full year 2013, in order to fulfil the reporting requirements of the Euro MTF Market of the Luxembourg Stock Exchange. As a result, the consolidated financial statements may not be suitable for other purposes.

8 April 2014, Malmö

PricewaterhouseCoopers AB

Anders Lundin
Authorised Public Accountant
Accountant Auditor in charge

Ola Bjärehäll
Authorised Public

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012

Consolidated Income Statement

EUR thousand	Note	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Revenue		758,215	231,605	437,020
Cost of sales	7,9,10	-412,487	-141,805	-246,980
Gross profit		**345,728**	**89,800**	**190,040**
Selling and administrative expenses	5,7,8	-338,821(1)	-131,717(1)	-105,612
Operating profit/loss		**6,907**	**-41,917**	**84,428**
Finance income	4,11	6,307	3,679	20,151
Finance costs	4,8,11	-236,934	-89,946	-25,634
Result before tax[1]		**-223,720**	**-128,184**	**78,945**
Income tax benefit/expense	12	51,702	13,087	-22,158
Result for the period		**-172,018**	**-115,097**	**56,787**

(1) Of this, EUR 141.2 for the twelve months ended December 31, 2012, and EUR 47.0 million for the four months ended December 31, 2011, relates to amortisation expense resulting from the amortisation of intangible assets acquired in the Acquisition.

According to IAS 27, the income and expense from a subsidiary is included from the acquisition date. This means that the comparative period from an IFRS perspective is from September to December 2011 as if the acquisition transaction occurred on September 2, 2011. For information purposes, we have added the income and expense from Securitas Direct Group (Predecessor) for the period January-August 2011. This information is considered as supplementary and is not part of the formal financial statements according to IFRS. The Predecessor income statement has been translated from SEK to EUR using an average FX rate of 8.9843 (August 2011) and 9.0268 (December 2011).

All results are attributable to equity holders of the parent company.

Consolidated Statement of Comprehensive Income

EUR thousand	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Result for the year	-172,018	-115,097	56,787
Other comprehensive income	-172,018	-115,097	56,787
Foreign currency translation:			
– Currency translation differences on foreign operations: Subsidiaries	1,912	20,224	-8,213
Total comprehensive income	**-170,106**	**-94,873**	**48,574**
Comprehensive income for the year Attributable to: Parent company	-170,106	-94,873	48,574

Comparative figures refer to Securitas Direct Group (the Predecessor). The Predecessor income statement has been translated from SEK to EUR using an average FX rates of 8.9843 (August 2011) and 9.0268 (December 2011).

Consolidated Statement of Financial Position

EUR thousand	Note	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
ASSETS				
Non-current assets				
Property, plant and equipment	15	298,900	262,582	245,016
Goodwill	16	821,401	819,420	21,731
Customer portfolio	17	1,301,097	1,435,274	68,771
Other intangible assets	18	193,271	149,683	20,296
Other non-current receivables	3	3,854	23,712	3,855
Deferred tax assets	19	1,473	981	22,010
Total non-current assets		**2,619,996**	**2,691,652**	**381,679**
Current assets				
Inventories	20	63,901	57,015	60,971
Trade receivables	3,21	57,781	52,116	46,311
Current tax assets		6,970	2,717	16,618
Prepayments and accrued income		7,100	8,437	14,133
Derivatives	3,24	—	316	80
Other current receivables	3	9,505	6,205	5,518
Cash and cash equivalents		2,827	12,206	32,685
Total current assets		**148,084**	**139,012**	**176,316**
TOTAL ASSETS		**2,768,080**	**2,830,664**	**557,995**

The Successor balance sheet for 2011 has been translated from SEK to EUR using an end rate of 8.9450 (December 2011) and the Predecessor balance sheet for 2011 has been translated from SEK to EUR using an end rate of 9.1680 (August 2011).

Consolidated Statement of Financial Position

EUR thousand	Note	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
EQUITY AND LIABILITIES				
Equity	22			
Share capital		56	56	40,521
Other paid in capital		569,068	569,068	144,287
Other reserves		-923	-2,835	102,139
Retained earnings		-288,397	-116,379	-388,620
Total equity attributable to equity holders of the parent company		**279,804**	**449,910**	**-101,673**
Non-current liabilities				
Long-term borrowings	3,23	1,911,913	1,758,772	459,112
Derivatives	3,24	20,568	6,441	—
Other non-current liabilities	3	439	568	535
Deferred tax liabilities	19	370,731(1)	426,713(1)	27,986
Other provisions	25	777	1,374	589
Total non-current liabilities		**2,304,428**	**2,193,868**	**488,222**
Current liabilities				
Trade payables		44,646	58,870	67,350
Current tax payable		4,251	2,975	10,704
Short-term borrowings	3,23	3,054	2,608	2,456
Accrued expenses and deferred income	26	116,859	110,217	76,603
Derivatives	3,24	129	—	19
Other current liabilities	3	14,909	12,216	14,314
Total current liabilities		**183,848**	**186,886**	**171,446**
TOTAL EQUITY AND LIABILITIES		**2,768,080**	**2,830,664**	**557,995**

(1) Most of the deferred tax liabilities relates to the acquisition in 2011 of Securitas Direct AB.

The Successor balance sheet for 2011 has been translated from SEK to EUR using an end rate of 8.9450 (December 2011) and the Predecessor balance sheet for 2011 has been translated from SEK to EUR using an end rate of 9.1680 (August 2011).

	Note
PLEDGED ASSETS	27
CONTINGENT LIABILITIES	27

Consolidated Statements of Changes in Equity

	Successor				
	Attributable to equity holders of the parent company				
EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total
Balance at January 1, 2012	56	569,068	-2,835	-116,379	449,910
Comprehensive income for t year	—	—	1,912	-172,018	-170,106
Balance at December 31, 2012	**56**	**569,068**	**-923**	**-288,397**	**279,804**

The Board of Directors proposes that no dividend be paid for the 2012 financial year.

Consolidated Statements of Changes in Equity

	Successor				
	Attributable to equity holders of the parent company				
EUR thousand	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total
Balance at September 1, 2011	—	—	—	—	—
Issue of ordinary shares	6	—	—	—	6
New issue of shares	50	—	—	—	50
Shareholder's contribution	—	569,068	—	—	569,068
Comprehensive income for the period	—	—	-2,835	-116,379	-119,214
Balance at December 31, 2011	**56**	**569,068**	**-2,835**	**-116,379**	**449,910**

Consolidated Statements of Changes in Equity

	Predecessor					
	Attributable to equity holders of the parent company					
EUR thousand	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at January 1, 2011	40,521	144,287	121,025	-10,673	-445,407	-150,247
Shareholder's contribution	—	—	—	—	—	—
Comprehensive income for the period	—	—	-8,213	—	56,787	48,574
Balance at August 31, 2011	**40,521**	**144,287**	**112,812**	**-10,673**	**-388,620**	**-101,673**

Consolidated Statement of Cash Flows

EUR thousand	Note	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Operating activities				
Operating profit/loss		**6,907**	**-41,917**	**84,428**
Reversal of depreciation/amortisation	10	192,545	61,367	27,946
Other non-cash items	13	25,793	16,028	12,380
Interest received		6,082	537	4,829
Other financial items		-2,333	-8,281	-2,652
Income tax paid		-8,475	-7,202	-1,440
Cash flow from operating activities before change in working capital		**220,519**	**20,532**	**125,491**
Change in working capital				
Change in inventories		-6,401	4,337	-7,444
Change in trade receivables		-4,624	-5,519	-3,438
Change in other receivables		-1,986	10,391	-1,176
Change in trade payables		-14,915	-9,517	27,453
Change in other payables		18,764	-2,178	5,723
Cash flow from operating activities		**211,357**	**18,046**	**146,609**
Investing activities				
Purchase of property, plant and equipment	15	-96,841	-35,522	-63,780
Purchase of intangible assets	17,18	-63,733	-4,605	-8,330
Disposals of property, plant and equipment		—	13	—
Acquisition of subsidiaries	14	—	-1,803,616	-15,529
Cash flow from investing activities		**-160,574**	**-1,843,730**	**-87,639**
Financing activities				
Share capital		—	55	—
Shareholders' contribution		—	564,512	—
New borrowings		—	1,827,674	—
Other financial expenses		-22,838	-68,299	—
Interest paid		-136,964	-26,681	-22,156
Repayment of borrowings		—	-460,603	—
Change in bank overdraft		99,554	—	-6,562
Change in long term debt		—	—	-36,861
Cash flow from financing activities		**-60,248**	**1,836,658**	**-65,579**
Cash flow for the period		**-9,465**	**10,974**	**-6,609**
Cash and cash equivalents at start of period		12,206	2,218	39,764
Exchange difference on translating cash and cash equivalents		86	1,232	-470
Cash and cash equivalents at end of period		**2,827**	**14,424**	**32,685**

Comparative figures refer to Securitas Direct Group (the Predecessor). The Predecessor balance sheet for 2011 has been translated from SEK to EUR using end rate of 8.9450 (December 2011) and the income statement for 2011 using average FX rate of 8.9843 (August 2011) and 9.0268 (December 2011).

Notes to the Financial Statements

Incorporation of the company and acquisition of Securitas Direct AB and ESML SD Iberia Holding, S.L.U.

Verisure Holding AB (publ) ("the company" or "the Successor") is a newly organised public limited liability company incorporated on May 25, 2011, in and under the laws of Sweden with the registration number 556854-1410 and its registered office in Malmö. Verisure Holding AB's address is Ångbåtsbron 1, Box 392, 201 23 Malmö.

The company's ultimate parent entity is Dream LuxCo SCA ("LuxCo"), which operates in and under the laws of Luxembourg. LuxCo is owned by a consortium representing the interests of Bain Capital, Ltd ("Bain") and Hellman & Friedman LLC ("H&F"), global private equity investment firms, and management of the company.

On September 2, 2011, Dream Purchaser AB, a newly organised company existing under the laws of Sweden and a wholly owned subsidiary of the company became the purchaser of the entire outstanding stock of Securitas Direct AB and the subsidiaries (the "Securitas Direct Group") through an assignment and novation of the Share Sale and Purchase Agreement from Verisure Holding AB (publ), with the exception of ESML SD Iberia Holdings S.L.U. ("Spanish subsidiary") whose shares have been acquired by the Dream Spanish Bidco S.A.E., a company organised under the laws of Spain and a wholly owned subsidiary of Dream Purchaser AB, through an assignment and novation of the Share Sale and Purchase Agreement from Global Sudong S.L.U. Together, the acquisitions are referred to as "Securitas Direct Business".

Further information on the acquisition of the Group headed by the company is presented in Note 14.

References in these consolidated financial statements to "the Group" refer, in the periods prior to the acquisition of Securitas Direct Business, to Securitas Direct AB, (the Predecessor), and its subsidiaries and, in the period subsequent to the acquisition of Securitas Direct Business, to the company and its subsidiaries.

Nature of operations

The Group is a provider of high-quality monitored alarms based on a standardised range of alarm products to consumers and small and medium-sized businesses. The Group operates in nine European countries, Chile, Peru and Brazil. The European markets are Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, France, Spain and Portugal.

A typical installed alarm consists of an electronic central unit for communication and control and other alarm components, a keypad for arming and disarming the system, an alarm siren, camera or motion detectors, magnetic contacts and alarm stickers, and (in some markets) smoke detectors. The Group's products are primarily wireless, though the company also supplies custom-designed wired solutions to small and medium-sized businesses.

The Group is comprised of two business segments: customer acquisition and portfolio services. Customer acquisition segment sells and installs alarm systems for new subscribers in return for an installation fee. Portfolio services segment provides monitoring services to existing subscribers for a monthly subscription fee.

Basis of presentation and accounting periods

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities designated at fair value through profit or loss and business acquisition, which have all been measured at fair value.

The financial statements for the periods preceding the acquisition of Securitas Direct Business, (the Predecessor), financial statements, comprise the consolidated financial statements of Securitas Direct AB and subsidiaries. Predecessor financial statements are presented as at and for the eight-month period ended August 31, 2011, and with respect to the consolidated statements of financial position as at August 31, 2011. The Predecessor financial statements do not reflect the effects of the accounting for the acquisition of Securitas Direct Business.

The financial statements for the period following the acquisition, (the Successor), financial statements, comprise the company's consolidated financial statements as at and for the period ended December 31, 2011. Although the company was incorporated on May 25, 2011, it had no assets or liabilities (other than the proceeds of the ordinary shares issued on incorporation, which was nominal) and no operations prior to the acquisition of Securitas Direct Business. Accordingly, the Successor financial statements present the results of the Successor's operations for the four-month period from September 1, 2011 to December 31, 2011 and the consolidated financial position as at December 31, 2011.

These consolidated financial statements have been prepared on the assumption that the Successor is a going concern and will continue in operation for the foreseeable future. Management believes that the going concern assumption is appropriate for the Successor due to adequate liquidity, capital position, and continued improvement in operating results. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Successor's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Financial statements are presented for the periods preceding and succeeding the acquisition of Securitas Direct Business.

Note 1 Accounting policies

Summary of significant accounting policies

The Successor and the Predecessor applies the International Financial Reporting Standards (IFRS) approved by the EU.

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the Group and entities controlled, both unilaterally and jointly, by the Group.

A subsidiary is an entity controlled, either directly or indirectly, by the Group, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The effect of potential voting rights that are currently exercisable or convertible is taken into account when determining whether the Group has a controlling influence on another entity.

Subsidiaries are fully consolidated from the date of acquisition and deconsolidated from the date that control ceases. Group income and components in other comprehensive income are attributable to equity holders of the parent company. The accounting principles used by subsidiaries are adjusted where necessary to ensure consistency with the principles applied by the Group.

All inter-company transactions, balances and unrealised gains and losses attributable to inter-company transactions are eliminated in the preparation of the consolidated financial statements.

Business combinations

(i) Background

Effective January 1, 2010, the Group adopted IFRS 3 (Revised 2008) "Business Combinations", IAS 27 (Revised 2008), "Consolidated and Separate Financial Statements", which contained a number of changes that affected the accounting for business combinations and subsequent changes in the Group's ownership interest in a subsidiary.

The revised standards were applied prospectively to business combinations with an effective date of acquisition on or after January 1, 2010.

(ii) Businesses acquired before January 1, 2010

Business combinations were accounted for using the purchase method.

Goodwill arising in a business combination was measured as the excess of the cost of acquisition over the interest acquired by the Group in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognised on the acquisition date. Where the interest acquired by the Group in the fair value of the identifiable assets, liabilities and contingent liabilities that were recognised exceeded the cost of acquisition, the excess was recognised as a gain in the income statement.

The cost of acquisition comprised the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business and any costs directly attributable to the business combination.

The identifiable assets, liabilities and contingent liabilities of the acquired business that were recognised were measured at their fair value on the acquisition date, except for assets that were classified as held for sale, which were measured at fair value less costs to sell.

Any non-controlling interests were initially measured at their share of the identifiable assets, liabilities and contingent liabilities of the acquired business that were recognised on the acquisition date.

If the initial accounting for a business combination was incomplete by the end of the reporting period in which the combination occurred, the Group reported provisional amounts for the items for which the accounting was incomplete. If, within a maximum of one year after the acquisition date, new information was obtained about facts and circumstances that existed on the acquisition date that, if known, would have affected the amounts recognised at that date, adjustments were made to the amounts recognised, or new assets and liabilities recognised, as on the acquisition date. Otherwise, with the exception of adjustments to contingent consideration and the recognition of previously unrecognised deferred tax assets of the acquired business, adjustments to the provisional amounts were recognised in profit or loss.

Subsequent adjustments to the estimated amount of contingent consideration were recognised as adjustments to the cost of acquisition.

Where deferred tax assets of the acquired business on the acquisition date were not initially recognised but were subsequently recognised, the income tax benefit was recognised as income but, in addition, the Group reduced the carrying amount of goodwill recognised on the acquisition and recognised the reduction in the carrying amount of goodwill as an expense in profit or loss.

Where a business combination was achieved in stages, the Group treated each exchange transaction separately and applied the purchase method at the date of each exchange transaction. Where the Group sold an interest in a subsidiary, the difference between the consideration received and the carrying amount of the interest in the subsidiary that was sold was recognised in profit or loss.

(iii) Businesses acquired on or after January 1, 2010

Business combinations are accounted for using the acquisition method. The consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum on the acquisition date fair value of paid assets, liabilities that arise or are assumed and equity ownership issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement during the period in which they are incurred.

The consideration also includes fair value on the acquisition date of the assets or liabilities arising from an agreement concerning contingent consideration.

Changes to the fair value of a contingent consideration as a result of additional information, received post-acquisition, concerning facts and circumstances at the time on the acquisition date, qualify as adjustments during the assessment period and require retrospective restatement with corresponding adjustment of goodwill. All other changes to the fair value of an additional consideration that is classified as an asset or liability are recognised in accordance with the applicable standard. Contingent consideration that is classified as equity is not remeasured and the subsequent settlement is recognised in equity.

The identifiable acquired assets, assumed liabilities and contingent assets are recognised at fair value as at the acquisition date, with the following exceptions:

- Deferred income tax assets or liabilities and assets or liabilities attributable to the acquired company's agreement concerning remuneration of employees are recognised and measured in accordance with IAS 12, Income Taxes, and IAS 19, Employee Benefits.
- Debts or equity instruments attributable to the acquired company's share-based allocations or for the exchange of the acquired company's share-based allocations with the acquirers are measured on the acquisition date in accordance with IFRS 2, Share-based Payment.
- Non-current assets (or disposal group) were classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and measured in accordance with this standard.

Contingent liabilities assumed in a business combination are recognised as existing liabilities arising from events that have occurred, the fair value of which can be calculated in a reliable manner.

In a business combination where the sum of the consideration, any non-controlling interests and the fair value on the acquisition date of previously-held equity interest exceeds the fair value on the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, the resulting gain on the acquisition is recognised as a bargain purchase in the income statement after review of the difference.

In the case of each business combination, previously-held non-controlling interests in the acquired company are measured either at fair value or at the value of the proportionate share of the non-controlling interest of the acquired company's identifiable net assets.

In an acquisition achieved in stages, the previously-held equity interest in the acquired company is remeasured at its fair value on the acquisition date (i.e. when control is obtained). Any gain or loss is recognised in profit or loss. Any changes in the value of the previously-held equity interests that, prior to the acquisition date were recognised in other comprehensive income, are reclassified in the income statement on the same basis as would be required if these shares had been sold.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (EUR), which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognised in the statement of income when they arise. Exchange differences from operating items are recognised as either cost of sales or selling and administrative expenses, while exchange differences from financial items are recognised as financial income or financial expenses. When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Group companies

The results and financial position of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates
- All resulting translation differences are recognised in other comprehensive income

On consolidation, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing on the end of reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised in comprehensive income. When a foreign operation is sold or partially disposed of, translation differences that were recorded in equity are reclassified and recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The Group's operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the Chief Operating Decision Maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. The Group has identified the executive management group as its CODM. The segments identified based on the Group's operating activities are "customer acquisition" and "Portfolio services" and are explained further below:

Customer acquisition

This segment includes the part of the Group that sells and installs wireless and wired alarms and security solutions for homes and small businesses. Sales and installations can be performed both by Verisure Holding staff and by external partners. Each new customer generates installation income that is recognised when installation of the alarm equipment has been completed. The company's costs for materials, installation, administration and marketing exceed the nonrecurring income, resulting in negative cash flow for the segment.

Portfolio services

All customers are connected to dedicated alarm centres that handle alarm monitoring and customer support. Alarm centres are the core of Verisure Holding's business.

Existing customers generate a monthly revenue stream as they subscribe to the Group's services. This segment generates stable positive cash flow. The cost base is also more stable in this segment and primarily comprises fixed salaries or fees to external partners.

Business segments are recognised using the same accounting policies as applied by the Group.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax and discounts, and after eliminating sales within the Group, and is recognised only where there is persuasive evidence of a sales agreement, the delivery of goods or services has occurred and, where there are contractual acceptance provisions, the customer has accepted the goods (or the right to reject them has lapsed), the sale price is fixed or determinable and the collectability of revenue is reasonably assured.

More specifically income is recognised as follows:

Alarm monitoring

Income from alarm monitoring services is recognised during the period to which the service relates.

Installation fees

As part of alarm installation, customers pay an installation fee and, in certain cases, payment for products sold. This fee is recognised when the installation is completed.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Operating expenses

The company's business model involves sales and installation being carried out by the same individuals. The costs of these activities are recognised in gross profit. This means that "cost of sales" includes some costs that are actually selling expenses but cannot be allocated to a specific function.

Income taxes

Income taxes include current and deferred tax. These taxes have been calculated at a nominal amount according to each country's tax provisions and the tax rates that have been defined or announced and are highly likely to be laid down. Current tax is tax that is paid or received for the current year and includes any adjustments to current tax for prior years. In the case of items recognised directly in equity or other comprehensive income, any tax effect on equity or other comprehensive income is also recognised. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any cumulative impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

As of January 1, 2011, the Group made a new estimate, based on new information, of the estimated useful life of alarm equipment. Depreciation is based on the asset's cost and is allocated using the straight-line method over the asset's estimated useful life, as follows:

Alarm equipment .... 6–16 years
Other machinery and equipment .... 3–10 years

Machinery and equipment are primarily alarm equipment installed on customers' premises.

An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are recognised in the income statement as cost of sales.

Intangible assets

Goodwill

In a business combination where the sum of the acquisition price, any minority interest and fair value of any previously-held equity interest on the acquisition date exceeds the fair value of identifiable acquired net assets on that date, the difference is recognised as goodwill. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows or cash-generating units (“CGU”). Goodwill is not subject to amortisation and is tested for impairment annually, or as soon as there is an indication that the asset has declined in value, and carried at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the CGU level. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal four year management plans for its operations, which are used in the value-in-use calculations.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer portfolio

The customer portfolio includes contract portfolios and associated customer relationships. These are carried at cost less accumulated depreciation and amortisation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is based on the asset’s cost and is on a straight line basis over the estimated useful life.

Customer acquisition costs

As of January 1, 2012, in line with IAS 38, the Group changed its accounting policy regarding customer acquisition costs. Historically, the Group has expensed direct costs related to the acquisition of customer contracts. The new policy is to capitalise these costs as intangible assets, as they fulfil the requirement in IAS 38, Intangible Assets, of internally generated intangible assets. The impact on EBITDA of this change is EUR 49.3 million accumulated for the full year 2012. The policy change does not impact portfolio adjusted EBITDA. The new accounting policy has been applied prospectively for periods beginning on or after January 1, 2012, as retrospective application is impracticable.

Other intangible assets

Other intangible assets are primarily computer software and rental rights. Rental rights usually have a limited useful life and are recognised at cost less cumulative amortisation and any cumulative impairment loss. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life. Development costs for new identifiable and unique software products are capitalised if they are controlled by the Group and are likely to generate economic benefits. The capitalised amounts consist of direct costs and the capitalisable portion of indirect costs.

Costs associated with developing or maintaining computer software are expensed as incurred. Capitalised development costs have a definable useful life and are amortised on a straight-line basis from the date the software entered use.

Amortisation for all intangible assets is measured using the straight-line method during the useful life, as follows:

Customer portfolio . . . . 5–16 years
Computer software . . . . 3–10 years
Other intangible assets . . . . 3-18 years Rental

rights and similar rights are amortised over the same period as the underlying contract.

An asset's residual value and value-in-use are reviewed, and adjusted if appropriate, annually on the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortisation and are tested for impairment annually or as soon as an indication emerges that they have decreased in value. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may fall short of the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value-in-use is the present value of estimated cash flows and is measured on the basis of assumptions and estimates. The most significant assumptions relate to organic sales growth, the operating margin, the extent of operating capital employed and the relevant pre-tax WACC, which is used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With the exception of impairment losses on goodwill, previously recognised impairment losses are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognised. If this is the case, a reversal of the impairment loss is carried out to increase the carrying amount of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognised to the extent that the new carrying amount does not exceed what should have been the carrying amount (after depreciation and amortisation) had the impairment loss not been recognised in the first place. Impairment losses on goodwill are never reversed.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable direct selling expenses.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is recognised using the balance sheet method, which means that deferred income tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the amounts can be utilised. The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the Group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably.

Financial instruments

The Group classifies its financial instruments as:

- Financial assets at fair value through profit or loss, held for trading
- Loans and trade receivables
- Liabilities at fair value through profit or loss
- Other financial liabilities

The classification depends on the purpose for which the financial assets were acquired.

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Gains and losses arising from changes in the fair value of “financial assets carried at fair value through profit or loss” are recognised as a financial item as incurred.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and are primarily derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current or non-current assets depending on purpose and management intention.

Derivative instruments

The Group’s activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Group’s policies approved by the Board of Directors. These policies provide written principles on the use of financial derivatives consistent with the Group’s risk management strategy. The Group uses foreign currency forward contracts and interest rates to economically hedge specific substantial foreign currency payments and receipts and variability of cash flows due to interest rate risk on the Group’s long-term debt. The Group has no derivatives that are designated for hedge accounting. The Group does not use derivative financial instruments for speculative purposes.

All derivative instruments are recognised initially either as assets or liabilities at fair value on the trade date in the consolidated balance sheet and are subsequently remeasured at fair value on each reporting date. The changes in value of derivatives that are not designated as hedges are recognised in the income statement within finance income and finance costs line items.

The components and fair values of the Group's derivative instruments are determined using the fair value measurements of significant other observable inputs, classified as level 2 of the fair value hierarchy. The company uses observable market inputs based on the type of derivative and the nature of the underlying instrument and also measures its counterparty and own risk as appropriate, based on current published credit default swap rates when determining the fair value of its derivatives.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services directly to a customer without any intention of trading the receivable that arises. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and trade receivables do not carry any interest and are stated at their nominal value less any provision for bad debts. There are no loans or trade receivables that are classified as available for sale or held for trading as a result of the fair value election. A provision for bad debts is made when there is objective evidence that the Group will not receive all amounts due. Estimated bad debt provision is based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

The provision is recognised under "cost of sales" in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Liabilities at fair value through profit or loss

This category only includes financial liabilities held for trading and relates primarily to derivative instruments. Derivatives are classified as held for trading unless they are designated as hedges. Derivative instruments are classified as current or non-current liabilities depending on purpose and management intention.

Liabilities to credit institutions

Borrowings are recognised initially at fair value less transaction costs and thereafter at amortised cost. Any difference between the net amount received (less transaction costs) and the repaid amount is recognised in the income statement over the term of the loan using the effective interest method.

Trade payables

Trade payables are recognised at fair value.

Government grants

Like other employers, the Group qualifies for various employment-related government grants in specific jurisdictions such as Sweden. Such assistance may include training, job creation, reduced working hours and so forth. All grants are recognised in the income statement as cost reductions in the same period as the underlying cost.

Employee benefit expense

The Group offers both defined contribution and defined benefit pension plans.

Defined contribution plans are post-employment benefit schemes under which the company pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further contributions. Costs for defined contribution schemes are expensed in the period during which the employee carried out his or her work. Costs are in line with the payments made during the period.

Defined benefit plans are post-employment benefit schemes other than defined contribution plans. For such plans amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

All pension plans in foreign units are classified as defined contribution plans. The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

All pension liabilities in Swedish units are classified as defined contribution plans, except for some of the ITP plans financed through insurance premiums paid to Alecta. This is a defined benefit plan which covers multiple employees. For the fiscal year 2012, the Group did not have access to the information required to allow this plan to be reported as a defined benefit plan. The pension obligations are, therefore, recognised as a defined contribution plan.

Leases

Leases in which the company substantially enjoys the financial benefits and carries the financial risks that pertain to them – known as finance leases – are recognised as non-current assets in the consolidated balance sheet. The discounted present value of the corresponding commitment to pay lease fees is recognised as a liability.

Paid lease fees are recognised in the consolidated income statement and are apportioned between amortisation and interest.

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made during the period of the lease are charged to the income statement on a straight-line basis over the term of the lease.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year 2012, which have had a material impact on the Group.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

a) IFRS 9 "Financial Instruments"

In November 2009, the IASB issued IFRS 9 which represents the first phase of its replacement of IAS 39 and introduces new requirements for the classification and measurement of financial assets and removes the need to separately account for certain embedded derivatives. IFRS 9 is effective for annual periods commencing on or after January 1, 2015.

b) IFRS 10 "Consolidated Financial Statements"

This standard will replace the requirements previously contained in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'. IFRS 10 is effective for annual periods commencing on or after January 1, 2014.

c) IFRS 12 "Disclosure of Interests in Other Entities"

This standard requires extensive disclosure of information to enable users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

These disclosures would include significant judgments and assumptions (such as how control, joint control or significant influence has been determined), details of the structure of the group, risks associated with structured entities and the nature, extent and financial effects of interests in joint arrangements and associates. IFRS 12 is effective for annual periods commencing on or after January 1, 2014.

d) IFRS 13 "Fair Value Measurement"

Also during May 2011, the IASB replaced the guidance on fair value measurement in existing IFRSs with a standard that establishes a single framework for fair value measurements required by other IFRSs.

This IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.

With some exceptions, the standard requires entities to classify these measurements into the three-level 'fair value hierarchy' currently required for financial instruments based on the nature of the inputs.

Entities are required to make various disclosures depending upon the use of the fair value measurement (e.g. whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

IFRS 13 is effective for annual periods commencing on or after January 1, 2013 and is to be adopted prospectively from the adoption date, with early adoption permitted.

Note 2 Critical accounting estimates and judgments

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed on the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which the Group operates and information available from the Group's customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of key areas of estimates uncertainties on the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year is discussed below.

- Testing for impairment of goodwill and other assets (Note 16)
- Measurement of deferred income tax assets and deferred income tax liabilities (Note 19)
- Measurement of provisions and allocation for accrued expenses (Note 25 and 26)
- Depreciation period for alarm equipment (Note 15)

Testing for impairment of goodwill and other assets

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

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

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

The Group prepares and approves formal four-year management plans for operations, which are used in value-in-use calculations. For the purposes of the calculation, a long-term growth rate into perpetuity has been determined as:

- an assumed 3% growth rate for mature markets
- a projected long-term compound annual growth rate for adjusted EBITDA in 5-10 years estimated by management for developing countries

The group would not have any impairment issues if the WACC used was 1% higher or if the compound annual growth rate was 1% lower.

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

Measurement of deferred income tax assets and deferred income tax liabilities

The Group is liable to pay income taxes in various countries. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgment in respect of certain tax positions the resolution for which is uncertain until an agreement has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the Group's structure following geographic expansion makes the degree of estimation and judgment more challenging. The resolution of issues is not always within the control of the company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which we operate.

Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there may be substantial differences between the tax charge in the consolidated income statement and tax payments. The Group also exercised significant accounting judgment regarding net operating loss utilisation.

Moreover, the Group has exercised significant accounting judgment regarding the recognition of deferred tax assets. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of deductible temporary differences can be realised. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised.

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

Measurement of provisions and allocation for accrued expenses

The Group exercises judgment in connection with significant estimates in relation to staff related costs and in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Depreciation period for alarm equipment

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

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

Note 3 Financial risk management

The Group is exposed to risks relating to financial instruments including short-term investments, trade receivables, trade payables borrowings and derivatives. Risks relating to these instruments are primarily:

- Credit risk
- Liquidity risk
- Market risk

The group treasury policy states how financial risks should be managed and controlled. Risk management is carried out using derivative financial instruments in accordance with the limitations set out in the treasury policy.

The treasury policy contains guidelines for the administration of operating risks that arise in the management of financial instruments. The guidelines include clear division of roles and responsibilities, and the allocation of proxies.

The management of financial risks has been centralised in the Group Treasury department. Group Treasury function's responsibility includes external banking relations, finance costs, interest-bearing liabilities and liquidity management.

Credit risk

Credit risk is the risk of loss if the opposite party, with which the Group has a claim, is unable to fulfil its obligations. These risks are apportioned between credit risk from trade receivables and financial credit risk. The company limits credit risk by only using banks with a high credit rating. Investments of cash and cash equivalents are made only with banks with a minimum A rating according to Standard & Poor's.

Maximum credit exposure representing the value of our trade receivables at the end of December 2012 was EUR 57,781 thousand (46,311 at the end of August 2011 and 52,116 at the end of December 2011).

Credit risk from trade receivables

The Group has no significant concentrations of credit risk in relation to trade receivables. The Group's credit policy ensures that credit management includes use of credit ratings, credit limits, decision-making structures and management of doubtful claims. The policy's goal is to ensure that sales are made only to customers with an appropriate credit rating. While the trade receivables closely follow the geography of Group operations, there are no significant concentrations of credit risk by customer as the Group has a large number of customers in many countries that are not individually significant or related. Due to this, management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

Financial credit risk

The Group applies principles that limit the size of its credit exposure to individual banks or counterparties. Cash and cash equivalents may only be invested in government bonds or deposited in banks with an investment grade credit rating.

Financial instruments by category and valuation level

	Financial assets at fair value through profit or loss			
	Successor		Predecessor	
EUR thousand	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011	Valuation level
Derivatives	—	316	80	2

	Loans and receivables			
	Successor		Predecessor	
EUR thousand	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011	Valuation level
Cash and cash equivalents	2,827	12,206	32,685	—
Trade receivables	57,781	52,116	46,311	—
Other current receivable	9,505	6,205	5,518	—

Fair value of the financial assets and liabilities excluding derivative instruments was concluded to approximate to their carrying value due to the instrument's short maturities. Valuation of derivative instruments was deemed to be based on market observable inputs for similar instruments, (level 2 according to fair value hierarchy).

Financial instruments by category and valuation level

	Financial liabilities at fair value through profit or loss			
	Successor		Predecessor	
EUR thousand	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011	Valuation level
Derivatives	20,697	6,441	19	2

EUR thousand	Loans and other liabilities			
	Successor		Predecessor	
	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011	Valuation level
Shareholder Funding Instrument	525,096	468,000	—	—
Liabilities to credit institutions	1,386,817	1,290,772	459,112	—
Long term borrowings	*1,911,913*	*1,758,772*	*459,112*	—
Other non-current liabilities	439	568	535	—
Trade payables	44,646	58,870	67,350	—
Short term borrowings	3,054	2,608	2,456	—

Fair value of the financial assets and liabilities excluding derivative instruments was concluded to approximate to their carrying value due to the instrument's short maturities. Valuation of derivative instruments was deemed to be based on market observable inputs for similar instruments (level 2, according to fair value hierarchy).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. Management's policy is to reduce liquidity risk by diversifying the Group's funding sources and by staggering the maturity of its borrowings.

Financing risk

Financing risk relates to the Group encountering difficulty or incurring greater expense in refinancing its outstanding borrowings. The risk is minimised by analysing and monitoring the maturity structure of external loans.

Maturities of financial liabilities

EUR thousand	Successor			
	Dec 31, 2012			
	Less than 1 year	1–4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	525,096	525,096
Liabilities to credit institutions	—	3,186	1,383,631	1,386,817
Other non-current liabilities	439	—	—	439
Trade payables	44,646	—	—	44,646
Short term borrowings	3,054	—	—	3,054
Other current liabilities	14,909	—	—	14,909
Derivatives	129	20,568	—	20,697

The above table shows financial liabilities by their date of maturity.

The Bridge Loan of EUR 921.5 million (included in the liabilities to credit institutions above) was on February 15, 2012, replaced by a Senior Secured Note, Senior Secured Floating Rate Note and Series A Senior Secured Loan Agreement Facility.

Maturities of financial liabilities

EUR thousand	Successor Dec 31, 2011 Less than 1 year	1–4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	468,000	468,000
Liabilities to credit institutions	—	5,145	1,285,627	1,290,772
Other non-current liabilities	568	—	—	568
Trade payables	58,870	—	—	58,870
Short term borrowings	2,608	—	—	2,608
Other current liabilities	12,216	—	—	12,216
Derivatives	—	6,441	—	6,441

Maturities of financial liabilities

EUR thousand	Predecessor Aug 31, 2011 Less than 1 year	1–4 years	More than 5 years	Total
Shareholder Funding Instrument	—	—	—	—
Liabilities to credit institutions	—	5,670	453,442	459,112
Other non-current liabilities	535	—	—	535
Trade payables	67,350	—	—	67,350
Short term borrowings	2,456	—	—	2,456
Other current liabilities	14,314	—	—	14,314
Derivatives	—	19	—	19

The above table shows financial liabilities by their date of maturity.

Maturities of financial assets

EUR thousand	Successor Dec 31, 2012 Less than 1 year	1–4 years	More than 5 years	Total
Trade receivables	57,781	—	—	57,781
Other current receivables	9,505	—	—	9,505

The above table shows financial assets by their date of maturity.

Maturities of financial assets

	Successor				Predecessor			
	Dec 31, 2011				Aug 31, 2011			
EUR thousand	Less than 1 year	1–4 years	More than 5 years	Total	Less than 1 year	1–4 years	More than 5 years	Total
– Trade receivables	52,116	—	—	52,116	46,311	—	—	46,311
Other current receivables	6,205	—	—	6,205	5,518	—	—	5,518
Derivatives	—	316	—	316	—	80	—	80

The above table shows financial assets by their date of maturity.

Maturities of gross settle derivative financial instruments

	Successor				Predecessor	
	Dec 31, 2012		Dec 31, 2011		Aug 31, 2011	
EUR thousand	Less than 1 year	1–5 years	Less than 1 year	1–5 years	Less than 1 year	1–5 years
Currency forwards						
Outflow	28,469	—	50,266	—	20,685	—
Inflow	28,583	—	50,611	—	20,691	—

The above table shows undiscounted derivative financial instruments by their date of maturity.

Market risk

Interest rate risk

Interest rate risk relates to a negative impact on Group profit arising from changes in interest rates. Group income and operating cash flow are substantially dependent on changes in market interest rates. An increase in the interest rate creates a risk of an adverse impact on customers' willingness to invest. Moreover, some balance sheet items, such as cash and bank balances, interest-bearing investments and borrowings, are exposed to interest rate risk.

Assuming borrowings under the Revolving Credit Facility are EUR 118 million, a lasting increase in interest rates of 1 percentage point would, under current conditions (including interest rate derivatives), raise finance costs by around EUR 1 million in 2012.

Currency risk

Translation risk

Translation risk is the risk that the value in EUR of the consolidated income statement and balance sheet will fluctuate due to changes in foreign exchange rates connected with translation of the Group's foreign subsidiaries. As many of the Group's subsidiaries operate in foreign markets, these effects can be significant. Currency swaps are used mainly to economically hedge lending and borrowing by the parent company in currencies other than EUR. The primary currency exposures are to the SEK and NOK. The Group may elect to use qualifying hedging strategies for this exposure in the future.

Transaction risk

Transaction risk is the risk of exchange losses being incurred by group companies from purchases and sales in currencies other than the local currency of the subsidiaries concerned. Because transactions with other countries arise on only a very limited basis in the various subsidiaries, the Group currently does not hedge its transaction exposure.

Sensitivity analysis

The Group's sales and results are subject to a variety of factors. The effect on the Group of changes in a number of key variables is shown below. Projections are based on Verisure Holding's operations in 2012 and should be viewed as an estimate of the effect of an isolated change in each variable.

Variable	Change	Effect
Interest rate	+/– 1 percentage point	Decrease/increase of approximately EUR 1 million in net finance income and costs
Currency rate EUR/SEK	+/– 10 percentage point	Increase/decrease of approximately EUR 14 million in sales Increase/decrease of approximately EUR 4 million in operating profit
Currency rate EUR/NOK	+/– 10 percentage point	Increase/decrease of approximately EUR 9 million in sales Increase/decrease of approximately EUR 2 million in operating profit

The interest rate analysis only includes the effect arising from borrowings under the Revolving Credit Facility.

Objectives and guidelines for capital management

The Group has defined the managed capital as the total of equity and net debt.

Asset management is aimed at ensuring the Group's financial resources are used in an optimal way so as to guarantee future operations, provide security for lenders and generate a beneficial return for shareholders. Asset management is also there to ensure the Group has sufficient funds to finance necessary investments for continued growth. This growth can be organic or via acquisition, which means financial flexibility is required.

The credit facility includes covenants that must be fulfilled for the duration of the loans.

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Non-current liability to credit institutions	1,450,492	1,337,981	459,112
Current liability to credit institutions	23,853	34,731	2,949
Financial liability, group companies	—	—	—
Shareholder Funding Instrument	525,096	468,000	—
Cash and cash equivalents	-2,827	-12,206	-32,685
Net debt	**1,996,614**	**1,828,506**	**429,376**
Equity	279,804	449,910	-101,673
Managed capital	**2,276,418**	**2,278,416**	**327,703**

Note 4 Related-party transactions

Transactions between Group companies, which are related parties, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties are at market rates.

Transactions and balances with group companies

EUR thousand	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Interest expense	57,096	17,397	622
Shareholder Funding Instrument	525,096	468,000	—

For information on remuneration of directors and executive management, see Note 5.

Consulting services agreement, advisory agreement and transaction services agreement

The Group and its two main shareholders entered into a consulting services agreement ("Consulting Agreement"), pursuant to which the owners provide the company's management with financial consulting and other advisory services for a total fee of EUR 3.3 million per annum plus reimbursement for reasonable out-of-pocket fees. The Consulting Agreement has an initial term of ten years.

Also, in connection with the acquisition in 2011, the Group and the parties who became the owners, entered into a transaction services agreement and advisory agreement ("the Transaction Services Agreement") pursuant to which the Group received certain advice and services related to transaction-specific functions for a fee approximately EUR 23 million, of which EUR 18 million was recognised as an expense and reflected in the "selling and administrative expenses" in the statement of comprehensive income for the four months period ended December 31, 2011, and EUR 5 million was allocated to the prepaid arrangement fees of the new borrowings, reflected in long term borrowings as shown in the statement of financial position. The fee will be amortised as a bank charge until the maturity of the loan facility.

Shareholder Funding Instruments

In connection with the acquisition transaction, the company issued 45,000,000,000 preferred equity certificates ("Series 1 PECs"), fully subscribed by the shareholders and with a par value of EUR 0.01 each for a total subscription price of EUR 45,000,000. Series 1 PECs bear interest at a fixed rate of 12% per annum. Accrued interest is payable annually and if it remains unpaid is capitalised to the principal at the end of the relevant interest period. The interest for the year is EUR 57,096 thousand.

Also in connection with the acquisition, the company issued an additional 500 Series 2 Contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500.00 and 500 Series 3

Contingent PECs, each with a par value of EUR 1, for a total subscription price of EUR 500.00, both fully subscribed by Securitas Direct AB (the “Contingent PECs”).

The yield on the Contingent PECs is variable and dependent on the fulfilment of certain conditions, up to a maximum yield of EUR 50,000,000 per each series of Contingent PECs. Given that these conditions have not been met and not foreseen to be met, the estimated discounted cash flows are approximately nil at year end 2012.

Note 5 Remuneration of directors and executive management

	Successor									
	Fees to directors/ Fixed salary		Bonus		Pension		Other benefits		Total remuneration	
EUR thousand	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011
Chairman	201	192	43	109	41	13	13	7	298	321
Dick Seger, President and CEO	719	156	507	381	50	16	—	3	1,276	556
Directors and other executive Management, 3 persons (2)[1]	2,384	404	16	54	42	12	50	24	2,492	494
Total	**3,304**	**752**	**566**	**544**	**133**	**41**	**63**	**34**	**4,066**	**1,371**

(1) The period January 1 to December 31, 2012, includes remuneration to both present and previous CFO. The remuneration also includes severance payment to previous CFO.

	Predecessor				
	Fees to directors/ Fixed salary	Bonus	Pension	Other benefits	Total remuneration
EUR thousand	Jan 1 – Aug 31, 2011				
Chairman	—	—	—	—	—
Dick Seger, President and CEO	343	189	32	8	572
Directors and other executive management, 2 persons	578	691	26	36	1,331
Total	**921**	**880**	**58**	**44**	**1,903**

The CEO

The CEO’s salary for the 2012 financial year including social security costs, was EUR 1,226 thousand (1,069) and included a bonus of EUR 507 thousand (570). In the event of termination, notice periods of 12 months for the company and 6 months for the CEO apply. In the event that the company was to terminate the CEO’s contract, an entitlement to severance pay might arise. Severance pay is subject to a maximum of 12 months’ salary. If the CEO terminates his contract, severance pay is only payable under specific conditions, such as a change in the company’s ownership. In such cases, any such severance pay is subject to a predetermined ceiling. Pensionable age for the CEO is 65.

Note 6 Segment reporting

The Group’s operating segments are identified by grouping together the business by revenue stream, as this is the basis on which information is provided to the Chief Operating Decision Maker (CODM) for the purposes of allocating resources within the Group and assessing the performance of the Group’s businesses. The Group has identified the executive management group as its CODM and the Group uses adjusted earnings before interest, tax, depreciation, amortisation, and, write-offs (“adjusted EBITDA”) to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in the Group’s segment disclosures.

The Group’s on-going operating segments are “customer acquisition” and “portfolio services” and are described in Note 1.

Revenue between segments is carried at arm's length.

Segment information for the Group's continuing operations is presented below.

	Successor							
	Customer acquisition		Portfolio services		Overhead and adjustments[(a)]		Group	
EUR thousand	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011
Revenue, external	121,004	38,789	637,211	192,816	—	—	758,215	231,605
Revenue, internal	42,085	13,735	—	—	-42,085	-13,735	—	—
Total revenue	**163,089**	**52,524**	**637,211**	**192,816**	**-42,085**	**-13,735**	**758,215**	**231,605**
Segment adjusted EBITDA	**-92,471**	**-48,561**	**338,695**	**97,235**	**—**	**—**	**246,224**[(1)]	**48,674**
Depreciation and amortisation	—	—	—	—	—	—	-192,545[(2)]	-61,367[(2)(3)]
Retirements of assets	—	—	—	—	—	—	-26,555	-6,957
Integration costs	—	—	—	—	—	—	-20,217	-22,267
Financial items	—	—	—	—	—	—	-230,627	-86,267
Result before tax	**—**	**—**	**—**	**—**	**—**	**—**	**-223,720**	**-128,184**
Total assets	**500,276**	**102,051**	**2,267,804**	**2,728,613**	**—**	**—**	**2,768,080**	**2,830,664**

(a) Overhead and adjustments refer to internal revenue between the segments.

(1) Including capitalisation under new accounting policy, of EUR 49.3 million in 2012.

(2) Of this, EUR 141 (47) million relates to amortisation expense resulting from the amortisation of intangible assets acquired in the acquisition.

(3) Of this, EUR 9.7 million relates to amortisation expense resulting from the amortisation of intangible assets acquired in the acquisition.

	Predecessor			
	Customer acquisition	Portfolio services	Overhead and adjustments[(a)]	Group
EUR thousand	**Jan 1 Aug 31, 2011**	**Jan 1 Aug 31, 2011**	**Jan 1 Aug 31, 2011**	**Jan 1 Aug 31, 2011**
Revenue, external	72,469	364,551	—	437,020
Revenue, internal	19,981	—	-19,981	—
Total revenue	**92,450**	**364,551**	**-19,981**	**437,020**
Segment adjusted EBITDA	**-82,886**	**207,668**	**—**	**124,782**
Depreciation and amortisation	—	—	—	-27,946
Retirements of assets	—	—	—	-12,408
Financial items	—	—	—	-5,483
Result before tax	—	—	—	78,945
Total assets	**128,324**	**429,671**	**—**	**557,995**

(a) Overhead and adjustments refer to internal revenue between the segments.

Information on geographic markets

	Successor							
	Sweden		Spain		Other		Group	
EUR thousand	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011
Revenue	143,295	37,916	326,242	105,797	288,678	87,892	758,215	231,605
Non-current assets[(1)]	629,594	664,920	925,365	972,012	1,059,710	1,030,027	2,614,669	2,666,959

(1) Represents the sum of property, plant and equipment; goodwill; customer portfolio; and other intangible assets.

Information on geographic markets

EUR thousand	Predecessor			
	Sweden	Spain	Other	Group
	Jan 1 – Aug 31, 2011			
Revenue	71,088	205,058	160,874	437,020
Non-current assets(1)	49,870	125,819	180,125	355,814

(1) Represents the sum of property, plant and equipment; goodwill; customer portfolio; and other intangible assets.

Note 7 Expenses by nature

EUR thousand	Successor		Predecessor
	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Aug 31, 2011
Costs of materials	71,777	21,666	34,134
Employee benefit expense	251,617	79,103	153,666
Depreciation and amortisation expense	192,545	13,929	27,909
Retirements of assets	26,555	6,957	12,408
Guarding services	22,930	5,873	12,882
Telecommunications costs	23,486	5,118	14,913
Integration costs	20,217	—	—
Other operating expenses	142,181	140,876	96,680
Total operating expenses	**751,308**	**273,522**	**352,592**

EUR thousand	Successor		Predecessor
	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Aug 31, 2011
Currency translation differences included in operating profit:	239	331	1,000

Currency translation differences included in finance income and costs are shown in Note 11.

Note 8 Transaction costs

In connection with the acquisition and financing of the acquisition as described in Note 14 of these statements the company incurred the following costs:

EUR thousand	Successor		Predecessor
	Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Jan 1 Aug 31, 2011
Acquisition of Securitas Direct Business:			
Acquisition-related costs	—	22,267	—
Financing-related costs	—	9,386	—
Acquisition of Homesafety:			
Acquisition-related costs	—	—	135
Total transaction costs	**—**	**31,653**	**135**

The transaction costs are reflected under the selling and administrative expenses EUR 0 million (22) and finance cost (EUR 9 million) of the Group's income statements.

Note 9 Operating leases

The Group leases offices, cars and various equipment under operating leases agreements. Operating lease payments totalled EUR 24.8 million (14.5 and 7.7). The nominal value of future payments due under contracted future operating leases is as follows:

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Term to maturity < 1 year	21,419	19,502	19,524
Term to maturity 1–5 years	33,545	36,415	38,268
Term to maturity > 5 years	—	13,094	12,958

Note 10 Depreciation and amortisation

EUR thousand	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Property, plant and equipment	38,924	11,511	20,491
Customer portfolio	134,177	34,726	3,744
Other intangible assets	19,444	15,130	3,711
Total depreciation and amortisation	**192,545**	**61,367**	**27,946**

Depreciation and amortisation is reflected as follows in the income statement:

EUR thousand	Successor Jan 1 Dec 31, 2012	Successor Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Cost of sales	39,858	10,817	19,086
Selling and administrative expenses	152,687	50,550	8,860
Total depreciation and amortisation	**192,545**	**61,367**	**27,946**

Note 11 Finance income and costs

EUR thousand	Successor: Jan 1 Dec 31, 2012	Successor: Sep 1 Dec 31, 2011	Predecessor: Jan 1 Aug 31, 2011
Interest receivable on currency derivatives	311	—	—
Interest receivable on interest derivatives	5,762	—	—
Interest income, other	234	513	4,856
Realised gain on interest swap	—	—	—
Fair value changes in currency derivatives	—	263	120
Fair value changes in Interest rate derivatives	—	—	6,154
Other items	—	—	—
Net currency translation differences	—	2,903	9,021
Finance income	**6,307**	**3,679**	**20,151**
Interest on PEC Loan	-57,096	-17,397	-622
Interest on Mezzanine Loans	-45,383	-15,709	—
Interest on Term Loans (Bridge and Senior Loans)	-76,949	-1,349	—
Interest payable, other	-4,595	-23,778	-22,175
Interest payable on interest rate swaps	-11,269	—	—
Interest payable on currency derivatives	-61	—	—
Fair value changes in currency derivatives	-444	—	—
Fair value changes in interest rate derivatives	-14,127	-6,442	—
Interest element of finance leases rentals	-426	-139	-260
Net currency translation differences	3,684	-9,019	-1,077
Bank charges(1)	-29,333	-16,095	-1,091
Other items	-935	-18	-409
Finance costs	**-236,934**	**-89,946**	**-25,634**
Finance income and costs	**-230,627**	**-86,267**	**-5,483**

(1) Amortisation of bank arrangement and facility fees incurred in relation to the borrowings are included in bank charges.

Details of borrowings are presented in Note 23.

From time to time, interest rate swaps are used to manage the interest rate profile of the Group's borrowings. Net interest payable or receivable on such interest rate swaps is therefore included in interest expense.

Note 12 Income tax benefit and expense

Income tax benefit

EUR thousand	Successor: Jan 1 Dec 31, 2012		Successor: Sep 1 Dec 31, 2011	
Current tax	-5,495	2.5%	-7,237	5.7%
Deferred tax	57,197	-25.6%	20,324	-15.9%
Total income tax expense	**51,702**	**-23.1%**	**13,087**	**-10.2%**

The Swedish rate of corporate income tax was 26.3% in 2012 and 2011. The Swedish rate of corporate income tax has changed from January 1, 2013 to 22.0%.

Income tax expense

EUR thousand	Predecessor Jan 1 Aug 31, 2011	
Current tax	-2,366	-3.0%
Deferred tax	-19,792	-25.0%
Total income tax benefit	**-22,158**	**-28.0%**

The Swedish rate of corporate income tax was 26.3 % in 2011.

Difference between Swedish domestic tax rate and actual tax for the Group

EUR million	Successor Jan 1 Dec 31, 2012		Sep 1 Dec 31, 2011	
Tax calculated at Swedish domestic tax rate	58.8	26.3%	33.9	26.3%
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign Subsidiaries	-2.5	-1.1%	1.5	1.1%
Non-recognised deferred tax assets on losses carried forward	-23.1	-10.3%	-16.1	-12.3%
Non-taxable/non-deductible income statement items, net	-3.8	-1.7%	-6.4	-4.8%
Effect of tax rates changed	22.0	9.8%	—	—
Other	0.3	0.1%	0.2	0.1
Income tax expense	**51.7**	**23.1%**	**13.1**	**10.4%**

Difference between Swedish domestic tax rate and actual tax for the Group

EUR million	Predecessor Jan 1 Aug 31, 2011	
Tax calculated at Swedish domestic tax rate	-20.7	-26.3%
Difference between domestic tax rate in Sweden and weighted tax rates applicable to foreign subsidiaries	-0.3	-0.3%
Non-recognised deferred tax assets on losses carried forward	-0.5	-1.1%
Other	-0.3	-0.4%
Tax effect of expenses not deductible for tax purposes and non-taxable income	-0.3	-0.4%
Income tax benefit	**-22.1**	**-28.5%**

The main part of the non-deductible expenses refers to transaction costs relating to the acquisition.

Note 13 Non-cash items

EUR thousand	Successor Jan 1 Dec 31, 2012	Sep 1 Dec 31, 2011	Predecessor Jan 1 Aug 31, 2011
Retirements of assets(1)	26,555	6,957	12,408
Reversal of fair value adjustment deferred revenue	—	8,000	—
Other	-762	1,071	-28
Total	**25,793**	**16,028**	**12,380**

(1) Relates primarily to retirement of installed equipment due to cancellation of customer subscriptions.

Note 14 Business combinations

Successor

Acquisition of Securitas Direct Business in 2011

On September 2, 2011, Dream Purchaser AB, a newly organised company existing under the laws of Sweden and a wholly owned subsidiary of the company became the purchaser of the entire outstanding stock of Securitas Direct AB and the subsidiaries ("Securitas Direct Group") through an assignment and novation of the Share Sale and Purchase Agreement from Securitas Direct Holding AB, with the exception of ESML SD Iberia Holdings S.L.U. ("Dream Spanish Bidco Group") whose shares have been acquired by the Dream Spanish Bidco S.A.E., a company organised under the laws of Spain and a wholly owned subsidiary of Dream Purchaser AB, through an assignment and novation of the Share Sale and Purchase agreement from Dream Spanish Bidco S.A.E. Both acquisitions are referred to as Securitas Direct Business.

Consideration payable of the acquisition of Securitas Direct Business amounted to EUR 1.8 billion, which was settled in cash. The acquisition was funded from borrowings of EUR 1.3 billion, EUR 0.5 billion in preferred convertible equity certificates issued in connection with the acquisition, and a shareholders' contribution of EUR 0.6 billion. See Note 4 and 23 for further description of the financing arrangements in connection with the transaction. Based on the initial estimate of the fair value of the assets acquired and liabilities assumed at the date of acquisition, the Group has recognised goodwill of EUR 0.8 billion on the acquisition of Securitas Direct Business.

An agreement regarding arrangement of contingent consideration exists in respect of an eventuality whereby the Group was to be sold to a new acquirer. This arrangement has been assessed per the balance sheet date as not likely/probable to occur, resulting in the value of this arrangement being set to zero.

Goodwill recognised on the acquisition of Securitas Direct Business is principally attributable to expected future opportunities to increase sales and further enhance margins by further developing the company's service capabilities, extending the company's global presence by further penetrating markets in the emerging economies, and by pursuing performance improvement initiatives. None of the goodwill is expected to be deductible for tax purposes.

Acquisition costs in 2011 of EUR 22 million were recognised and expensed during four months ended December 31, 2011.

Subsidiaries acquired in 2011

EUR thousand	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Securitas Direct Business	Alarm business	September 2, 2011	100	1,806,634

Consideration transferred

EUR thousand	Securitas Direct Business
Cash	1,806,634
Total	**1,806,634**

Financial effect of the acquisition

Assets acquired and liabilities recognised at the date of acquisition

EUR thousand	Total
Non-current assets	
Goodwill	823,000
Customer portfolio	1,480,000
Other intangible assets	149,304
Other non-current assets	3,855
Deferred tax assets	22,010
Property and equipment	245,016
Current assets	
Inventory	60,971
Accounts receivable	46,311
Other current receivables	36,349
Cash	32,685
Non-current liabilities	
Long-term borrowings	-459,112
Deferred tax liabilities	-469,185
Other provisions	-589
Current liabilities	
Accounts payable	-67,349
Short term borrowings	-2,456
Other current and non-current liabilities	-94,176
Total	**1,806,634**

The fair value in the initial accounting for receivables acquired (mainly accounts receivables) is EUR 82,660 thousand. The receivables have a gross contractual amount of EUR 92,359 thousand.

Goodwill arising on acquisition

EUR thousand	Securitas Direct Business
Consideration transferred	1,806,634
Less: fair value of identifiable net assets acquired	-983,634
Goodwill	**823,000**

Net cash outflow on acquisition of subsidiaries

EUR thousand	Total
Consideration paid in cash	1,806,634
Less: cash acquired	-32,685
Net cash outflow	**1,773,949**

Predecessor

Acquisition of the Homesafety business in 2011

During the period ended August 31, 2011, Securitas Direct acquired the Dutch market leader Homesafety. Homesafety is a well-run company that provides safety and security for homes through a professional monitored alarm service for fire and intrusion, mainly focused on the residential segment. The cash outflow relating to the acquisition totalled to EUR 18.6 million. The company recognised goodwill from acquisition in the amount of EUR 2.3 million in the consolidated statement of financial position as at March 31, 2011. The fair value of the net assets of the company as of the acquisition date is presented below.

At the date of finalisation of these consolidated financial statements, the initial accounting for this business combination had not been finalised. Accordingly, the Group reported the provisional amounts currently representing the Group's best estimate of the acquisition date values.

Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed on the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries acquired in 2011

EUR thousand	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Homesafety, the Netherlands	Alarm business	March 31, 2011	100	18,607
Verisure, Brazil	Alarm business	March 31, 2011	100	50
Total				**18,657**

Homesafety was acquired to continue the Group's expansion in the Netherlands. In March the Group started a company in Brazil to facilitate future growth there.

Consideration transferred

EUR thousand	Homesafety	Verisure Brazil
Cash	18,607(1)	50
Total	**18,607**	**50**

(1) EUR 18,607 thousand was paid in cash, of which EUR 5,253 thousand to an Escrow account. In order to secure potential liabilities of the seller for breach of warranty (as defined in the SPA), the parties agreed for the purchaser to pay an amount into a restricted bank account. After 5 years the amount will be released to the seller unless the Escrow agent has received any claims on the amount.

Acquisition-related costs of EUR 381 thousand (135 thousand in 2011) are not included in the consideration transferred and have been recognised as an expense in the consolidated income statement.

Financial effect of the acquisitions

Assets acquired and liabilities recognised at the date of acquisition

EUR thousand	Homesafety	Verisure Brazil	Total
Non-current assets			
Customer portfolio	17,068	—	17,068
Trademark	65	—	65
Property and equipment	984	—	984
Other non-current receivables	655	—	655
Current assets			
Inventory	209	—	209
Accounts receivable	709	—	709
Other current receivables	99	50	149
Cash	3,128	—	3,128
Non-current liabilities			
Long-term borrowings	-422	—	-422
Deferred tax	-4,317	—	-4,317
Current liabilities			
Accounts payable	-359	—	-359
Other non-current liabilities	-1,530	—	-1,530
Total	**16,289**	**50**	**16,339**

The fair value in the initial accounting of receivables acquired (mainly accounts receivables) totals to EUR 858 thousand. The receivables have a gross contractual amount of EUR 934 thousand.

Goodwill arising on acquisition

EUR thousand	Homesafety
Consideration transferred	18,607
Less: fair value of identifiable net assets acquired	-16,289
Goodwill	**2,318**

Goodwill arose in the acquisition of Homesafety because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of subsidiaries

EUR thousand	Homesafety	Verisure Brazil	Total
Consideration paid in cash	18,607	50	18,657
Less: cash acquired	-3,128	—	-3,128
Net cash outflow	**15,479**	**50**	**15,529**

Note 15 Property, plant and equipment

	Successor		Predecessor
EUR thousand	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011
Cost at beginning of period	531,717	—	477,684
Acquisition via subsidiaries	—	512,046	2,236
Investments	96,841	35,495	63,751
Disposals/retirements of assets	-55,406	-17,448	-30,817
Translation differences	7,122	1,624	-808
Cost at end of period	**580,274**	**531,717**	**512,046**
Amortisation at beginning of period	-269,135	—	-264,473
Acquisition via subsidiaries	—	-267,030	-1,246
Disposals/retirements of assets	30,848	10,426	18,723
Amortisation charge for the year	-38,924	-11,511	-20,491
Translation differences	-4,163	-1,020	457
Accumulated amortisation at end of period	**-281,374**	**-269,135**	**-267,030**
Carrying amount at end of period	**298,900**	**262,582**	**245,016**

Property, plant and equipment is equipment (of which alarm equipment installed on customers' premises has a carrying amount of EUR 279.6 million (242.8 and 224.9)), vehicles and IT and telecommunications equipment.

EUR 1,296 thousand (1,401) of this year's investment relates to finance leases. The carrying amount of finance leases at December 31, 2012 was to EUR 6,240 thousand (8,126 in August and 7,753 in December 2011) and relates to property and IT equipment in Spain.

As of January 1, 2011, the Group made a new estimate, based on new information, of the estimated useful life of alarm equipment. Depreciation is based on the assets' cost and is allocated using the straight-line method over its estimated useful life, as follows:

Alarm equipment	6-16 years
Other machinery and equipment	3-10 years

Note 16 Goodwill

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Cost at beginning of period	819,420	—	18,935
Acquisitions via subsidiaries	—	843,517	2,272
Translation differences	1,981	-24,097	524
Cost at end of period	**821,401**	**819,420**	**21,731**

Within the twelve month window we have finalised the purchase price allocation. The finalisation resulted in minor adjustments.

At the date of finalisation of these consolidated financial statements, the initial accounting for this business combination had not been finalised. Accordingly, the Group reported the provisional amounts currently representing the Group's best estimate of the acquisition date values. Those provisional amounts will be adjusted during the measurement period (not to exceed one year from the acquisition date), to reflect new information obtained about facts and circumstances that existed on the acquisition date that, if known, would have affected the amounts recognised at that date.

Impairment testing of goodwill

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units), which in the Group's case is by country.

Goodwill is allocated to cash-generating units, as follows:

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
France	38,887	36,606	2,674
Norway	253,453	229,025	16,726
The Netherlands	14,038	—	2,331
Sweden	156,253	168,014	—
Finland	60,231	64,765	—
Denmark	12,221	13,141	—
Spain	224,340	241,227	—
Portugal	46,265	49,747	—
Chile	15,713	16,895	—
Total	**821,401**	**819,420**	**21,731**

Impairment tests

Goodwill is tested for impairment annually and whenever there are indications that it may have suffered impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell of the CGU or group of CGUs to which it is allocated. Impairment tests were carried out during the year ended December 31, 2012. In each case, the recoverable amount of all items of goodwill was determined based on value-in-use calculations.

Management based the value-in-use calculations on cash flow forecasts derived from the most recent four year financial plans approved by the Board of the Directors, in which the principal assumptions were those regarding sales growth rates, operating margin and change in operating capital employed. Applied pre-tax WACC varies between different countries in the Group. The lowest rate is 7.4 % (8) in Sweden and the highest rate is 14.6 % (15.7) in Chile. For the period subsequent to the four-year plan, cash flows generated by the CGUs to which significant goodwill has been allocated have been extrapolated on the basis of a projected annual growth rate of 3%. It is not anticipated that this rate will exceed actual annual growth in the markets concerned. The assumptions regarding WACC are from external sources. The annual growth rates are based on historical experience.

Note 17 Customer portfolio

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Cost at beginning of period	1,480,000	—	77,165
Acquisitions via subsidiaries	—	1,480,000	17,157
Investments	—	—	3,272
Disposals/retirements of assets	—	—	-875
Translation differences	—	—	-109
Cost at end of period	**1,480,000**	**1,480,000**	**96,610**
Amortisation at beginning of period	-44,726	—	-24,639
Disposals/retirements of assets	—	—	524
Amortisation charge for the year	-134,177	-44,726	-3,744
Translation differences	—	—	20
Accumulated amortisation at end of period	**-178,903**	**-44,726**	**-27,839**
Net book value at end of period	**1,301,097**	**1,435,274**	**68,771**

Intangible assets arising on acquisitions are principally represented by acquired customer relationships and have finite useful lives.

Management has assessed the recoverability of the carrying amount of the customer portfolio as of the acquisition date. The value-in-use of those assets represents the present value of the cash flows projected from future income expected from to be generated from customer relationships over their remaining useful life. The key assumptions used in the analysis are the remaining useful life of the relationship and forecasted recurring monthly revenue at the CGU level. No impairment has been identified.

Note 18 Other intangible assets

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Cost at beginning of period	178,256	—	31,311
Acquisitions via subsidiaries	—	166,167	66
Investments	63,733	12,950	5,070
Disposals/retirements of assets	-2,676	-1,060	—
Translation differences	1,829	199	-451
Cost at end of period	**241,142**	**178,256**	**35,996**
Amortisation at beginning of period	-28,573	—	-12,158
Acquisitions via subsidiaries	—	-19,488	—
Disposals/retirements of assets	741	397	—
Amortisation charge for the year	-19,444	-9,356	-3,674
Translation differences	-595	-126	132
Accumulated amortisation at end of period	**-47,871**	**-28,573**	**-15,700**
Net book value at end of period	**193,271**	**149,683**	**20,296**

Other intangible assets include trademarks amounting to EUR 83,333 thousand in December 31, 2012 and EUR 88,333 thousand in December 2011.

Note 19 Deferred tax

Breakdown

Deferred tax assets, EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Difference between depreciation in accounts and according to plan	233	311	695
Staff-related liabilities	417	339	342
Risk reserves	1,066	538	483
Tax loss carry-forwards	37,935	31,403	21,031
Acquisition related intangible assets	211	—	—
Other temporary differences	2,573	273	3,482
Total deferred tax assets	**42,435**	**32,864**	**26,033**
Netting(1)	-40,962	-31,883	-4,023
Total deferred tax assets charged to the balance sheet	**1,473**	**981**	**22,010**

Deferred tax liabilities, EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Difference between depreciation in accounts and according to plan	4,616	27,705	23,694
Acquisition related intangible assets(2)	397,495	429,289	4,165
Variable sales cost	13,085	—	—
Other temporary differences	-3,503	1,602	4,150
Total deferred tax liabilities	**411,693**	**458,596**	**32,009**
Netting(1)	-40,962	-31,883	-4,023
Total deferred tax liabilities charged to the balance sheet	**370,731**	**426,713**	**27,986**
Deferred net tax receivables	**-369,258**	**-425,732**	**-5,976**

(1) The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed.

(2) Deferred tax has decreased due to amortisation of the acquisition related intangible assets. Deferred tax has also decreased due to reduced tax rate in Sweden.

Deferred tax assets are recognised in respect of tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. The subsidiaries in Sweden, Spain, France, the Netherlands, Belgium and Chile had tax loss carry-forwards of EUR 232.4 million (276.0) at December 31, 2012. Deferred tax assets of EUR 23.0 million (14.2) at December 31, 2012, have been recognised in respect of these loss carry-forwards. A time limitation respect of tax loss carry-forward utilisation exists in the Netherlands and in Spain. No such limitation exists in the other countries.

Tax loss carry-forwards have been capitalised in companies that have reported losses because the Group's business model is based on new customer contracts being loss-making initially. The company expects profits in the future.

Note 20 Inventories

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Materials and consumables	63,901	57,015	60,971

Impairment for obsolescence in inventories at year-end totalled EUR 6,307 thousand (6,471 and 6,855).

The cost of materials recognised as an expense and included in "cost of sales" was EUR 71,777 thousand (55,800 and 34,132).

Inventories arise wholly in the businesses of Securitas Direct Business and were initially recognised by the successor at their fair value at the date of acquisition of Securitas Direct Business. Accordingly, in the Successor financial statements the allowance for excess, obsolete or slow-moving items reflects only those items of inventory that have been identified as excess, obsolete or slow-moving since the acquisition of Securitas Direct Business.

Note 21 Trade receivables

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Trade receivables before provision for bad debt	70,713	64,106	56,209
Provision for bad debt	-12,932	-11,990	-9,898
Total trade receivables	**57,781**	**52,116**	**46,311**

Due dates for trade receivables

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Past due 0–3 months	7,764	7,101	7,596
Past due 3–6 months	4,535	4,277	3,522
Past due 6–9 months	3,641	3,231	3,108
Past due 9–12 months	3,498	3,008	2,138
Past due >12 months	10,919	10,678	8,786
Total past due trade receivables	**30,357**	**28,295**	**25,150**

Customer credit losses recognised in the income statement totalled EUR 11 million (9 and 6).

Provisions for bad debts

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Balance at beginning of period	11,990	—	15,543
Acquisitions via subsidiaries	—	9,851	—
Change during year	942	2,139	-5,645
Balance at end of period	**12,932**	**11,990**	**9,898**

Note 22 Share capital

Successor

Verisure Holding AB's (publ) share capital totalled EUR 56,104 at December 31, 2012 and 2011, distributed among 500,000 shares with a quotient value of EUR 0.1122. All shares are of the same class. All shares issued by the company were fully paid.

Change in number of shares

	Successor Dec 31, 2012	Successor Dec 31, 2011
Number of shares at beginning of period	500,000	—
Number of shares at 25 May, 2011	—	50,000
New share issue	—	450,000
Number of shares at end of period	**500,000**	**500,000**

Predecessor

The shares in the Predecessor represent the shares in the former parent company of the Group, Securitas Direct AB which is unchanged. The company was acquired by Dream Purchaser AB on September 2, 2011.

Securitas Direct AB's share capital totalled EUR 41,684,713 at December 31, 2011, distributed among 371,494,170 shares with a quotient value of EUR 0.1122.

All shares issued by the company were fully paid.

Change in number of shares

	Predecessor
	Aug 31, 2011
Number of shares at beginning of period	371,494,170
New share issue	—
Number of shares at end of period	**371,494,170**

Class of share	Predecessor			
	Aug 31, 2011			
	Number of shares	%	Number of votes	%
Class A	17,142,600	4.61	171,426,000	32.60
Class B	354,351,570	95.39	354,351,570	67.40
Total	**371,494,170**	**100**	**525,777,570**	**100**

Note 23 Borrowings

EUR thousand	Successor					
	Dec 31, 2012			Dec 31, 2011		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Carrying amount						
Secured						
Senior Secured Notes		871,500	871,500	—	—	—
Bridge Facility/Series A Senior Secured Loan		50,000	50,000	—	921,500	921,500
Mezzanine Loan	—	393,500	393,500	—	393,500	393,500
Revolver Cash Drawn	—	118,499	118,499	—	17,432	17,432
Unsecured						
Shareholder Funding Instrument		450,000	450,000	—	450,000	450,000
Other		379	379	—	404	404
Finance lease liability	3,054	3,186	6,240	2,608	5,145	7,753
Total	**3,054**	**1,887,064**	**1,890,118**	**2,608**	**1,787,981**	**1,790,589**
PIK Interest, Shareholder Funding Instrument	—	75,096	75,096	—	18,000	18,000
PIK Interest, Mezzanine Loan	—	13,428	13,428	—	—	—
Bank arrangement and facility fees	—	-63,675	-63,675	—	-47,209	-47,209
Total borrowings	**3,054**	**1,911,913**	**1,914,967**	**2,608**	**1,758,772**	**1,761,380**

EUR thousand	Predecessor Aug 31, 2011 Current liabilities	Non-current liabilities	Total
Carrying amount			
Secured			
Bridge Facility/Series A Senior Secured Loan	—	453,027	453,027
Unsecured			
Other	—	415	415
Total	**—**	**453,442**	**453,442**
Finance lease liability	2,456	5,670	8,126
Total borrowings	**2,456**	**459,112**	**461,568**

The Group's secured borrowings are jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of the company's direct and indirect subsidiaries and secured by liens on substantially all of their assets. An analysis of the security given is presented in Note 27.

The carrying amount of borrowings may be reconciled to the principal amount outstanding as follows:

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Principal amount	1,890,118	1,790,269	461,568
Bank arrangement and facility fees	-63,675	-47,209	—
Accrued interest payable	88,524	18,320	—
Carrying amount	**1,914,967**	**1,761,380**	**461,568**

The bank arrangement and facility fees are fully related to the new bank arrangement that occurred in relation to the acquisition.

Bank arrangement and facility fees of EUR 20 million relating to the Senior Secured Notes were presented in "other noncurrent receivables" in the consolidated statement of financial position as of December 31, 2011. From February 15, 2012, they are included in bank arrangement and facility fees above.

Borrowings – currency and interest rate profile

The currency and interest rate profile of outstanding borrowings, after taking into account the effect of the Group's currency and interest rate hedging activities, was as follows:

	Successor						
	Floating interest rate		Fixed interest rate			Interest fee	
December 31, 2012	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	EUR thousand	Total EUR thousand
EUR	131,524	4.8	1,315,000	9.6	4.7	—	1,446,524
Total	**131,524**		**1,315,000**				**1,446,524**

The Shareholder Funding Instrument of EUR 525,096 thousand with a fixed interest rate of 12% is not included in the table above. The maturity date for the liability is in 50 years or earlier under certain circumstances.

December 31, 2011	Successor						
	Floating interest rate		Fixed interest rate			Interest fee	
	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	EUR thousand	Total EUR thousand
EUR	947,112	7.7	393,500	12.0	4.0	—	1,340,612
Total	**947,112**		**393,500**				**1,340,612**

August 31, 2011	Predecessor						
	Floating interest rate		Fixed interest rate			Interest fee	
	EUR thousand	Weighted average interest rate %	EUR thousand	Weighted average interest rate %	Weighted average period for which rate is fixed years	EUR thousand	Total EUR thousand
SEK	172,528	4.9	—	—	—	—	172,528
EUR	274,399	3.9	—	—	—	—	274,399
NOK	14,641	4.9	—	—	—	—	14,641
Total	**461,568**						**461,568**

Obligations under finance leases

The nominal value of future payments due under contracted future finance leases is as follows:

EUR thousand	Successor		Predecessor
	Dec 31, 2012	Dec 31, 2011	Aug 31, 2011
Term to maturity < 1 year	3,054	2,608	2,456
Term to maturity 1–5 years	3,186	5,145	5,670
Term to maturity > 5 years	—	—	—

The Group leases certain of its facilities and IT equipment in Spain under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Note 24 Derivative financial instruments

Derivative financial instruments are held in relation to the Group's treasury policy. The Group does not hold or issue derivatives for speculative purposes. The Group's objective is to minimise the risk of adverse impact on the income statement due to rises interest rates. For this purpose, the Group will enter into interest rate derivatives to minimise this risk.

The carrying amounts of derivative financial instruments held by the Group were as follows:

EUR thousand	Successor					
	Dec 31, 2012			Dec 31, 2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Hedging activities						
Interest rate swaps	—	-20,568	-20,568	—	-6,441	-6,441
Currency forwards	—	-129	-129	316	—	316
Total	**—**	**-20,697**	**-20,697**	**316**	**-6,441**	**-6,125**
Classified as						
Current	—	-129	-129	316	—	316
Non-current	—	-20,568	-20,568	—	-6,441	-6,441
Total	**—**	**-20,697**	**-20,697**	**316**	**-6,441**	**-6,125**

EUR thousand	Predecessor Aug 31, 2011 Assets	Liabilities	Net
Hedging activities			
Currency forwards	80	-19	61
Total	**80**	**-19**	**61**
Classified as			
Current	80	-19	61
Total	**80**	**-19**	**61**

Currency derivatives

As at December 31, 2012, the notional principal amount of outstanding foreign exchange contracts used to manage the currency profile of the Group's net assets was EUR 28 million (49). The Group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement in respect of currency derivatives that were held to provide an economic hedge of transactional currency exposures but were not designated as hedges for accounting purposes. Such amounts are included in finance income and cost as disclosed in Note 11.

Interest rate swaps

As at December 31, 2012 the hedge liability which consists of the cumulative unrealised losses from 2011 and 2012 was EUR 20,568 thousand. The unrealised loss is due to falling market interest rates since the inception of the interest rate derivatives. The Group has not designated any contracts for hedge accounting purposes. Accordingly, all gains and losses are recognised in the income statement.

Note 25 Other provisions

EUR thousand	Successor Dec 31, 2012	Dec 31, 2011	Predecessor Aug 31, 2011
Balance at beginning of period	1,374	—	463
Acquisition via subsidiaries	—	589	—
Reclassifications	—	—	73
Additional provisions	235	792	20
Utilised provisions	-214	-23	—
Reversal of provision not used	-617	—	—
Translation differences	-1	16	33
Balance at end of period	**777**	**1,374**	**589**

Breakdown

EUR thousand	Successor Dec 31, 2012	Dec 31, 2011	Predecessor Aug 31, 2011
Provision for staff-related costs	367	306	290
Provision for taxes	—	-25	-25
Other items	410	1,093	324
Total other provisions	**777**	**1,374**	**589**

Note 26 Accrued expenses and deferred income

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Staff-related costs	28,517	24,700	21,120
Subscription fees invoiced in advance	46,040	36,190	34,108
Interest expense	20,799	32,123	—
Other items	21,503	17,203	21,375
Total accrued expenses and deferred income	**116,859**	**110,217**	**76,603**

Note 27 Pledged assets and contingent liabilities

Pledged assets

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Endowment insurance	409	457	430
Shares in subsidiaries	2,243,753	2,358,742	166,018
Bank accounts	709	5,332	—
Trademark	83,333	88,333	—
Accounts receivables	45,741	39,589	—
Inventories	44,066	42,555	—
Motor vehicles	95	131	—

Contingent liabilities

EUR thousand	Successor Dec 31, 2012	Successor Dec 31, 2011	Predecessor Aug 31, 2011
Guarantees	9,787	5,664	5,646

The Group has pledged shares in subsidiaries, certain bank accounts, certain trade receivables, certain IP rights, certain inventory assets, certain intra-group loans, intra-group equity certificates, rights under certain insurances, certain rights under the acquisition agreements regarding the purchase of the Securitas Direct Group and certain rights under reports in relation to the acquisition of Securitas Direct Group as collateral for bank borrowings, as disclosed in Note 23. Guarantees relate primarily to guarantees provided to suppliers.

Note 28 Events during and after the reporting period

Events during the reporting period

Verisure Holding has, as of January 1, 2012, changed its accounting policy regarding customer acquisition costs. Historically, the Group has expensed direct costs related to the acquisition of customer contracts. The new policy is to capitalise these costs as intangible assets, as they fulfil the requirement in IAS 38, Intangible Assets, of internally generated intangible assets, and to amortise them over their useful life.

The new accounting policy better reflects the value creation in the business and hence improves and more accurately represents the financial position of the company. The new accounting policy has been applied prospectively as of January 1, 2012, as retrospective application is impracticable.

The company has changed its reporting currency as of January 1, 2012, from SEK to EUR. The conversion rate regarding SEK/EUR used for the opening balance of 2012 was 8.912.

On February 15, 2012, the company issued EUR 500 million Senior Secured Notes, Series A, EUR 100 million Senior Secured Floating Rate Notes, Series A and EUR 271.5 million Senior Secured Notes, Series B, all due in 2018. At the same date, the funds from these notes were used to repay EUR

871.5 million of the initial Bridge Loan. The remaining amount of EUR 50.0 million under the Bridge Loan was designed as a Series A Senior Secured Loan.

Events after the reporting period

As of February 1, 2013 the company has appointed Lars Nordmark as new CFO.

On February 7, 2013 the company issued EUR 100 million Senior Secured Floating Rate Notes, Series A. The new notes constitute a further issuance of the Senior Secured Floating Rate Notes, Series A issued on February 15, 2012. The Notes will mature on September 1, 2018. The net proceeds of the issuance have been used to repay a portion of the outstanding amounts borrowed under the Revolving Credit Facility.

Malmö, April 24, 2013

Dick Seger President and CEO	Cecilia Hultén Chairman
Steven Barnes	Stefan Götz

AUDITOR'S REPORT

To the Board of Directors in Verisure Holding AB (publ)

Corporate identity number 556854-1410

Report on the consolidated financial statements

We have audited the consolidated financial statements of Verisure Holding AB (publ) for the financial year ended 31 December 2012. The consolidated financial statements comprise the consolidated statement of financial position of Verisure Holding AB (publ) and its subsidiaries ("the Company") as at December 31, 2012 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from January 1, 2012 through December 31, 2012 and a summary of significant accounting policies and other explanatory information. The financial statements of the Company are included in the printed version of this document on pages F-84–F-130.

The consolidated financial statements have been prepared by the Board of Directors and the Managing Director with the purpose to present the operations of Verisure Holding AB (publ) for the full year 2012.

Responsibilities of the Board of Directors and the Managing Director for the consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and the operations and cash flows for the period from January 1, 2012 through December 31, 2012, in accordance with International Financial Reporting Standards, as adopted by the EU.

Other Matter

The consolidated financial statements of Verisure Holding AB (publ) for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on April 27, 2012.

Basis of Accounting and Use

Without modifying our opinion, we draw attention to the Notes of the consolidated financial statements, which describes the basis of preparation and accounting. The consolidated financial statements have been prepared by the Board of Directors and the Managing Director to present the operations of Verisure Holding AB (publ) for the full year 2012, in order to fulfil the reporting requirements of the Euro MTF Market of the Luxembourg Stock Exchange. As a result, the consolidated financial statements may not be suitable for other purposes.

Malmö April 25, 2013

Anders Lundin
Authorized Public Accountant
Accountant Auditor in charge

Ola Bjärehäll
Authorized Public

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Verisure Holding AB (publ)

€700.0 million

6.00% Senior Secured Notes due 2022

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International **Morgan Stanley**

BofA Merrill Lynch **Nomura** **Nordea**

Joint Bookrunners

Barclays **Citigroup** **Credit Suisse** **Deutsche Bank** **HSBC**

OFFERING MEMORANDUM

November 9, 2015